

**INVERNESS WATER
AND SANITATION DISTRICT**

Financial Statements

December 31, 2017 and 2016

with

Independent Auditors' Report

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Office of the State Auditor

September 28, 2018

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Board of Directors
Inverness Water and Sanitation District
Arapahoe and Douglas Counties, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities of the Inverness Water and Sanitation District, as of and for the years 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Inverness Water and Sanitation District as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Inverness Water and Sanitation District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Simmons & Wheeler P.C.

Englewood, CO
September 20, 2018

INVERNESS WATER AND SANITATION DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 6,625,523	\$ 4,624,568
Accounts receivable - customer	259,473	217,105
Receivable from County Treasurer	12,640	17,236
Property taxes receivable	1,560,705	1,507,095
Prepaid expenses	82,244	-
Accounts receivable - other	22,780	26,303
Reserve with ACWWA	<u>1,040,552</u>	<u>908,142</u>
Total Current Assets	<u>9,603,917</u>	<u>7,300,449</u>
OTHER ASSETS		
Investments in authorities	<u>6,577,734</u>	<u>6,546,616</u>
Total Other Assets	<u>6,577,734</u>	<u>6,546,616</u>
CAPITAL ASSETS		
Non-depreciable	8,263,377	9,670,355
Depreciable, net of accumulated depreciation	<u>26,314,727</u>	<u>25,073,042</u>
Total Capital Assets	<u>34,578,104</u>	<u>34,743,397</u>
Total Assets	<u>50,759,755</u>	<u>48,590,462</u>
DEFERRED OUTFLOWS OF RESOURCES		
Cost of refunding	<u>28,729</u>	<u>36,961</u>
Total Deferred Outflows of Resources	<u>28,729</u>	<u>36,961</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - trade	325,793	540,798
Other accrued liabilities	12,523	12,523
Accrued interest payable	15,445	16,382
Bonds payable within one year	<u>550,437</u>	<u>470,000</u>
Total Current Liabilities	<u>904,198</u>	<u>1,039,703</u>
LONG-TERM LIABILITIES		
Bonds payable in more than one year	<u>9,585,316</u>	<u>10,068,957</u>
Total Liabilities	<u>10,489,514</u>	<u>11,108,660</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes	<u>1,560,705</u>	<u>1,507,095</u>
Total Deferred Inflows of Resources	<u>1,560,705</u>	<u>1,507,095</u>
NET POSITION		
Net investment in capital assets	24,442,351	24,204,440
Restricted for:		
Emergencies	87,920	83,213
Unrestricted	<u>14,207,994</u>	<u>11,724,015</u>
Total Net Position	<u>\$38,738,265</u>	<u>\$36,011,668</u>

The notes to the financial statements are an integral part of these statements.

INVERNESS WATER AND SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for services:		
Water service fee	\$ 1,239,742	\$ 1,261,039
Sewer service fees	1,134,676	1,175,925
Effluent irrigation fees	561,943	586,356
Other operating revenue	186,644	197,184
Total Operating Revenues	3,123,005	3,220,504
OPERATING EXPENSES		
Utilities	275,790	260,083
Salaries and wages	233,218	234,191
Employee benefits and payroll taxes	71,476	70,425
Professional fees	54,396	172,510
Administrative and management fees	313,262	282,300
Repairs and maintenance	188,737	149,485
Insurance	57,569	52,926
Rent	21,938	21,622
Landscape maintenance	26,150	19,862
Supplies and materials	38,088	27,463
Water purchase	914,506	670,773
Solar lease	-	19,357
ACWWA treatment costs	677,216	741,283
Office and communications	31,651	31,212
Depreciation	1,403,167	1,349,033
Other	26,654	20,270
Total Operating Expenses	4,333,818	4,122,795
INCOME (LOSS) FROM OPERATIONS	(1,210,813)	(902,291)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,483,250	1,859,545
Specific ownership taxes and other tax equivalent revenue	306,189	260,587
Net investment income and other income	57,992	41,961
Interest expense	(197,293)	(394,894)
Amortization	(8,232)	(32,250)
County treasurers' fees	(22,286)	(27,863)
Paying agent fees	(492)	(3,700)
Loan costs of issuance	-	(5,500)
CCPWA Operations	(31,118)	(31,118)
Total Nonoperating Revenues (Expenses)	1,588,010	1,666,768
Income Before Capital Contributions	377,197	764,477
CAPITAL CONTRIBUTIONS		
Tap and development fees	2,349,400	1,368,907
NET INCOME (LOSS) - CHANGE IN NET POSITION	2,726,597	2,133,384
NET POSITION		
BEGINNING OF YEAR	36,011,668	33,878,284
END OF YEAR	\$ 38,738,265	\$ 36,011,668

The notes to the financial statements are an integral part of these statements.

INVERNESS WATER AND SANITATION DISTRICT

Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 3,080,637	\$ 3,197,719
Payments to suppliers	(2,923,206)	(2,673,187)
Payments to employees and related expenses	<u>(304,694)</u>	<u>(304,616)</u>
Net cash provided by operating activities	<u>(147,263)</u>	<u>219,916</u>
Cash flows from non-capital and related financing activities:		
Property taxes	1,487,846	1,859,235
Specific ownership taxes and other tax equivalent revenue	306,189	260,587
County treasurer's fees	<u>(22,286)</u>	<u>(27,863)</u>
Cash flows from non-capital and related financing activities:	<u>1,771,749</u>	<u>2,091,959</u>
Cash flows from capital and related financing activities:		
Capital contributions - tap and development fees	2,349,400	1,368,907
Capital improvements	(1,234,351)	(2,381,690)
Investment in authorities	(62,236)	(186,708)
Early redemption of Series 2006A Bonds	-	(3,380,000)
Loan proceeds	66,796	2,313,957
Interest paid on bonds	(198,230)	(411,909)
Principal paid on bonds	(470,000)	(1,505,000)
Cost of issuance on bond refunding	-	(5,500)
Paying agent fees	<u>(492)</u>	<u>(3,700)</u>
Net cash used by capital and related financing activities:	<u>450,887</u>	<u>(4,191,643)</u>
Cash flows from investing activities:		
Net change in investment income, other income and ACCWA Reserve	<u>(74,418)</u>	<u>(90,423)</u>
Net cash provided by investing activities	<u>(74,418)</u>	<u>(90,423)</u>
Net increase in cash and cash equivalents	2,000,955	(1,970,191)
Cash and cash equivalents at beginning of year	<u>4,624,568</u>	<u>6,594,759</u>
Cash and cash equivalents at end of year	<u>\$ 6,625,523</u>	<u>\$ 4,624,568</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Net income (loss) from operations	\$ (1,210,813)	\$ (902,291)
Depreciation	1,403,167	1,349,033
Adjustments to reconcile net loss to net cash used by operating activities		
(Increase) / decrease in service fees receivable	(42,368)	(22,785)
(Increase) / decrease in prepaid expenses	(82,244)	-
Increase / (decrease) in trade accounts payable	<u>(215,005)</u>	<u>(204,041)</u>
Net cash provided by operating activities	<u>\$ (147,263)</u>	<u>\$ 219,916</u>

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

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Inverness Water and Sanitation District, (the “District”), located in Arapahoe and Douglas Counties, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units accounted for as a proprietary fund. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District is a quasi-municipal corporation and political subdivision of the State of Colorado established in 1973, under the State of Colorado Special District Act. The District was established to develop and provide water, sewer and storm drainage facilities and services. The District’s primary revenues are property taxes and water usage and sewage charges. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other entity, including the Inverness Metropolitan Improvement District, which is financially autonomous with a separately elected Board, nor is the District a component unit. The District has no component units as defined by the GASB.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *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 the related cash flow. Property taxes are recognized as revenues in the year for which they are collected.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The District reports the following major proprietary fund:

Proprietary Fund - The Proprietary Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of six months or less to be cash equivalents. During 2017 and 2016, the District incurred no noncash activities.

Assets, liabilities, and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

The District follows the practice of pooling cash and investments to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of any bond premium or discount where applicable.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Deferred Loss on Bond Refunding

The deferred Loss on bond refunding is being amortized using the straight-line method over the life of the defeased bonds.

Property Tax

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Property owners within the boundaries of the District have been assessed \$1,560,705 and \$1,507,095 for 2017 and 2016, respectively. Since these taxes are not normally available to the District until the following year, they are classified as deferred income.

Water Rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Capital Contributions

Tap fees are recorded as capital contributions when received by the District. Inclusion fees are recorded as capital contributions when inclusion is accepted by the District. Acreage fees represent system development charges assessed on a pre-acre basis. They are recorded as capital contribution when received by the District (normally when property development begins).

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Capital Assets

Capital assets, which include water and supply contract rights, land and easements, construction in progress, water system, effluent irrigation system, sewer system, storm drainage system, and equipment and vehicles, are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Improvements that are not completed and/or may be conveyed to other governmental entities are classified as construction in progress and are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated economic useful lives:

Water system	10-50 years
Effluent irrigation system	25-50 years
Sewer system	10-50 years
Storm drainage system	45-50 years
Equipment and vehicles	5 years

Compensated Absences

The District accrues vacation pay when earned. These amounts are included in other accrued liabilities on the statements of net position.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the Proprietary Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$79,418 of the Proprietary Fund balance has been restricted in compliance with this requirement. The amount is 3% of the total operating expenses less the depreciation.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 2: Cash and Investments

As of December 31, 2017 and 2016, cash and investments are classified in the accompanying financial statements as follows:

	2017	2016
Statement of net position:		
Cash and cash equivalents - unrestricted	\$ 6,625,523	\$ 4,624,568

Cash and investments as of December 31, 2017 and 2016, consist of the following:

	2017	2016
Deposits with financial institutions	\$ 94,145	\$ 785,431
Investments - Colotrust	6,531,378	3,839,137
	\$ 6,625,523	\$ 4,624,568

Deposits:

Custodial credit risk

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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 depositories and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Investments:

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2017, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2017 and 2016, the District had \$6,531,378 and \$3,839,137 invested in COLOTRUST respectively.

Credit Risk

The District's investment policy allows for the District to invest in local government investment pools following state statutes. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money markets funds, guaranteed investment contracts, and local government pools.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District adopted a policy to comply with State statutes governing deposits.

Interest rate risk

Colorado Revised Statutes and the District's investment policy limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values declines arising from increasing interest rates.

Concentration Risk

The District's investments are concentrated in local investment pools and other money market funds.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements December 31, 2017 and 2016

Note 3: Capital Assets

The following is an analysis of changes in capital assets for the years ended December 31, 2017 and 2016 respectively:

	Balance as of 12/31/16	Additions	Reclassifications	Balance as of 12/31/17
<u>Capital Assets, not being depreciated:</u>				
Water and Supply contract rights	\$ 4,766,304	\$ -	\$ -	\$ 4,766,304
Land and easements	67,417	-	-	67,417
Construction in progress	4,836,634	1,192,442	(2,599,420)	3,429,656
Total Capital Assets not being depreciated:	9,670,355	1,192,442	(2,599,420)	8,263,377
<u>Capital Assets Being Depreciated:</u>				
Water system	14,232,805	2,270,504	-	16,503,309
Effluent irrigation system	3,323,149	-	-	3,323,149
Sewer system	23,769,657	297,798	-	24,067,455
Storm drainage system	3,474,804	-	-	3,474,804
Equipment and vehicles	123,435	76,550	-	199,985
Total Capital assets being depreciated:	44,923,850	2,644,852	-	47,568,702
<u>Less accumulated depreciation for:</u>				
Water system	7,299,816	475,455	-	7,775,271
Effluent irrigation system	1,829,501	107,681	-	1,937,182
Sewer system	9,209,656	736,227	-	9,945,883
Storm drainage system	1,425,475	69,498	-	1,494,973
Equipment and vehicles	86,360	14,306	-	100,666
Total accumulated depreciation:	19,850,808	1,403,167	-	21,253,975
Total capital assets, being depreciated, net	25,073,042	1,241,685	-	26,314,727
Capital Assets, Net	\$ 34,743,397	\$ 2,434,127	\$ (2,599,420)	\$ 34,578,104

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements December 31, 2017 and 2016

	Balance as of 12/31/15	Additions	Reclassifications	Balance as of 12/31/16
<u>Capital Assets, not being depreciated:</u>				
Water and Supply contract rights	\$ 4,766,304	\$ -	\$ -	\$ 4,766,304
Land and easements	67,417	-	-	67,417
Construction in progress	<u>3,368,660</u>	<u>2,559,162</u>	<u>(1,091,188)</u>	<u>4,836,634</u>
Total Capital Assets not being depreciated:	<u>8,202,381</u>	<u>2,559,162</u>	<u>(1,091,188)</u>	<u>9,670,355</u>
<u>Capital Assets Being Depreciated:</u>				
Water system	13,344,159	888,646	-	14,232,805
Effluent irrigation system	3,323,149	-	-	3,323,149
Sewer system	23,722,705	46,952	-	23,769,657
Storm drainage system	3,474,804	-	-	3,474,804
Equipment and vehicles	<u>123,435</u>	<u>-</u>	<u>-</u>	<u>123,435</u>
Total Capital assets being depreciated:	<u>43,988,252</u>	<u>935,598</u>	<u>-</u>	<u>44,923,850</u>
<u>Less accumulated depreciation for:</u>				
Water system	6,868,524	431,292	-	7,299,816
Effluent irrigation system	1,720,982	108,519	-	1,829,501
Sewer system	8,475,203	734,453	-	9,209,656
Storm drainage system	1,355,977	69,498	-	1,425,475
Equipment and vehicles	<u>81,089</u>	<u>5,271</u>	<u>-</u>	<u>86,360</u>
Total accumulated depreciation:	<u>18,501,775</u>	<u>1,349,033</u>	<u>-</u>	<u>19,850,808</u>
Total capital assets, being depreciated, net	<u>25,486,477</u>	<u>(413,435)</u>	<u>-</u>	<u>25,073,042</u>
Capital Assets, Net	<u>\$ 33,688,858</u>	<u>\$ 2,145,727</u>	<u>\$ (1,091,188)</u>	<u>\$ 34,743,397</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	2017	2016
Business-type activities:		
Water and sewer fund:	<u>\$ 1,403,167</u>	<u>\$ 1,349,033</u>
Total depreciation expense - water and sewer fund:	<u>\$ 1,403,167</u>	<u>\$ 1,349,033</u>

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements December 31, 2017 and 2016

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ended 2017:

	Balance <u>12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2017</u>	Current Portion
General Obligation Bonds - 2012	\$ 8,225,000	\$ -	\$ 470,000	\$ 7,755,000	\$ 480,000
CWCB 2014 Loan	2,313,957	66,796	-	2,380,753	70,437
	<u>\$ 10,538,957</u>	<u>\$ 66,796</u>	<u>\$ 470,000</u>	<u>\$ 10,135,753</u>	<u>\$ 550,437</u>

The following is an analysis of changes in long-term debt for the year ended 2016:

	Balance <u>12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2016</u>	Current Portion
General Obligation Bonds - 2006A	\$ 4,425,000	\$ -	\$ 4,425,000	\$ -	\$ -
General Obligation Bonds - 2012	8,685,000	-	460,000	8,225,000	470,000
CWCB 2014 Loan	-	2,313,957	-	2,313,957	-
	13,110,000	2,313,957	4,885,000	10,538,957	470,000
Original issue discount	(1,424)	-	1,424	-	-
	<u>\$ 13,108,576</u>	<u>\$ 2,313,957</u>	<u>\$ 4,886,424</u>	<u>\$ 10,538,957</u>	<u>\$ 470,000</u>

General Obligation Bonds, Series 2006A:

On June 2, 2006, the District authorized the issuance of General Obligation Bonds, Series 2006A at \$17,000,000 consisting of \$14,000,000 of serial bonds due annually in varying amounts through December 1, 2019 with interest rates 4.0% through 5.0% payable June 1st and December 1st commencing on December 1, 2006 and \$3,000,000 in term bonds due December 1, 2019 with interest at 4.6%. The term bonds are subject to mandatory sinking fund redemption beginning December 1, 2010. The term bonds are subject to redemption prior to maturity on December 1, 2009 and on any date thereafter at par. Serial bonds maturing on and after December 1, 2017 are subject to redemption prior to maturity on December 1, 2016 and in any date thereafter at par. In 2014, the District redeemed an additional \$2,365,000 of principal. In 2016, the District approved early redemption of the remaining bonds.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

General Obligation Refunding and Improvement Bonds, Series 2012:

In 2012, the District issued \$10,000,000 in General Obligation Refunding Bonds, Series 2012, (the “Bonds”), dated April 3, 2012. The proceeds were used to current refund the Series 2008 Bonds. The Bonds bear interest at a rate of 2.39% maturing December 1, 2022. The interest will be paid semi-annually on June 1st and December 1st commencing on December 1, 2012. The Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2013. The Bonds are secured by pledged revenues derived by the required mill levy on the property taxes allocated per the mill levy. The District realized a Net Present Value savings of \$1,732,135.

The Series 2012 Bonds shall be subject to redemption prior to maturity, in whole or in part, at the option of the District on any interest payment date at par with no redemption premium.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2012 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 480,000	\$ 185,344	\$ 665,344
2019	490,000	173,872	663,872
2020	2,210,000	162,162	2,372,162
2021	2,260,000	109,343	2,369,343
2022	2,315,000	55,329	2,370,329
	<u>\$ 7,755,000</u>	<u>\$ 686,050</u>	<u>\$ 8,441,050</u>

Loan with Colorado Water Conservation Board:

On May 22, 2014, the Colorado Water Conservation Board (“CWCB”) approved a total loan not to exceed \$4,908,600 with an interest rate of 2.75% for the District’s participation cost in Water Infrastructure and Supply Efficiency Project (“WISE”). The amount is evidenced in four promissory notes: 1) \$1,845,270 for the District’s share of the Western Pipeline; 2) \$1,181,700 for the District’s share of cost for Phase 1 infrastructure to be constructed by WISE; 3) \$1,427,130 for the District’s share of cost Phase 2 infrastructure to be constructed by WISE and 4) \$454,500 for the District’s share of cost of a use of pipeline. This loan is pledged by an ad valorem property tax revenue. The principal and interest shall be payable in equal installments with the first payment due one year from the date CWCB determines the projects are substantially complete. As of December 31, 2017, \$2,380,753 have been drawn from CWCB.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

The payment schedule for the Western Pipeline Loan is the following:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 70,437	\$ 50,745	\$ 121,182
2019	72,374	48,808	121,182
2020	74,364	46,818	121,182
2021	76,409	44,773	121,182
2022	78,511	42,671	121,182
2023 - 2027	426,152	179,759	605,911
2028 - 2032	488,060	117,850	605,910
2033 - 2037	558,963	46,948	605,911
	<u>\$ 1,845,270</u>	<u>\$ 578,372</u>	<u>\$ 2,423,642</u>

The payment schedules for the remaining three loans are unavailable as the repayment schedules are contingent upon the projects being substantially complete.

Note 5: Debt Authorization

At elections held May 4, 2004 and November 1, 2005, a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness in an amount not to exceed \$15,000,000 for the purposes of the extension and improvements of the existing sanitary sewer system and \$20,000,000 for the extension and improvement of the existing potable and non-potable water supply, storage transmission and distribution system of the District, respectfully. After the issuance of the Series 2008 Bonds, the District has the authority to issue additional obligation for sanitary sewer purposes in the amount of \$3,154,400 from the May 2004 election and \$4,561,110 from the November 2005 election and will have the authority to issue additional obligations for water improvements in the amount of \$13,210,000 from the November 2005 election.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 6: Agreements

Excluded Properties

The District has excluded approximately 80 acres under various agreements dated between 2005 and 2017. The District will continue to provide facilities, services and programs to these properties in the same manner and to the same extent as the properties had received prior to the exclusion. These property owners are obligated to pay debt service property taxes for debt existing prior to the exclusion and also pay a tax equivalency fee for debt service on bonds issued after the exclusion.

Lone Tree Creek Water Reclamation Facility (“LTCWRF”)

On April 19, 2005, the District entered into an Intergovernmental Agreement with Arapahoe County Water and Wastewater Authority (“ACWWA”) to share in modifications and expansion of the existing ACWWA wastewater treatment facility to construct the LTCWRF. The LTCWRF expansion provided a total treatment capacity of 3.6 million gallons per day with the District’s capacity at 1.1 million gallons per day. The expansion was completed and the District began sending flows to the LTCWRF in July 2009.

The District’s capacity in the LTCWRF is intended to accommodate all future water treatment needs. The District’s wastewater treatment plant and advanced wastewater treatment plant used prior to the LTCWRF expansion are currently idle.

On September 30, 2011, the District and ACWWA executed the first amendment to the aforementioned 2005 Intergovernmental Agreement. This agreement defined the treatments rates to be paid by the District. This amendment also established a renewal and replacement reserve for the LTCWRF. The District and ACWWA are to make annual deposits, \$132,384 and \$300,949, respectively, to this renewal and replacement reserve until a maximum reserve balance of \$7,500,000 is attained. The District’s share of the reserve is recorded on the Statement of Net Position. As of December 31, 2017 and December 31, 2016, the District’s reserve balances were \$1,040,552 and \$908,143, respectively.

Note 7: Investments in Authorities

South Metro WISE Authority (the “Authority”)

The District has an interest in reducing its reliance on non-renewable water sources, therefore is a member of the Authority. The Authority is developing infrastructure to provide water from renewable surface water supplies. In 2017 and 2016, the District paid \$264,078 and \$888,087, respectively for its share of various projects.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

South Metro Water Supply Authority – Barr Lake Pipeline Enlargement

On March 25, 2005, the South Metro Water Supply Authority (“South Metro Authority”), of which the District is a member, entered into an agreement with East Cherry Creek Valley Water and Sanitation District (“ECCV”) to participate in the over sizing of the ECCV Barr Lake Pipeline, the South Metro Authority members agreed to contribute a total amount of \$6,927,600 to ECCV. The District’s share of this amount is \$732,200 which was based upon a future use of 0.7 million gallons per day capacity of 6.0 million gallons per day. However, the District will receive no water from this pipeline until future connecting lines have been built and the South Metro Authority is able to obtain water rights necessary to place water in the line. Since December 31, 2005, the District has paid \$732,200 to the South Metro Authority. There were no additional capital contributions during 2017 and 2016.

Cherry Creek Project Water Authority

On October 14, 2005, the District entered into a Water Project Agreement and created the Cherry Creek Project Water Authority (“Cherry Creek Authority”) with Arapahoe County Water and Wastewater Authority (“ACWWA”), Denver Southeast Suburban Water and Sanitation District (“Pinery”), and Cottonwood Water and Sanitation District (“Cottonwood”). On November 17, 2005, the Cherry Creek Authority purchased certain water rights, well rights, facilities and storage rights at a bankruptcy action for \$14,000,000 plus closing costs. These assets were previously owned by Western Water Company. Of this amount, the District paid \$6,011,489 representing an interest of 40% in the Cherry Creek Authority. The District contributed \$655,286 during 2006 for the Cherry Creek Authority’s purchase of additional water rights and operating costs. The District is also responsible for contributing to the operating costs of the Cherry Creek Authority. As of December 31, 2017, the District held a 31.118% interest in the Cherry Creek Authority. As of December 31, 2017 and 2016, the District’s interest totaled \$5,845,534 and \$5,814,416 respectively.

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 Great West Life Assurance Co. Participation in the plan is mandatory for all employees. The plan allows the employees to defer a portion of their salary until future years. The plan assets are owned by the District employees and are not reflected in these financial statements.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 9: Operating Lease

In 2011, the District entered into an Operating Lease with Zion's Credit Corporation for a solar panel system installed within the District's boundaries. This lease was renewed annually through 2016. In 2016, the District exercised its option to purchase the equipment for \$213,752. Prior to the purchase, the District paid \$21,622 in 2016 lease payments. The District received \$37,032 in solar revenue from the electric provider in 2017.

Note 10: Tax Spending and Debt Limitations

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

Enterprises, defined as government-owned business 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's management believes a significant portion of its operations qualifies for this exclusion.

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 subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 1, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

INVERNESS WATER AND SANITATION DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 11: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 12: Legal

On April 13, 2017, the District entered into a settlement agreement with CSM Park Meadows, LLC, (the “Owner”), of hotels within the boundaries of the District. During 2016, the District experienced discolored water and received multiple complaints from the Owner. The Owner installed a water filtration system in the hotels and sought reimbursement from the District in excess of \$100,000. In 2017, both parties came to an agreement in which the District reimbursed the Owner \$53,400. This payment represents final payment and satisfaction of any and all claims against the District related to the water quality at the hotels.

SUPPLEMENTAL INFORMATION

INVERNESS WATER AND SANITATION DISTRICT

Schedule of Revenues, Expenditures and Changes in Funds Available
Budget and Actual (Non GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Service fees	\$ 3,299,000	\$ 3,123,005	\$ (175,995)
Property taxes	1,507,095	1,483,250	(23,845)
Specific ownership taxes and other tax equivalent revenue	302,419	306,189	3,770
Tap and development fees	1,311,411	2,349,400	1,037,989
Loan proceeds	387,900	66,796	(321,104)
CCPWA Asset Sale	2,250,000	-	(2,250,000)
Interest income and other income	25,000	57,992	32,992
Total revenues	<u>9,082,825</u>	<u>7,386,632</u>	<u>(1,696,193)</u>
Expenditures:			
Operating expenses:			
Utilities	227,000	275,790	(48,790)
Salaries and wages	260,000	233,218	26,782
Employee benefits and payroll taxes	80,000	71,476	8,524
Professional fees	122,000	54,396	67,604
Administrative and management fees	287,300	313,262	(25,962)
Repairs and maintenance	326,000	188,737	137,263
Insurance	55,000	57,569	(2,569)
Rent	23,000	21,938	1,062
Landscape maintenance	22,000	26,150	(4,150)
Supplies and materials	45,000	38,088	6,912
Water purchase	600,000	914,506	(314,506)
CCPWA operating costs	55,000	31,118	23,882
ACWWA treatment costs	765,000	677,216	87,784
Office and communications	35,000	31,651	3,349
County treasurers' fees	22,606	22,286	320
Water conservation rebates	20,000	-	20,000
Other	83,500	26,654	56,846
Capital outlay:			
Water system	2,315,879	937,672	1,378,207
Sewer system	1,060,000	300,202	759,798
CCPWA capital assessments	85,000	31,118	53,882
Debt service:			
Principal	1,421,939	470,000	951,939
Interest	342,713	197,293	145,420
Paying agent fees	4,000	492	3,508
Contingency	100,000	-	100,000
Total expenditures	<u>8,357,937</u>	<u>4,920,832</u>	<u>3,437,105</u>
Excess (deficiency) of revenues over expenditures	724,888	2,465,800	1,740,912
Funds available - beginning of year	<u>2,207,728</u>	<u>5,223,651</u>	<u>3,015,923</u>
Funds available - end of year	<u>\$ 2,932,616</u>	<u>\$ 7,689,451</u>	<u>\$ 4,756,835</u>
Funds available at December 31, 2017 is computed as follows:			
Current assets		\$ 8,043,212	
Current liabilities		(904,198)	
Add - current portion of long-term debt payable		<u>550,437</u>	
		<u>\$ 7,689,451</u>	

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

INVERNESS WATER AND SANITATION DISTRICT

Expenses and Changes in Net Position
For the Year Ended December 31, 2017

The following is a reconciliation of the budgetary basis, as presented, to generally accepted accounting principals (GAAP). The basis on which the financial statements were prepared.

<u>Revenue (budgetary basis)</u>	\$ <u>7,386,632</u>
Total revenue per statement of revenues, expenses and changes in funds available:	<u>7,386,632</u>
<u>Expenditures - (budgetary basis)</u>	<u>4,920,832</u>
Capital improvements	(1,237,874)
Investments in authorities	(31,118)
Bond principal payment	(470,000)
Amortization	8,232
Depreciation	1,403,167
Loan proceeds	<u>66,796</u>
Total expenses per statement of revenues, expenses and changes in fund balance:	<u>4,660,035</u>
Changes in net position per statement of revenue, expenses and changes in net position:	\$ <u><u>2,726,597</u></u>

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

INVERNESS WATER AND SANITATION DISTRICT

Summary of Assessed Valuation, Mill Levy

And Property Taxes Collected

December 31, 2017

Year Ended <u>December 31,</u>	Prior Year	Mills	Total Property Taxes		Percent Collected to Levied (3)
	Assessed Valuation for Current Year <u>Property Tax Levy</u>	Levied Debt Service <u>Fund</u>	Levied	Collected (2)	
2014					
Arapahoe County	\$ 176,949,670	7.800	\$ 1,380,207		
Arapahoe County Sewer Only (1)	10,689,130	5.050	53,980		
Arapahoe County Excluded Property (4)	16,942,810	1.240	21,009		
Arapahoe County Excluded Property (4)	2,074,020	4.510	9,354		
Douglas County Excluded Property (4)	1,165,070	6.960	8,109		
Douglas County	93,826,813	7.800	731,849		
	<u>\$ 301,647,513</u>		<u>\$ 2,204,508</u>	\$ 2,171,528	98.50%
2015					
Arapahoe County	\$ 171,682,307	6.450	\$ 1,107,351		
Arapahoe County Sewer Only (1)	10,958,186	4.170	45,696		
Arapahoe County Excluded Property (4)	15,029,829	1.030	15,481		
Arapahoe County Excluded Property (4)	2,065,157	3.730	7,703		
Douglas County Excluded Property (4)	1,308,500	5.760	7,537		
Douglas County Excluded Property (4)	531,730	6.450	3,430		
Douglas County	90,908,250	6.450	586,358		
	<u>\$ 292,483,959</u>		<u>\$ 1,773,555</u>	\$ 1,672,065	94.28%
2016					
Arapahoe County	\$ 176,794,739	6.100	\$ 1,078,448		
Arapahoe County Sewer Only (1)	13,787,571	3.950	54,461		
Arapahoe County Excluded Property (4)	21,103,110	0.970	20,470		
Arapahoe County Excluded Property (4)	2,201,769	3.520	7,750		
Arapahoe County Excluded Property (4)	1,059,612	6.100	6,464		
Arapahoe County Excluded Property (4)	868,865	3.948	3,430		
Arapahoe County Excluded Property (4)	1,358,804	6.100	8,289		
Douglas County Excluded Property (4)	1,961,540	5.440	10,671		
Douglas County Excluded Property (4)	1,803,590	6.100	11,002		
Douglas County	102,872,540	6.100	627,522		
	<u>\$ 323,812,140</u>		<u>\$ 1,828,507</u>	\$ 1,859,545	101.70%
2017					
Arapahoe County	\$ 177,887,376	5.230	\$ 930,351		
Arapahoe County Sewer Only (1)	13,676,689	2.410	32,961		
Douglas County	103,973,770	5.230	543,783		
	<u>\$ 295,537,835</u>		<u>\$ 1,507,095</u>	1,483,250	98.42%
Estimated for the year ending					
12/31/2018					
Arapahoe County	\$ 206,160,905	4.750	\$ 979,264		
Arapahoe County Sewer Only (1)	15,016,751	2.190	32,887		
Douglas County	115,485,070	4.750	548,554		
	<u>\$ 336,662,726</u>		<u>\$ 1,560,705</u>		

NOTES:

- (1) A portion of Arapahoe County is excluded from water services.
- (2) Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.
- (3) Property taxes collected may include abatements related to prior years.
- (4) Residential property excluded from water and sewer services is subject to the debt service mill levy for debt issued prior to its exclusion.

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