



## Left Hand Water District

### Financial Statements and Supplementary Information

For the Years Ended December 31, 2014 and 2013

# Left Hand Water District

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## Independent Auditor's Report

Board of Directors  
Left Hand Water District  
Niwot, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the Left Hand Water District (the "District") as of and for the years ended December 31, 2014 and 2013, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Left Hand Water District as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, the 2013 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.



### *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 3 to 12 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 evidence sufficient to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) on pages 34 to 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) on 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. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) on is fairly stated in all material respects in relation to the financial statements as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated Jun 18, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Left Hand Water District's internal control over financial reporting and compliance.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
June 18, 2015

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is designed to provide a narrative overview of the financial condition and operating results of the Left Hand Water District ("the District"). This MD&A should be read in conjunction with the District's basic financial statements, notes to the financial statements, and supplementary information (beginning on page 13).

The District provides treated water to customers primarily in unincorporated areas of Boulder and Weld Counties. The District is generally bounded by the cities of Boulder, Lafayette and Erie to the south; the City of Longmont to the north; I-25 to the east; and the foothills to the west.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado, governed by Colorado Revised Statutes Title 32 Special Districts, engaged only in a business-type activity. As an enterprise fund, the District's financial statements include:

**Statements of Net Position** – report the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating. (See page 13-14).

**Statements of Revenues, Expenses and Changes in Net Position** – report the District's operating and non-operating revenues by major source, along with operating and non-operating expenses and capital contributions. (See page 15).

**Statements of Cash Flows** – report the District's cash flows from operating, investing, capital and non-capital activities. (See page 16-17).

**Notes to the Financial Statements** (See page 18-33) – provide additional required disclosures that are essential to a full understanding of the data provided in the financial statements.

**Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)** (See page 34-35) – reports the budgeted revenue and expenditure activities as compared with actual activities. Though this schedule is not required by accounting principles generally accepted in the United States of America ("GAAP") to be part of the audited financial statements, it is added for review as other supplementary information.

**PRIOR PERIOD ADJUSTMENT**

During 2014, District management determined an adjustment to the 2013 (prior period) financial statements was necessary in order to bring the capital assets into compliance with current policy. District management had determined there were capital assets that should not have been capitalized according to the District's capitalization policy, and other capital assets that had been previously disposed of but not removed from the capital asset sub-ledger. As shown in Note 2 in the Notes to the Financial Statements, the result of these corrections was a decrease to both Capital Assets and Net Position of approximately \$3.5 million. The 2013 information reported in the financial statements and in this MD&A has been restated commensurately.

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**2014 HIGHLIGHTS**

- As of December 31, 2014, total net position was \$97,009,803, representing an increase of \$4,549,643 (4.9%), when compared to 2013 (as restated).
- Operating revenues were \$7,359,236 during 2014, a 3.9% increase as compared to 2013.
- In 2014, total operating expenses net of depreciation/amortization were \$4,792,451, an increase of 8.1% over 2013.
- Total capital contributions were \$2,670,843 in 2014, compared to \$4,544,794 in 2013 - a decrease of 41.2%.
- Long-term debt (net of current maturities) increased to \$30,327,206 as of December 31, 2014, as compared with the December 31, 2013, balance of \$3,341,818.

**2013 FLOODING DISASTER IMPACT**

The District was significantly impacted by the federally-declared flooding emergency in September of 2013. The financial impact of the disaster was reflected in several sections of the District's financial statements in both 2013 and 2014, as discussed in subsequent portions of this MD&A. A resolution officially declaring an Emergency Flooding Disaster was approved by the District Board of Directors via emergency telephone vote and was ratified at the Board's regular meeting on September 19, 2013. A resolution lifting the emergency status was approved at the regular meeting of the Board on April 17, 2014.

The majority of the District's permanent repairs were completed in 2014 and are included in the financial statements as capital improvements or repairs and maintenance, as appropriate. As of December 31, 2014, there were two projects remaining that had not been 100% completed; work on those projects is anticipated to be completed in 2015.

The District's cost estimate for completion of all projects, including all direct and indirect costs, is just under \$2.4 million. This represents a little over half of a typical year's operating expenditure budget for the District.

During 2014, District staff worked with the Federal Emergency Management Agency ("FEMA") and the State of Colorado Department of Homeland Security and Emergency Management ("DHSEM") to process applications for disaster recovery grants for all eligible projects. The District anticipates total recovery of approximately \$1,838,550 in federal and state grants, of which just over \$1.3 million was received in 2014. Total unreimbursed cost to the District is estimated to be just under \$525,000, of which \$257,960 was expended on projects that were not eligible for recovery grants.

Fortunately for the District's rate-payers, the flooding emergency did not necessitate an increase in water rates in order to fund the repairs. The District had sufficient funds in the Board-designated Replacement Fund to make the necessary expenditures in addition to regularly-planned capital projects. The fund has been, and will continue to be, replenished by recovery funds received.

More information, as well as photos and a map of the damaged areas, can be viewed on our website at [www.lefthandwater.org/about-lhwd/2013-flood](http://www.lefthandwater.org/about-lhwd/2013-flood).

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**CONDENSED COMPARATIVE FINANCIAL INFORMATION  
STATEMENTS OF NET POSITION**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The following table presents condensed information from the Statements of Net Position as of December 31, 2014 and 2013 (restated).

	<b>2014</b>	<b>2013</b> (restated)
Current Assets	\$ 25,391,322	\$ 24,411,254
Restricted Assets	768,419	2,306,247
Capital Assets (net of depreciation)	75,046,068	71,185,887
Other Assets	<u>29,063,483</u>	<u>176,400</u>
Total Assets	<u>130,269,292</u>	<u>98,079,788</u>
Current Liabilities	2,701,567	2,058,300
Non-Current Liabilities	<u>30,557,922</u>	<u>3,561,328</u>
Total Liabilities	<u>33,259,489</u>	<u>5,619,628</u>
Total Net Assets	<u>\$ 97,009,803</u>	<u>\$ 92,460,160</u>
Invested in Capital Assets, net of related debt	\$ 71,959,334	\$ 66,343,008
Restricted	768,419	2,306,247
Unrestricted	<u>24,282,050</u>	<u>23,810,905</u>
Total Net Assets	<u>\$ 97,009,803</u>	<u>\$ 92,460,160</u>

Total net assets increased in 2014 by just over \$4.5 million from the results of operations and capital contributions.

Total non-current liabilities (including the current portion) increased by approximately \$27 million in 2014. This includes a new Drinking Water Revolving Fund loan of \$30 million originated in 2014, the proceeds of which will fund upgrades to the Dodd Water Treatment Plant. Principal payments of \$2.7 million were made on the District's Drinking Water Revolving Fund loan and 2004 Series Bond. The 2004 Series Bond was legally defeased in 2014.

Capital assets represent the largest portion of the District's assets (57.6%) and increased by a net of \$3.9 million during 2014. New investments of almost \$4.2 million were acquired or completed in 2014, of which just over \$1.6 million was related to replacement of flood-damaged infrastructure. Depreciation expense was just over \$2 million.

Unrestricted net assets are the portion of net assets that can be used to finance day-to-day operations without external constraints of debt covenants, legislation or other legal requirements. As of December 31, 2014, unrestricted net assets were just under \$0.5 million higher than at December 31, 2013.

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

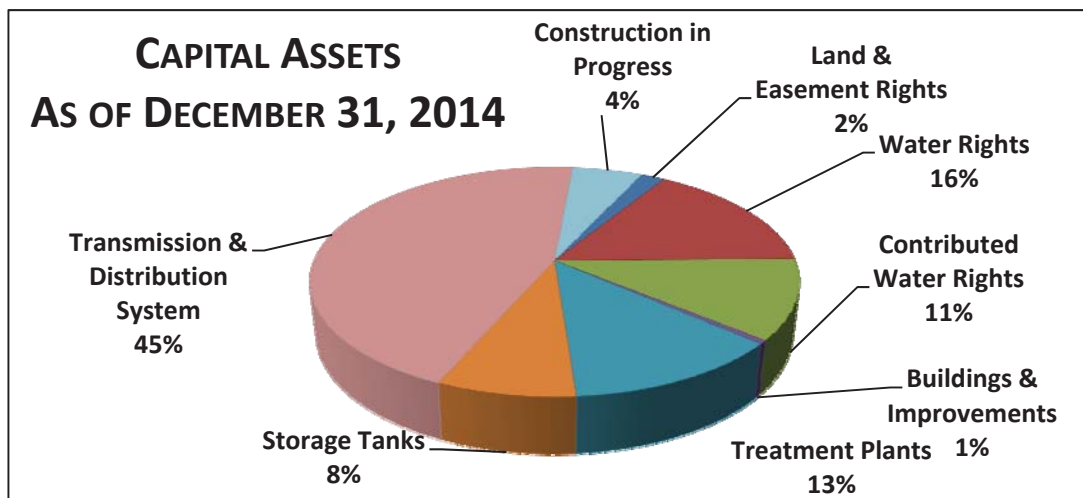
**CONDENSED COMPARATIVE FINANCIAL INFORMATION  
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

The following table presents a condensed review of capital assets, net of accumulated depreciation, as of December 31, 2014 and 2013 (restated).

	<b>2014</b>	<b>2013</b> (restated)
Land & Easement Rights	\$ 1,400,468	\$ 1,394,468
Water Rights	11,870,472	11,667,042
Contributed Water Rights	8,355,149	8,355,149
Buildings & Improvements	394,021	397,686
Treatment Plants	9,178,174	9,480,063
Storage Tanks	5,779,151	5,984,574
Raw Water Reservoirs	221,443	243,968
Transmission & Distribution System	33,417,444	30,675,964
Office Equipment & Furnishings	39,676	31,653
Equipment & Vehicles	202,725	170,748
Water Service Agreement	75,000	150,000
Construction in Progress	<u>4,112,345</u>	<u>2,634,572</u>
<b>Total Capital Assets</b>	<b><u>\$ 75,046,068</u></b>	<b><u>\$ 71,185,887</u></b>

Capital acquisitions in 2014 included new meter reading equipment, a generator for the Spurgeon Pump Station, and a new roof on the Spurgeon Water Treatment Plant. The District's continued participation in the Northern Integrated Supply Project ("NISP"), included in Water Rights, required a 2014 contribution of \$185,430. The District's continued participation in the Southern Water Supply Pipeline ("II" or "SWSP II"), included in Construction in Progress, required a 2014 contribution of \$110,000.

Of the \$4.1 million allocated for construction projects in the 2014 budget, just over \$3.3 million was expended. Major projects included upgrading the water line along 109<sup>th</sup> Street between Lookout Road and Dobbins Run and continuing the upgrade of the water line on 95<sup>th</sup> Street between Ogallala and Plateau Roads. In addition, work began on upgrading the Dodd Water Treatment Plant. This project has a total budget of \$30 million and is scheduled to be completed in June, 2016. The project scope includes the construction of a new building housing new pretreatment facilities and chemical storage and updating the existing plant with new micro-filtration units, piping, high service pumps and electrical service. This upgrade will increase the plant's treatment capacity from 6 million gallons per day ("MGD") to 10 MGD, with the ability to add filtration units for a build-out capacity of 16 MGD.





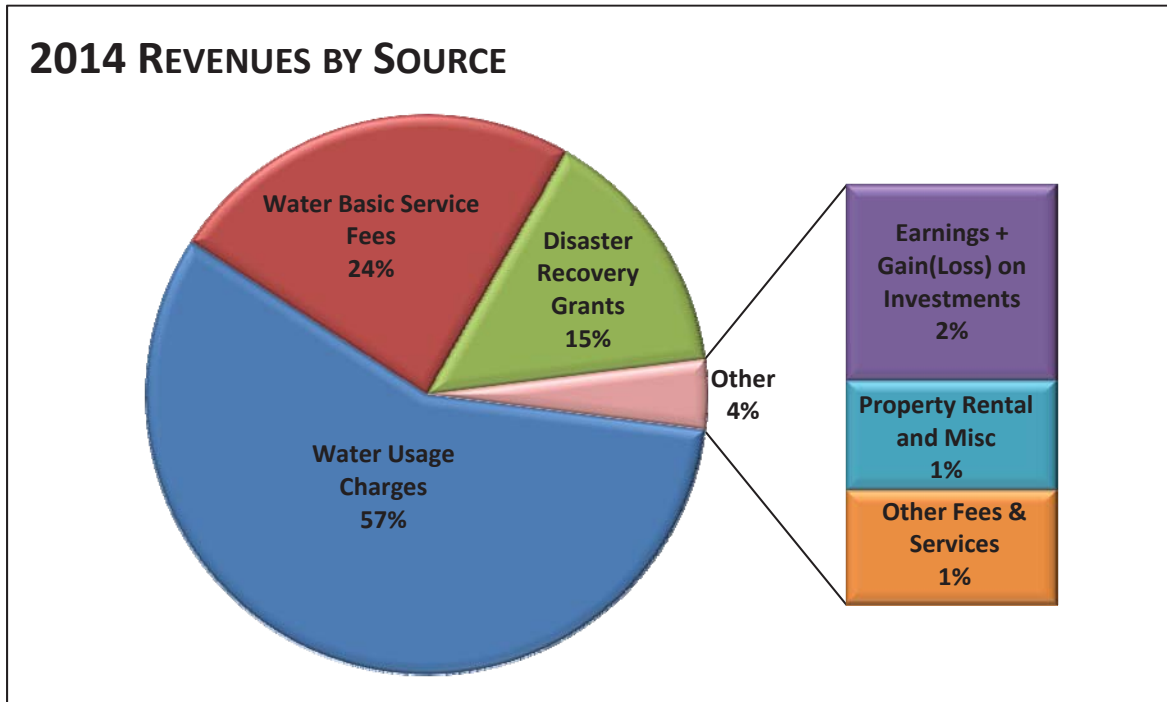
**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION  
REVENUES**

The following table presents a condensed review of revenues for the years ended December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues</b>		
Water Usage Charges	\$ 5,083,618	\$ 4,934,497
Water Basic Service Fees	2,141,878	2,010,715
Other Fees & Services	59,096	71,147
Inventory Sales	36,924	8,821
Water Lease Income	<u>37,720</u>	<u>57,688</u>
Total Operating Revenues	7,359,236	7,082,868
<b>Non-Operating Revenues</b>		
Earnings on Investments	157,744	241,695
Property Rental and Miscellaneous Income	93,207	89,747
Unrealized Gain/(Loss) on Investments	6,387	(132,832)
Gain on Sale of Capital Assets	3,300	---
Disaster Recovery Grants	1,306,188	---
Other Non-Operating Income	<u>832</u>	<u>---</u>
Total Non-Operating Revenues	<u>1,567,658</u>	<u>198,610</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 8,926,894</u></b>	<b><u>\$ 7,281,478</u></b>

Operating revenues in 2014 were under the budgeted amount by 9.3%. The majority of the shortfall was in Water Usage Charges due to consumption being lower than projected. Water Lease Income was also under budget due to the District having fewer water units available to lease subsequent to the Northern Water Conservancy District setting only a 60% yield on units for 2014. Operating revenues were 3.9% above 2013, partly due to a 6% increase in water rates. Total revenues increased by just over \$1.6 million (22.6%) from 2013. Without inclusion of the one-time Disaster Recovery Grant revenue, Total revenues increased 4.7%.



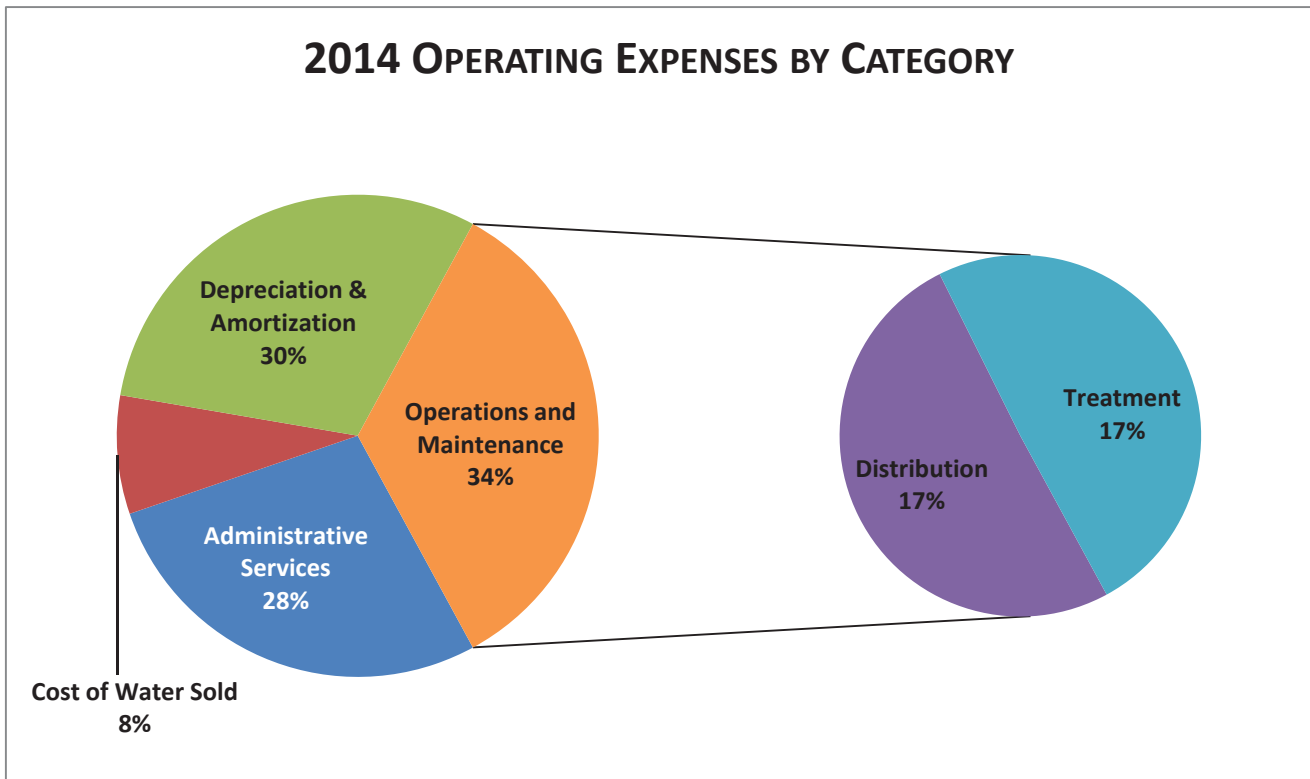
**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION  
OPERATING EXPENSES**

The following table presents a condensed review of operating expenses for the years ended December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Operating Expenses		
Operation and Maintenance	\$ 2,261,749	\$ 2,140,979
Administrative Services	2,003,812	1,632,707
Cost of Water Sold	526,890	490,114
Impairment Loss	---	168,104
Depreciation & Amortization	<u>2,002,869</u>	<u>2,126,581</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 6,795,320</u></b>	<b><u>\$ 6,558,485</u></b>

Net of depreciation, total operating expenses for 2014 were over budget by 5.7%. Operation and maintenance costs increased by 5.6% over 2013. Many operational expenses were lower in 2014 than 2013; those savings, however, were offset by higher costs in water treatment chemicals and higher electric utility fees due to higher utilization of the Spurgeon Reservoir pump station until native water sources came back online following the 2013 flood event.



**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION  
CAPITAL CONTRIBUTIONS**

The following table presents a condensed review of capital contributions for the years ended December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Customer Tap Fees	\$ 1,723,403	\$ 4,059,449
Contributed Water Rights	---	(3,344)
Contributed Line Fee/Fire System	66,231	358,327
Contributed Assets	<u>881,209</u>	<u>130,362</u>
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b><u>\$ 2,670,843</u></b>	<b><u>\$ 4,544,794</u></b>

Contributed capital can consist of several components: tap fees paid by customers who purchase new water taps for their property; water rights contributed in lieu of purchasing them; and contributions of fire systems, water lines, or water systems. In 2014, 117 taps were sold or completed, vs. 77 in 2013. Revenue was higher in 2013, however, due to new subdivision contracts for which large payments were made. The District received no contributed water units in 2014.

Contributed Line Fees are collected as part of tap fees in certain areas of the District. In certain cases, developers or private parties pay for or contribute to the extension or upgrade of water lines in order to complete projects; in other cases the District absorbs the costs. In either case, the District may collect a reimbursement amount ("line fee") when new taps are paid by customers who benefit from the new or upgraded line, plus an interest component. As applicable, the District then reimburses the appropriate developer or private party a portion of the line fee. In 2014, the line fees collected on new taps totaled \$73,180, the vast majority of which were in the Eastern Zone Transmission ("EZT") area. \$6,949 was remitted to the developer of the EZT line, for a net line fee of \$66,231.

The District received several contributed assets in 2014. In two cases, property owners elected to build water lines to serve their homes and contributed those lines to the District. In addition, water lines in newly-developed areas of the Wyndham Hill subdivision near Highway 52 and Weld County Road 7 in Frederick were completed and contributed to the District. In all cases such contributions are recorded at the cost of completion as reported to the District by the developer or property owner.

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**STRATEGIC PLANNING AND CAPITAL IMPROVEMENT PROGRAM**

In 2007, the District completed a Comprehensive Water System Strategic Plan to address the challenges it would meet in fulfilling its mission in the coming years. The completed plan encompasses four major areas: Treated Water Transmission & Distribution Capital Improvement Program; Dodd Water Treatment Plant Upgrade and Expansion; Water Resources Planning and Development; and Financial Master Plan.

As part of the comprehensive planning process, the District completed a Raw Water Master Plan in 2003 to anticipate future infrastructure improvements needed for the delivery of raw water supplies to both the Spurgeon and the Dodd Water Treatment Plants ("WTPs"). In order to meet the anticipated need for additional raw water supplies and delivery systems over the next 10-15 years, the District is participating in two projects through the Northern Colorado Water Conservancy District ("NCWCD"): NISP and SWSPII. The District is participating in the NISP project for a total of 4,900 additional acre-feet of annual yield to meet anticipated needs at build-out. The SWSPII project will deliver raw water from Carter Lake to the Dodd Water Treatment Plant. It is anticipated that the District's allocation of cost in the projects, currently estimated at \$71.1 million, will be funded through a combination of future debt and Water Acquisition Reserve funds. The Water Acquisition Reserve Fund is a Board-Designated fund maintained for future water rights acquisition. The reserve is funded via cash-in-lieu payments as part of tap fee revenue. As of December 31, 2014, the fund had a balance of \$9,175,561.

Additionally, the Treated Water Master Plan was updated in 2014, using demand projections, computer modeling and phased programs of needed facility improvements, within the District's service area. This plan includes recommended improvements to the distribution system over 5, 10, 20 years and system build out scenarios, with probable costs. The District uses the Treated Water Master Plan to develop and implement its Capital Improvement Program, which is reviewed and updated annually as part of the budget process. Capital and infrastructure needs are planned for over the succeeding 10 years, with ongoing plans to finance the projects. Projects are segregated between funded and unfunded statuses. Unfunded projects relating to Transmission & Distribution lines that benefit future development may require significant developer participation.

In order to meet future capital and infrastructure replacement needs, the District maintains a Board-Designated Replacement Fund Reserve. These funds are not legally restricted, but represent the District's intent to segregate funds for future capital and infrastructure needs. The reserve is funded from operating revenue and carryover funds as well as non-operating revenue. In 2014, the reserve funding was \$2,000,000, based on analysis using the District's Water Rate Model. The Disaster Recovery Grants received were also deposited into the fund to replenish funds used in the flood recovery repairs.

The reserve funding level for 2015 has likewise been set at \$2,000,000. All capital improvement projects designated as Replacement Fund Projects are paid for from the reserve, which had a balance of \$5,556,686 as of December 31, 2014. The following table summarizes the funding and use of Replacement Funds.

<b>REPLACEMENT FUND RESERVE SUMMARY 1995-2014</b>	
Replacement Fund Balance – December 31, 2013	\$ 5,653,137
Funding from Operations/Carryover	2,000,000
Disaster Recovery Grants Received	1,306,188
Projects Funded via Replacement Fund Reserve	(3,402,639)
<b>Replacement Fund Balance – December 31, 2014</b>	<b>\$ 5,556,686</b>

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**DEBT AND OTHER FINANCIAL OBLIGATIONS**

The District's long-term debt was \$30,557,922 and \$3,561,328 at December 31, 2014 and 2013, respectively. As noted above, the increase was the result of the new Drinking Water Revolving Fund loan executed in May, 2014. The loan has a 20-year term; total annual debt service will be approximately \$1.825 million per year.

The District also has a 1999 Drinking Water Revolving Fund loan for which principal payments of \$371,061 were made in 2014. The 1999 loan will be paid in full in May of 2019; total annual debt service on the loan is approximately \$450,000 per year.

In May of 2014, the District established a special escrow account in order to provide for the defeasance of the 2004 Series Bond. The bond had a principal balance as of December 31, 2013, of \$2,320,000. The District entered into an agreement with UMB Bank, n.a. as the Escrow Agent and transferred sufficient funds to the escrow account to provide for the payment of the final principal and interest amounts due in November, 2014, and May, 2015. As such, as of May 27, 2014, the 2004 Series Bond was legally defeased.

The District has no general obligation debt.

**CONTRACTS AND AGREEMENTS**

The District is a party to several contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities. According to the general counsel for the District, to the best of his knowledge, with the exception of the contracts and agreements referenced hereafter or set forth below, there are no contracts or agreements in effect which would potentially have a material, pecuniary adverse effect on the District.

On December 11, 2014, the District entered into a contract to purchase 95 units of Colorado-Big Thompson ("CBT") water at a total cost of \$2,517,500. A second contract to purchase 85 CBT units was signed on January 22, 2015, at a total cost of \$2,252,500. Both purchases were completed in February, 2015, and were funded from the Water Acquisition Reserve fund.

**LEFT HAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**ECONOMIC AND OTHER FACTORS**

As noted previously, water usage was lower than average in 2014, resulting in a decrease in water usage revenues. Water usage revenue typically accounts for approximately 70% of Operating Revenues, and is thus a major factor in the District's economic condition. It is also, however, largely driven by weather and environmental factors beyond the District's control. The District's water rate management plan utilizes a comprehensive rate and financial forecasting model based on historical averages of water usage. This water rate model is consistent with industry standards as prescribed by the American Water Works Association ("AWWA") and implements a rate structure strategy to provide adequate funds to pay current operating expenses, capital costs and debt service requirements, as well as to accumulate funds for future operating and repair or replacement costs, and new capital projects.

Tap fee revenue also was lower in 2014 from 2013, as the subdivisions under contract in 2013 continued to complete partially-paid-for taps without commencing any new contracts, but were still materially above the low levels seen during the recession. Tap fee revenues are directly impacted by the overall housing market; if that market continues its recovery, it is expected tap fee revenues will again increase. Should the housing market falter or endure additional contractions, tap fee revenue will likely decline commensurately. The 2015 budget is based on projected growth in both tap sales and water revenue and includes a 2% increase to the monthly basic service fee.

The annual rate and extent of future growth and development within the District will be materially affected by management, zoning, and land use procedures and policies established by surrounding governmental entities such as Boulder and Weld Counties, the Towns of Frederick, Firestone and Erie, and the Cities of Longmont and Boulder. Each of these entities controls development in the areas under its jurisdiction, and their decisions and actions are outside the control of the District. District staff works as appropriate with each of these entities to ensure productive, cooperative, and effective long-range planning.

**FINANCIAL CONTACT**

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact Victoria Santos, CPA, Finance Manager, Left Hand Water District, PO Box 210, Niwot, CO 80544, 303-530-4200.

## Basic Financial Statements

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# Left Hand Water District

## Statements of Net Position

<i>December 31,</i>	2014	2013 (Restated)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,075,784	\$ 10,167,017
Investments	13,303,139	12,876,838
Receivables	722,799	1,129,860
Inventory - supplies	156,659	115,070
Prepaid expenses and other assets	132,941	122,469
<b>Total current assets</b>	<b>25,391,322</b>	<b>24,411,254</b>
<b>Non-current assets</b>		
<b>Restricted assets</b>		
Cash and cash equivalents	768,419	2,306,247
<b>Capital assets</b>		
Land, easements and water rights	21,626,089	21,416,659
Construction in progress	4,112,345	2,634,572
Transmission and distribution system	59,322,114	55,303,390
Facilities	15,305,545	15,252,193
Vehicles and equipment	919,317	846,205
Furniture and equipment	287,952	280,037
Water service agreement	1,500,000	1,500,000
<b>Total capital assets</b>	<b>103,073,362</b>	<b>97,233,056</b>
Less: accumulated depreciation	(28,027,294)	(26,047,169)
<b>Capital assets, net</b>	<b>75,046,068</b>	<b>71,185,887</b>
<b>Other assets</b>		
Receivables - long term	89,400	176,400
Loan proceeds receivable	28,974,083	-
<b>Total other assets</b>	<b>29,063,483</b>	<b>176,400</b>
<b>Total non-current assets</b>	<b>104,877,970</b>	<b>73,668,534</b>
<b>Total assets</b>	<b>130,269,292</b>	<b>98,079,788</b>

*(Continued)*



# Left Hand Water District

## Statements of Net Position

<i>December 31,</i>	2014	2013 (Restated)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	647,949	483,227
Retainage payable	150,241	38,502
Accrued expenses	169,766	35,510
Current portion of long-term debt	1,733,611	1,501,061
<b>Total current liabilities</b>	<b>2,701,567</b>	<b>2,058,300</b>
<b>Non-current liabilities</b>		
Accrued compensated absences	230,716	219,510
Long-term debt (net of current maturities and unamortized premium)	30,327,206	3,341,818
<b>Total non-current liabilities</b>	<b>30,557,922</b>	<b>3,561,328</b>
<b>Total liabilities</b>	<b>33,259,489</b>	<b>5,619,628</b>
<b>Net position</b>		
Net investment in capital assets	71,959,334	66,343,008
Restricted:		
Debt service	768,419	777,020
Bond and loan reserves	-	1,529,227
Unrestricted	24,282,050	23,810,905
<b>Total net position</b>	<b>\$ 97,009,803</b>	<b>\$ 92,460,160</b>

*The accompanying notes are an integral part of these financial statements.*

# Left Hand Water District

## Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended December 31,</i>	2014	2013 (Restated)
<b>Operating revenues</b>		
Water - treated	\$ 7,225,496	\$ 6,945,212
Service revenue	59,096	71,147
Other income	74,644	66,509
<b>Total operating revenues</b>	<b>7,359,236</b>	<b>7,082,868</b>
<b>Operating expenses</b>		
Depreciation and amortization	2,002,869	2,126,581
Salaries and wages	1,584,399	1,518,731
Repairs and maintenance	1,025,968	893,398
Employee benefits and taxes	589,189	534,904
Cost of water sold	526,890	490,114
Utilities	290,985	273,678
Impairment loss	-	168,104
Office	130,036	150,019
Contract support service	81,351	120,651
Insurance	100,298	94,589
Other	355,629	88,835
Professional fees	90,153	83,421
Employee development	17,553	15,460
<b>Total operating expenses</b>	<b>6,795,320</b>	<b>6,558,485</b>
<b>Operating income</b>	<b>563,916</b>	<b>524,383</b>
<b>Non-operating revenues (expenses)</b>		
FEMA grant revenue	1,306,188	-
Earnings on investments	157,744	241,695
Realized and unrealized net gain (loss) on investments	6,387	(132,832)
Property rental and miscellaneous income	93,207	89,747
Gain on sale of capital assets	3,300	-
Miscellaneous non-operating income	832	-
Interest expense	(203,823)	(103,238)
Property management expense	(48,951)	(76,667)
<b>Total non-operating revenues (expenses)</b>	<b>1,314,884</b>	<b>18,705</b>
<b>Income before contributions</b>	<b>1,878,800</b>	<b>543,088</b>
<b>Capital contributions</b>	<b>2,670,843</b>	<b>4,544,794</b>
<b>Change in net position</b>	<b>4,549,643</b>	<b>5,087,882</b>
Net position at beginning of year	92,460,160	90,899,415
Prior period adjustment (see Note 2)	-	(3,527,137)
<b>Net position at end of year</b>	<b>\$ 97,009,803</b>	<b>\$ 92,460,160</b>

*The accompanying notes are an integral part of these financial statements.*

# Left Hand Water District

## Statements of Cash Flows

<i>For the years ended December 31,</i>	2014	2013 (Restated)
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 7,853,297	\$ 7,228,702
Cash paid to suppliers	(3,273,124)	(2,756,979)
Cash paid to employees	(1,573,193)	(1,483,926)
<b>Net cash flows from operating activities</b>	<b>3,006,980</b>	<b>2,987,797</b>
<b>Cash flows from noncapital activities</b>		
FEMA grant revenue	1,306,188	-
Property rental and miscellaneous income	94,039	89,747
Property management expense	(48,951)	(76,667)
<b>Net cash flows from noncapital activities</b>	<b>1,351,276</b>	<b>13,080</b>
<b>Cash flows from capital and related financing activities</b>		
Capital contributions	1,789,634	4,009,052
Acquisition and construction of capital assets	(4,549,455)	(2,120,812)
Cash received from sale of capital assets	3,300	-
Proceeds from debt issuance	926,253	-
Repayment of bonds and loans	(2,700,676)	(1,440,305)
Interest paid	(194,203)	(236,539)
<b>Net cash flows from capital and related financing activities</b>	<b>(4,725,147)</b>	<b>211,396</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	4,330,918	7,418,993
Purchase of investments	(4,749,914)	(8,532,742)
Change in restricted cash and cash equivalents	1,537,828	(428,936)
Earnings on investments	156,826	241,747
<b>Net cash flows from investing activities</b>	<b>1,275,658</b>	<b>(1,300,938)</b>
<b>Net change in cash and cash equivalents</b>	<b>908,767</b>	<b>1,911,335</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>10,167,017</b>	<b>8,255,682</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 11,075,784</b>	<b>\$ 10,167,017</b>

*(Continued)*

# Left Hand Water District

## Statements of Cash Flows

<i>For the years ended December 31,</i>	2014	2013 (Restated)
<b>Reconciliation of operating income to net cash flows from operating activities:</b>		
Operating income	\$ 563,916	\$ 524,383
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>		
Depreciation	1,927,869	2,051,581
Amortization of water service agreement	75,000	75,000
Impairment loss	-	168,104
<b>Changes in operating assets and liabilities:</b>		
Receivables	494,061	145,834
Inventory - supplies	(41,589)	(10,778)
Prepaid expenses and other assets	(10,472)	11,573
Accounts payable and accrued expenses	(1,805)	22,100
<b>Net cash flows from operating activities</b>	<b>\$ 3,006,980</b>	<b>\$ 2,987,797</b>
<b>Noncash investing, capital and financing activities :</b>		
Capital assets contributed to the District	\$ 881,209	\$ 130,361
Capital assets acquired with accounts and retainage payable	\$ 432,386	\$ 240,028
Loan proceeds receivable	\$ 28,974,083	\$ -
Amortization of debt premium	\$ 243,329	\$ 124,643

*The accompanying notes are an integral part of these financial statements.*

# Left Hand Water District

## Notes to Financial Statements

December 31, 2014

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### 1. Summary of Significant Accounting Policies

#### *Form of Organization*

Left Hand Water District (the "District") is organized under the provisions of Section 32-1-305(6) of the Colorado Revised Statutes ("CRS"). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial principles. The District's significant accounting policies are described below.

#### *Reporting Entity*

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other stand alone government."

#### *Basic Financial Statements*

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

#### *Basis of Accounting*

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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invested in capital assets, restricted for debt service and loan reserves, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

***Budgets and Budgetary Accounting***

An annual budget and appropriation resolution is adopted by the Board of Directors (the "Board") in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

The budget process timeline is as follows:

- 1) No later than October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted at regular Board meetings to obtain customers comments.
- 3) Prior to December 31, the budget is legally adopted by the Board.
- 4) Unused appropriations lapse at the end of each year.

The total appropriated expenditures for the District were \$36,654,288.

***Cash and Cash Equivalents***

The District considers all highly liquid investments with original maturities of three months or less which are available for operating expenditures to be cash equivalents.

***Investments***

The District's investments in marketable debt and equity securities are carried at fair value plus accrued interest with net appreciation or depreciation on investments. Amounts invested in certificates of deposit, with original maturities of greater than three months, are carried at fair value, including accrued interest.

***Allowance for Doubtful Accounts***

The District's receivables are due from commercial and residential customers within the District service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2014 or 2013, based on historical collection experience.

***Revenue Recognition***

Revenues are recognized when water is delivered to the customer, as measured at the meter. Metered water accounts are read and billed monthly on 30 day cycles.

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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*Operating Revenues and Expenses*

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, 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.

*Inventories*

Inventories, consisting primarily of operating supplies for water meter repair and installation, have been valued at cost, using the average cost method of accounting.

*Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

*Capital Assets*

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 one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed when incurred.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Estimated Lives
Transmission and distribution system	39-50 years
Facilities	10-40 years
Vehicles and equipment	5-10 years
Furniture and equipment	5-10 years

The District entered into a water service agreement with Central Weld County Water District ("CWCWD") on November 17, 1994. CWCWD will provide treated water to the District via a cross-tie connection. Upon execution of this agreement, the District paid \$1,500,000 to CWCWD. This agreement is in effect for 20 years and may be renewed for successive 10-year terms. The cost of the agreement is being amortized over the estimated economic life of the agreement. Accordingly, \$75,000 of amortization expense has been reported as a cost of water in the financial statements. The balance of the unamortized cost at December 31, 2014 and 2013, is \$75,000 and \$150,000, respectively.

*Debt Issuance Costs*

Debt issuance costs are recognized as an expense during the period of issuance.

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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*Debt Related Deferrals*

Premiums and discounts and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The net premiums and discounts are presented as an adjustment to the face amount of the debt, while deferred losses on refunding, if any, would be reflected as a deferred outflow of resources.

*Accrued Compensated Absences Payable*

Obligations associated with the District's vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is shown as a long-term liability.

The District has recorded a liability of \$230,716 and \$219,510 at December 31, 2014 and 2013, respectively.

*Net Position*

Net position is classified in the following categories:

*Net Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restriction imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

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

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences could be material.



**Left Hand Water District**  
**Notes to Financial Statements**  
December 31, 2014

*Reconciliation of Budget Based Accounting to GAAP Financial Statements*

The District prepares its annual budget on a non-GAAP basis of accounting. Below is reconciliation from the GAAP basis to the budget basis of accounting:

	2014	2013
Change in net position	\$ 4,549,643	\$ 5,087,882
Add:		
Debt proceeds	1,025,917	-
Depreciation	1,927,869	2,051,581
Amortization of water agreement	75,000	75,000
Impairment loss	-	168,104
Unrealized (gain) loss on investments	(6,387)	132,832
Less:		
Capital outlay	(5,022,891)	(2,360,840)
Debt principal paid	(2,700,676)	(1,440,305)
Gain on sale of capital assets	(3,300)	-
Non-cash capital contributions	(881,209)	(130,362)
Net reduction in tap fee receivables	529,588	(405,380)
Excess of revenues over expenditures (budgetary basis)	\$ (506,446)	\$ 3,178,512

## 2. Prior Period Adjustment

During 2014, management determined that there were capital assets that should not have been capitalized according to the District's policy, and other capital assets that were disposed of, but not removed from the capital asset sub-ledger. The results of these corrections were to decrease net capital assets and net position by \$3,527,137, as shown below:

	As Previously Reported	Adjustment	Restated
<b>Statement of Net Position as of December 31, 2013</b>			
Capital assets, net	\$ 74,713,024	\$ (3,527,137)	\$ 71,185,887
Net position	\$ 95,987,297	\$ (3,527,137)	\$ 92,460,160

## 3. Cash and Investments

### *Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2014 and 2013, the District had deposits with a financial institution with a carrying amount of \$4,316,551 and \$4,900,739, respectively. The bank balances with the financial institution were \$4,172,461 and \$4,871,355, respectively, which of this amount, \$250,000 was covered by federal depository insurance, with the excess in 2014 covered by PDPA.

***Investments***

The Board of Directors has adopted an investment policy which specifies investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Direct obligations of the United States with a maximum maturity of five years.
- Obligations of U.S. Government Agencies with a maximum maturity of five years.
- Securities of entities or organizations not listed above, but created by, or authorized to be created by legislation of, the U.S. congress where the issuing agency is subject to control by the federal government.
- General obligations of any state of the United States, the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental agencies. These securities must be rated in the highest two rating category by two or more nationally recognized rating agencies. The period from the settlement date to its maturity shall be no longer than three years.
- The District's own securities including certificates of participation and lease obligations.
- Local government investment pools.
- Repurchase agreements for any of the U.S. Government and agency securities listed above.
- Reverse repurchase agreements for any of the U.S. Government and agency securities listed above.
- Securities lending agreement, subject to certain statutory conditions, including that necessary transfer documents must be transferred to the investing public entity.
- Certain money market funds subject to statutory conditions including: registration of the fund under the federal "Investment Company Act of 1940"; that the fund seeks to maintain a constant share price.
- Certain guaranteed investment contracts rated in one of the two highest rating categories by two or more nationally recognized securities ratings agencies that regularly issue such ratings.
- U.S. dollar denominated corporate or bank security, issued by a corporation or bank organized and operating within the United States; the debt matures within three years; the debt must carry at least two ratings not below "AA- or Aa3" from any nationally recognized rating agencies.

District policy is to hold investments until maturity.

***Interest Rate Risk***

The District has adopted an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates which is consistent with state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase.

***Local Government Investment Pools***

At December 31, 2014 and 2013, the District had invested \$7,526,652 and \$7,571,525, respectively, in COLOTRUST (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury

# Left Hand Water District Notes to Financial Statements

December 31, 2014

Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to [www.colotrust.com](http://www.colotrust.com).

Cash deposits and investments held by the District were as follows at December 31:

	2014	2013
Cash on hand	\$ 1,000	\$ 1,000
Bank deposits	4,316,412	4,900,739
Local government investment pool	7,526,791	7,571,525
<b>Total cash and cash equivalents</b>	<b>\$ 11,844,203</b>	<b>\$ 12,473,264</b>

Investments held by the District at December 31, 2014, were as follows:

	S&P Rating	Moody Rating	Cost	Fair Value	Weighted Average Years to Maturity	Concentration of Credit Risk
<b>US Instrumentality</b>						
FHLB	AA+	Aaa	\$ 2,943,370	\$ 2,930,319	2.76	22.03%
FNMA	AA+	Aaa	2,128,606	2,123,617	2.72	15.96%
FHLMC	AA+	Aaa	499,190	449,052	1.84	3.38%
FFCB	AA+	Aaa	2,814,075	2,854,860	2.39	21.46%
Treasury notes	AA+	Aaa	2,994,469	2,962,809	1.91	22.27%
Commercial paper	A-1	P-1	249,346	249,711	-	1.88%
Corporate debts	AA- to AAA	A1 to P-1	1,749,666	1,732,771	0.93	13.03%
<b>Total</b>			<b>\$ 13,378,722</b>	<b>\$ 13,303,139</b>		

Investments held by the District at December 31, 2013, were as follows:

	S&P Rating	Moody Rating	Cost	Fair Value	Weighted Average Years to Maturity	Concentration of Credit Risk
<b>US Instrumentality</b>						
FHLB	AA+	Aaa	\$ 1,408,023	\$ 1,387,356	2.08	10.77%
FNMA	AA+	Aaa	1,628,731	1,610,327	3.42	12.51%
FHLMC	AA+	Aaa	1,452,810	1,448,310	2.99	11.25%
FFCB	AA+	Aaa	3,364,229	3,340,340	3.27	25.94%
Treasury notes	AA+	Aaa	1,970,797	1,946,118	2.63	15.11%
Commercial paper	A-1	P-1	997,925	998,456	-	7.75%
Corporate debts	AA- to AAA	A1 to P-1	2,149,198	2,145,931	1.7	16.67%
<b>Total</b>			<b>\$ 12,971,713</b>	<b>\$ 12,876,838</b>		

**Left Hand Water District**  
**Notes to Financial Statements**  
December 31, 2014

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**4. Restricted Assets**

Amounts shown as restricted assets have been restricted by bond indentures to be used for specified purposes. The following is a summary of restricted non-current assets at December 31:

	2014	2013
<b>Debt service account:</b>		
Paying current principal and interest on bonds and loan	\$ 768,419	\$ 777,020
<b>Debt service reserve and operations and maintenance reserve account:</b>		
Paying principal and interest in the event there are insufficient funds available in the debt service account and operations and maintenance reserve	-	1,529,227
<b>Total restricted assets</b>	<b>\$ 768,419</b>	<b>\$ 2,306,247</b>

The following amounts have been designated by Board resolutions to be used for specific purposes. These amounts have been included in unrestricted cash and cash equivalents and unrestricted investments at December 31:

	2014	2013
<b>Board designated accounts:</b>		
Deferred system replacement account	\$ 5,556,686	\$ 5,653,137
Water acquisition account	9,175,561	7,911,966
Dental account	10,000	10,000
<b>Total designated accounts</b>	<b>\$ 14,742,247</b>	<b>\$ 13,575,103</b>

**5. Receivables**

Receivables consist of the following at December 31:

	2014	2013
Water service	\$ 348,143	\$ 313,613
Elms Community Association receivable	178,821	268,221
Developer agreement receivable	278,688	718,880
Other receivables	6,547	5,546
	812,199	1,306,260
Less: amounts due beyond one year	(89,400)	(176,400)
<b>Current receivables</b>	<b>\$ 722,799</b>	<b>\$ 1,129,860</b>

**Left Hand Water District**  
**Notes to Financial Statements**  
December 31, 2014

**6. Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land, easements and water rights	\$21,416,659	\$ 209,430	\$ -	\$21,626,089
Construction in progress	2,634,572	3,430,297	(1,952,524)	4,112,345
<b>Total capital assets, not being depreciated</b>	<b>24,051,231</b>	<b>3,639,727</b>	<b>(1,952,524)</b>	<b>25,738,434</b>
<b>Capital assets, being depreciated:</b>				
Transmission and distribution system	55,286,666	4,018,724	-	59,305,390
Facilities	15,268,917	53,352	-	15,322,269
Vehicles and equipment	831,117	95,856	(22,744)	904,229
Furniture and equipment	295,125	7,915	-	303,040
Water service agreement	1,500,000	-	-	1,500,000
<b>Total capital assets, being depreciated</b>	<b>73,181,825</b>	<b>4,175,847</b>	<b>(22,744)</b>	<b>77,334,928</b>
<b>Less accumulated depreciation for:</b>				
Transmission and distribution system	(18,398,883)	(1,488,470)	-	(19,887,353)
Facilities	(5,374,444)	(375,629)	-	(5,750,073)
Vehicles and equipment	(675,458)	(48,790)	22,744	(701,504)
Furniture and equipment	(248,384)	(14,980)	-	(263,364)
Water service agreement	(1,350,000)	(75,000)	-	(1,425,000)
<b>Total accumulated depreciation/amortization</b>	<b>(26,047,169)</b>	<b>(2,002,869)</b>	<b>22,744</b>	<b>(28,027,294)</b>
<b>Total capital assets, being depreciated, net</b>	<b>47,134,656</b>	<b>2,172,978</b>	<b>-</b>	<b>49,307,634</b>
<b>Total capital assets, net</b>	<b>\$71,185,887</b>	<b>\$ 5,812,705</b>	<b>\$(1,952,524)</b>	<b>\$75,046,068</b>

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

Capital asset activity (restated) for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land, easements and water rights	\$ 21,254,232	\$ 162,427	\$ -	\$ 21,416,659
Construction in progress	2,099,135	1,993,371	(1,457,934)	2,634,572
<b>Total capital assets, not being depreciated</b>	<b>23,353,367</b>	<b>2,155,798</b>	<b>(1,457,934)</b>	<b>24,051,231</b>
<b>Capital assets, being depreciated:</b>				
Transmission and distribution system	54,077,710	1,735,055	(526,099)	55,286,666
Facilities	15,293,126	22,712	(46,921)	15,268,917
Vehicles and equipment	809,871	21,246	-	831,117
Furniture and equipment	280,801	14,324	-	295,125
Water service agreement	1,500,000	-	-	1,500,000
<b>Total capital assets, being depreciated</b>	<b>71,961,508</b>	<b>1,793,337</b>	<b>(573,020)</b>	<b>73,181,825</b>
<b>Less: accumulated depreciation for:</b>				
Transmission and distribution system	(17,174,665)	(1,580,031)	355,813	(18,398,883)
Facilities	(5,018,881)	(404,667)	49,104	(5,374,444)
Vehicles and equipment	(625,252)	(50,206)	-	(675,458)
Furniture and equipment	(231,707)	(16,677)	-	(248,384)
Water service agreement	(1,275,000)	(75,000)	-	(1,350,000)
<b>Total accumulated depreciation/amortization</b>	<b>(24,325,505)</b>	<b>(2,126,581)</b>	<b>404,917</b>	<b>(26,047,169)</b>
<b>Total capital assets, being depreciated, net</b>	<b>47,636,003</b>	<b>(333,244)</b>	<b>(168,103)</b>	<b>47,134,656</b>
<b>Total capital assets, net</b>	<b>\$ 70,989,370</b>	<b>\$ 1,822,554</b>	<b>\$ (1,626,037)</b>	<b>\$ 71,185,887</b>

## 7. Asset Impairment

In September 2013, the District was impacted by a regional flooding event and certain capital assets were destroyed. The District suffered losses to roadways, service lines and extensions. The District evaluated its capital assets in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, and realized a loss from impairment of \$168,104 for the year ended December 31, 2013. The District did not receive any insurance proceeds for the flooding. The District has applied to the Federal Emergency Management Agency ("FEMA") to cover up to 75% of the costs to recover and 12.5% from the State of Colorado. As of December 31, 2014, the District had received \$1,306,188 for recovery costs.

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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**8. Long-Term Debt**

A summary of the District's long-term debt is as follows:

	2014	2013
<b>2004 Water Revenue Bonds</b>		
The April 1, 2004 water revenue refunding bonds were issued to refund the 1996 water revenue bonds. Principal and interest, with rates ranging from 1.60% to 3.77%, were payable through May 15, 2015. The bonds were secured by net revenues of the system. These bonds were extinguished during 2014.	\$ -	\$ 2,320,000
<b>1999 Loan - Colorado Water Resources and Power Development Authority</b>		
\$6,625,000 May 1, 1999, Colorado Water Resources and Power Development Authority ("CWR&PDA") Loan, from the State of Colorado Drinking Water Revolving Fund, with principal due in installments of \$349,550 in 2012, increasing to \$446,348 in 2018. A final principal payment of \$231,241 is due May 15, 2019. Interest with an effective target rate of 3.85% along with principal and an administrative fee of .8% are payable semi-annually on May 15 and November 15. The proceeds were used to finance improvements to the Spurgeon water treatment plant and to upgrade the water system.	1,882,192	2,253,253
<b>2014 Loan - Colorado Water Resources and Power Development Authority</b>		
\$29,900,336 May 1, 2014, CWR&PDA Loan, from the State of Colorado Drinking Water Revolving Fund, with escalating principal payments throughout the life of the loan. Interest with a rate of 2.80% along with principal and an administrative fee of .8% are payable semi-annually on February 1 and August 1. The proceeds will be used to finance upgrades to the existing Dodd water treatment plant.	29,890,721	-
Add: unamortized bond premium	287,904	269,626
<b>Total long-term debt</b>	<b>\$32,060,817</b>	<b>\$ 4,842,879</b>

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

A summary of changes in long-term debt is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2004 revenue bonds	\$2,320,000	\$ -	\$(2,320,000)	\$ -	\$ -
1999 CWR&PDA loan	2,253,253	-	(371,061)	1,882,192	381,816
2014 CWR&PDA loan	-	29,900,336	(9,615)	29,890,721	1,351,795
Accrued compensated absences	219,510	114,825	(103,619)	230,716	-
<b>Totals</b>	<b>4,792,763</b>	<b>\$30,015,161</b>	<b>\$(2,804,295)</b>	<b>32,003,629</b>	<b>\$1,733,611</b>
Current portion of long-term debt	(1,501,061)			(1,733,611)	
Unamortized bond premium	269,626			287,904	
Noncurrent portion of long-term debt	<u>\$3,561,328</u>			<u>\$30,557,922</u>	

During 2014, the District extinguished the remaining balance due on the 2004 Water Revenue Bonds, using resources on hand to place the proceeds into escrow. The resulting gain or loss would not have been material, due to the short term nature of the remaining balance due. Accordingly, no gain or loss is reflected in these financial statements.

The annual requirements to amortize all debt outstanding is as follows:

Year Ending December 31,	Principal	Interest	Total
2015	\$ 1,733,611	\$ 581,568	\$ 2,315,179
2016	1,760,892	555,376	2,316,268
2017	1,790,476	530,304	2,320,780
2018	1,823,134	495,589	2,318,723
2019	1,621,486	453,589	2,075,075
2020 - 2024	7,112,734	2,015,334	9,128,068
2025 - 2029	7,463,814	1,664,783	9,128,597
2030 - 2034	8,466,766	662,463	9,129,229
<b>Total</b>	<b>\$ 31,772,913</b>	<b>\$ 6,959,006</b>	<b>\$ 38,731,919</b>

## 9. Rate Maintenance

The District's 1999 loan agreement with the CWR&PDA requires the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 110% of the debt service on the CWR&PDA loan and any debt service on any indebtedness payable on a parity with the lien or charge of this loan agreement.



**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

The following calculation shows the District's compliance with this loan agreement for the year ended December 31, 2014:

Operating revenues	\$ 7,359,236
Capital contributions	2,670,843
Subtotal	10,030,079
Operation and maintenance expense	(4,792,451)
Net revenue as defined in 1999 CWR&PDA loan resolution	\$ 5,237,628
2014 principal due	\$ 371,061
2014 interest due	122,436
Subtotal	493,497
	x110%
Required revenue as defined in 1999 CWR&PDA loan resolution	\$ 542,847

The District's 2014 loan agreement with the CWR&PDA requires the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 110% of the debt service on the CWR&PDA loan and any debt service on any indebtedness payable on a parity with the lien or charge of this loan agreement.

The following calculation shows the District's compliance with this loan agreement for the year ended December 31, 2014:

Operating revenues	\$ 7,359,236
Capital contributions	2,670,843
Subtotal	10,030,079
Operation and maintenance expense	(4,792,451)
Net revenue as defined in 2014 CWR&PDA loan resolution	\$ 5,237,628
2014 principal due	\$ 9,615
2014 interest due	127,625
Subtotal	137,240
	x110%
Required revenue as defined in 2014 CWR&PDA loan resolution	\$ 150,964

## 10. Rental Income

On June 1, 1999 the District entered into a twelve month lease for approximately ten acres with barns and other out buildings with a retired employee. The lease is renewable annually at the leasee's discretion until the lessee either abandons or vacates the premises or upon the twentieth anniversary of the lease, whichever occurs first. The lease agreement requires rent of \$2,200 per year. The District leases cell tower locations to

# Left Hand Water District Notes to Financial Statements

December 31, 2014

various organizations with initial terms ranging from three to twenty-five years.

The District received \$93,207 and \$89,747 rental income for the years ended December 31, 2014 and 2013, respectively.

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows:

Year Ended December 31,	Amount
2015	\$ 79,528
2016	72,200
2017	75,044
2018	75,749
2019	76,475
Thereafter	857,942
Total	\$ 1,236,938

## 11. Public Employees' Retirement Association of Colorado

**Plan Description** - The District contributes to the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the LGDTF. Title 24, Article 51 of the CRS, as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy** - The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the three districts are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District it is 13.7% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note 12). The District is also required to pay an amortization equalization disbursement ("AED") equal to 3% of salary. Additionally the District is required to pay a supplemental amortization equalization disbursement ("SAED") equal to 0.50% of the total payroll. This disbursement will continue until an additional 3% is implemented. If the District hires a PERA retiree as an employee or under any other work arrangements, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however, no member contributions are required. For the years ending December 31, 2014, 2013, and 2012, the District's employer contributions to the LGDTF were \$197,882, \$187,321, and \$202,977, respectively, equal to their required contributions for each year.

## 12. Postemployment Healthcare Benefits

**Plan Description** - The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF.

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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**Funding Policy** - The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. For the years ending December 31, 2014, 2013, and 2012, the District's employer contributions to the HCTF were \$15,918, \$14,800 and \$16,003, respectively, equal to their required contributions for each year.

### **13. Voluntary Investment Program**

**Description** - Employees of the District who are members of the LGDTF (see Note 11) may voluntarily contribute to the Voluntary Investment Program ("401(k) Plan"), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report for the 401(k) Plan.

**Funding Policy** - The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 for the calendar years 2014 and 2013). Catch-up contributions up to \$5,500 for the calendar years 2014 and 2013 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, and Section 1402 of the CRS, as amended. For the years ended December 31, 2014 and 2013, the 401(k) Plan member contributions were \$109,792 and \$109,763, respectively. For the years ending December 31, 2014 and 2013, the District's employer contributions to the 401(k) Plan were \$70,581 and \$61,806 respectively.

### **14. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

### **15. Related Party Transactions**

The District has an agreement with the Left Hand Ditch Company to transfer and exchange Northern Colorado Water Conservancy District (Big "T") water and Left Hand Ditch Company water pursuant to certain restrictive terms and conditions. This agreement is automatically renewable unless terminated by written mutual agreement between the parties. As of December 31, 2014, the District owns approximately 17 percent of Left Hand Ditch Company water shares.

### **16. TABOR Compliance**

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the

**Left Hand Water District**  
**Notes to Financial Statements**  
**December 31, 2014**

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Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service).

The Amendment excludes from its provisions enterprise funds. Enterprise funds, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from certain provisions of the Amendment.

On April 13, 1993, the District passed Resolution No. 1993-1, "Continuing and Clarifying the Establishment of a Water Activity Enterprise." This resolution was passed after much research by legal counsel regarding the status of the District following the passage of the Amendment. Because the District qualifies as an enterprise as defined by paragraph 2(d), Section 20, Article X of the Colorado Constitution, it was determined that the District is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

The Amendment is complex and subject to judicial interpretation. The entity believes it is excluded from the requirements of the Amendment. However, the District has made certain interpretations in the Amendment's language in order to determine its compliance and exclusion.

## **17. Commitments**

On July 17, 2014 the District had signed a contract with a design and construction company to complete the design of the Dodd Water Treatment Plant expansion for a total contract price, including change orders, of \$5,020,801. As of December 31, 2014, the amount to completion was approximately \$3,899,000. On February 17, 2015 the contract was amended to be a gross maximum price of \$29,383,347 which includes all the design and construction.

## **18. Subsequent Events**

Management of the District has evaluated subsequent events through June 18, 2015, the date that the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure, except as described below.

In January 2015, the District agreed to two separate purchases of Colorado-Big Thompson Project: 95 acre foot units of water for a total purchase price of \$2,517,500; and 85 acre foot units of water for a total purchase price of \$2,252,500.

## Supplementary Information

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**Left Hand Water District**  
**Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)**  
**For the Year Ended December 31, 2014**

	Enterprise Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budget Basis	Positive (Negative)
<b>Operating revenue</b>				
Water - volume charge	\$ 5,850,991	\$ 5,850,991	\$ 5,083,618	\$ (767,373)
Water - basic service charge	2,162,302	2,162,302	2,141,878	(20,424)
Activation and tap request fees	12,000	12,000	16,558	4,558
Service and rental income	32,500	32,500	42,538	10,038
Other income	52,500	52,500	74,644	22,144
<b>Total operating revenue</b>	<b>8,110,293</b>	<b>8,110,293</b>	<b>7,359,236</b>	<b>(751,057)</b>
<b>Nonoperating revenue</b>				
FEMA grant revenue	1,500,000	1,500,000	1,306,188	(193,812)
Earnings on investments	201,500	201,500	157,744	(43,756)
Property rental and miscellaneous income	92,337	92,337	94,039	1,702
Transfers between funds	(19,570)	(19,570)	(19,190)	380
Capital contributions	324,304	324,304	1,055,627	731,323
Capital contributions - board designated	385,063	385,063	1,263,595	878,532
<b>Total nonoperating revenue</b>	<b>2,483,634</b>	<b>2,483,634</b>	<b>3,858,003</b>	<b>1,374,369</b>
Debt proceeds	1,500,000	1,500,000	1,025,917	(474,083)
<b>Total available revenue</b>	<b>12,093,927</b>	<b>12,093,927</b>	<b>12,243,156</b>	<b>149,229</b>
<b>Expenditures</b>				
Cost of water sold	552,234	552,234	526,890	25,344
Utilities	327,434	327,434	290,985	36,449
Repairs and maintenance	924,365	924,365	1,025,968	(101,603)
Salaries and wages	1,596,100	1,596,100	1,584,399	11,701
Office	146,850	146,850	130,036	16,814
Professional fees	97,000	97,000	90,153	6,847
Contract support services	28,000	28,000	81,351	(53,351)
Employee benefits and taxes	610,287	610,287	589,189	21,098
Employee development	32,600	32,600	17,553	15,047
Insurance	101,500	101,500	100,298	1,202
Other	67,890	67,890	336,439	(268,549)
Contingency reserve	30,000	30,000	-	30,000
Appropriated reserves	23,291,423	23,291,423	-	23,291,423
<b>Total operating expenditures</b>	<b>27,805,683</b>	<b>27,805,683</b>	<b>4,773,261</b>	<b>23,032,422</b>
<b>Nonoperating expenditures</b>				
Interest expense	158,850	158,850	203,823	(44,973)
Property management - general and administrative	58,300	58,300	48,951	9,349
Capital outlay	5,985,825	5,985,825	5,022,891	962,934
<b>Total nonoperating expenditures</b>	<b>6,202,975</b>	<b>6,202,975</b>	<b>5,275,665</b>	<b>927,310</b>
Principal payments on debt	2,626,060	2,626,060	2,700,676	(74,616)
<b>Total expenditures</b>	<b>36,634,718</b>	<b>36,634,718</b>	<b>12,749,602</b>	<b>23,885,116</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (24,540,791)</b>	<b>\$ (24,540,791)</b>	<b>\$ (506,446)</b>	<b>\$ (24,034,345)</b>

Government Fund				Totals (Memorandum Only)			
Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final	Budget Basis	Positive (Negative)	Original	Final	Budget Basis	Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 5,850,991	\$ 5,850,991	\$ 5,083,618	\$ (767,373)
-	-	-	-	2,162,302	2,162,302	2,141,878	(20,424)
-	-	-	-	12,000	12,000	16,558	4,558
-	-	-	-	32,500	32,500	42,538	10,038
-	-	-	-	52,500	52,500	74,644	22,144
-	-	-	-	8,110,293	8,110,293	7,359,236	(751,057)
-	-	-	-	1,500,000	1,500,000	1,306,188	(193,812)
-	-	-	-	201,500	201,500	157,744	(43,756)
-	-	-	-	92,337	92,337	94,039	1,702
19,570	19,570	19,190	(380)	-	-	-	-
-	-	-	-	324,304	324,304	1,055,627	731,323
-	-	-	-	385,063	385,063	1,263,595	878,532
19,570	19,570	19,190	(380)	2,503,204	2,503,204	3,877,193	1,373,989
-	-	-	-	1,500,000	1,500,000	1,025,917	(474,083)
19,570	19,570	19,190	(380)	12,113,497	12,113,497	12,262,346	148,849
-	-	-	-	552,234	552,234	526,890	25,344
-	-	-	-	327,434	327,434	290,985	36,449
-	-	-	-	924,365	924,365	1,025,968	(101,603)
-	-	-	-	1,596,100	1,596,100	1,584,399	11,701
-	-	-	-	146,850	146,850	130,036	16,814
-	-	-	-	97,000	97,000	90,153	6,847
-	-	-	-	28,000	28,000	81,351	(53,351)
-	-	-	-	610,287	610,287	589,189	21,098
-	-	-	-	32,600	32,600	17,553	15,047
-	-	-	-	101,500	101,500	100,298	1,202
19,570	19,570	19,190	380	87,460	87,460	355,629	(268,169)
-	-	-	-	30,000	30,000	-	30,000
-	-	-	-	23,291,423	23,291,423	-	23,291,423
19,570	19,570	19,190	380	27,825,253	27,825,253	4,792,451	23,032,802
-	-	-	-	158,850	158,850	203,823	(44,973)
-	-	-	-	58,300	58,300	48,951	9,349
-	-	-	-	5,985,825	5,985,825	5,022,891	962,934
-	-	-	-	6,202,975	6,202,975	5,275,665	927,310
-	-	-	-	2,626,060	2,626,060	2,700,676	(74,616)
19,570	19,570	19,190	380	36,654,288	36,654,288	12,768,792	23,885,496
\$ -	\$ -	\$ -	\$ -	\$ (24,540,791)	\$ (24,540,791)	\$ (506,446)	\$ (24,034,345)

See accompanying Independent Auditor's Report.