LITTLETON / ENGLEWOOD
WASTEWATER TREATMENT PLANT

City of
Littleton

City of
Englewood

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2014

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ANNUAL FINANCIAL REPORT

LITTLETON / ENGLEWOOD
WASTEWATER TREATMENT PLANT
JOINT VENTURE

Year Ended December 31, 2014

Supervisory Committee

City of Littleton

Michael Penny, City Manager
Charles Blosten, Director of Public Services

City of Englewood

Eric Keck, City Manager
Rick Kahm, Director of Public Works

Stewart Fonda, Executive Director

LITTLETON / ENGLEWOOD WASTEWATER TREATMENT PLANT JOINT VENTURE

Annual Financial Report
Year Ended December 31, 2014

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Board of Directors
Littleton/Englewood Wastewater Treatment Plant Joint Venture
Englewood, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Littleton/Englewood Wastewater Treatment Plant Joint Venture (the "Joint Venture") as of and for the year ended December 31, 2014, and the related notes to the financial statements which collectively comprise the Joint Venture'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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Littleton/Englewood Wastewater Treatment Plant Joint Venture, as of December 31, 2014, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Englewood, Colorado 80112

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Report on Summarized Comparative Information

We have previously audited the Littleton/Englewood Wastewater Treatment Plant Joint Venture's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 7, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Schedules of Funding Progress

Management has omitted the management 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.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress on page 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 sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules presented on pages 13 and 14 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Englewood, Colorado
May 11, 2015

Littleton/Englewood Wastewater Treatment Plant Joint Venture

Statements of Net Position
As of December 31, 2014
With Comparative Totals for December 31, 2013

	2014	2013
Assets		
Current assets		
Cash and investments	$ 2,026,889	$ 1,439,837
Receivable from City of Littleton	-	144,689
Receivable from City of Englewood	-	77,610
Interest receivable	3,536	4,022
Other receivables	18,630	10,981
Total current assets	2,049,055	1,677,139
Noncurrent assets		
Capital assets not being depreciated	6,125,112	6,574,521
Treatment plant	123,698,901	122,668,584
Vehicles, equipment and other	77,561,967	77,148,838
Less accumulated depreciation	(96,238,681)	(88,453,369)
Capital assets, net of accumulated depreciation	105,022,187	111,364,053
Total noncurrent assets	111,147,299	117,938,574
Total assets	113,196,354	119,615,713
Liabilities		
Current liabilities		
Accounts payable	464,884	693,494
Payable to City of Littleton	256,256	-
Payable to City of Englewood	330,716	-
Retainage payable	42,645	96,834
Wages payable	302,669	263,032
Accrued compensated absences-current	181,211	185,615
Total current liabilities	1,578,381	1,238,975
Noncurrent liabilities		
Other post employments benefits payable	173,788	136,873
Accrued compensated absences	181,210	185,615
Total noncurrent liabilities	354,998	322,488
Total liabilities	1,933,379	1,561,463
Net position		
Invested in capital assets	111,147,299	117,938,574
Unrestricted	115,676	115,676
Total net position	$ 111,262,975	$ 118,054,250

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

Littleton/Englewood Wastewater Treatment Plant Joint Venture

Statements of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014	2013
Operating revenues		
Reimbursement of operating expenses		
City of Littleton	$ 6,149,761	$ 5,887,349
City of Englewood	7,221,639	6,895,597
Total operating revenues	13,371,400	12,782,946
Operating expenses		
Sewage treatment		
Operations	5,742,664	5,449,837
Maintenance	3,066,223	2,939,648
Laboratory	813,362	878,642
Beneficial use	889,268	773,309
Pretreatment	555,947	588,233
Total sewage treatment	11,067,464	10,629,669
Administration		
Personal services	1,161,216	1,163,380
Contractual	1,105,143	895,546
Commodities	213,626	244,159
Total administration	2,479,985	2,303,085
Depreciation	7,785,312	8,586,823
Total operating expenses	21,332,761	21,519,577
Operating loss	(7,961,361)	(8,736,631)
Nonoperating revenues		
Septic hauling	69,113	51,229
Farm income from crop sales	62,876	52,726
Industrial wastewater sampling and analysis	5,977	6,469
Net investment income	8,419	(3,100)
Other	29,663	42,483
Total nonoperating revenues	176,048	149,807
Loss before contributions	(7,785,313)	(8,586,824)
Capital contributions		
City of Littleton	497,019	528,302
City of Englewood	497,019	528,303
Total capital contributions	994,038	1,056,605
Change in net position	(6,791,275)	(7,530,219)
Total net position - beginning	118,054,250	125,584,469
Total net position - ending	$ 111,262,975	$ 118,054,250

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

Littleton/Englewood Wastewater Treatment Plant Joint Venture

Statements of Cash Flows
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	2014	2013
Cash flows from operating activities		
Cash received from joint venturers	$ 14,180,671	$ 11,867,698
Cash payments to suppliers for goods and services	(7,305,337)	(6,710,175)
Cash paid to employees for services	(6,357,501)	(6,382,557)
Net cash provided (required) by operating activities	517,833	(1,225,034)
Cash flows from noncapital financing activities		
Septic hauling	69,113	51,229
Other cash received	90,867	99,395
Net cash provided by noncapital financing activities	159,980	150,624
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(1,093,704)	(608,189)
Capital contributions from joint venturers	994,038	1,056,604
Net cash provided by capital and related financing activities	(99,666)	448,415
Cash flows from investing activities		
Net investment income	8,905	(767)
Net cash provided by investing activities	8,905	(767)
Net increase in cash and cash equivalents	587,052	(626,762)
Cash and cash equivalents - January 1,	1,439,837	2,066,599
Cash and cash equivalents - December 31,	$ 2,026,889	$ 1,439,837
Reconciliation of operating loss to net cash provided (required) by operating activities		
Loss from operations	$ (7,961,361)	$ (8,736,631)
Adjustments to reconcile operating loss to net cash provided (required) by operating activities:		
Depreciation	7,785,312	8,586,823
Effect of changes in operating assets and liabilities		
Receivable from joint venturers	809,271	(915,248)
Accounts payable	(183,132)	(202,665)
Wages payable	76,552	36,425
Accrued compensated absences	(8,809)	6,262
Total adjustments	8,479,194	7,511,597
Net cash provided (required) by operating activities	$ 517,833	$ (1,225,034)

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

Littleton / Englewood Wastewater Treatment Plant Joint Venture
Notes to the Financial Statements
December 31, 2014

The financial statements of the Littleton/Englewood Wastewater Treatment Plant Joint Venture have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following notes to the financial statements are an integral part of this report.

Note 1 – Summary of Significant Accounting Policies

Definition of Reporting Entity

The Cities of Littleton, Colorado (Littleton) and Englewood, Colorado (Englewood), participate in the Littleton/Englewood Wastewater Treatment Plant Joint Venture (the Joint Venture) for the operation of a wastewater treatment facility. Control of the Joint Venture rests in a four-member committee, with two members appointed by each city. Littleton and Englewood each own a 50 percent interest in the Joint Venture. The Joint Venture has its own workforce for operating purposes. For payroll and pension participation, the joint venture's workforce is considered to be City of Englewood employees. Englewood provides the Joint Venture with administrative services on a cost reimbursement basis.

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

Basis of Accounting

The Joint Venture follows the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes, if any, would be recorded as a reduction in liabilities.

Operating Revenues and Expenses

The Joint Venture distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Fund Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Joint Venture's purpose of providing services to the joint venturers. Operating revenues consist of charges to venturers for service 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 nonoperating revenues and expenses or capital contributions (see this reports finanacial statements for current activity).

Budgets

The Joint Venture does not have nor is it anticipated to ever have the power to assess an ad valorem tax on the property of the participating cities. Accordingly, it is management's contention that this would remove it from the scope of the State of Colorado Budget Law.

Cash Equivalents

For purposes of the statement of cash flows, the Joint Venture considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts due from the Joint Venturers related to ongoing operating costs as well as other related ancillary charges. Based on a review of outstanding receivables at year end no allowance was deemed necessary.

Capital Assets

Capital assets are stated at cost. Maintenance and repairs are charged to current period operating expenses and improvements are capitalized. The Joint Venture currently capitalizes expenditures that cost more than $25,000 and have a life of one year or more. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in nonoperating income (expenses).

Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Asset Type	Years
Treatment facility	20-50
Vehicles	2-8
Laboratory equipment	5-10
Other equipment	2-7

Reimbursement of Operating Expenses

Variable operating expenses are shared by the venturers based on actual usage of the facility and fixed operating expenses, excluding depreciation, are shared equally. Additionally, in accordance with the Joint Venture Agreement, Littleton pays an administration fee to Englewood equal to 3% of operating expenses. Littleton paid $392,941 and $387,982 during the years ended December 31, 2014 and 2013, respectively.

Capital Contributions

The joint venturers share capital expenditures equally. The amount reported as capital contributions on the Statements of Revenues, Expenses and Changes in Fund Net Position represents the amount paid by the joint venturers for capital improvements (see this reports finanacial statements for current activity).

Compensated Absences

The Joint Venture has a policy which allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are recognized as current salary costs when accrued.

Net Position

The Joint Venture utilizes a net position presentation. Net Position is categorized as investments in capital assets (net of related debt) and is either restricted or unrestricted. In order to calculate the amounts to report as restricted-net position or unrestricted-net position, a flow assumption must be made about the order in which the resources are to be applied. It this Joint Venture's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of 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. An example of such an estimate that has been made by management is depreciation expense.

Note 2 – Cash and Investments

The Joint Venture's cash and investments are combined with Englewood's pooled cash and investment funds. Englewood allocates interest earnings from the combined investments on a pro-rata basis. Englewood's investment policy authorizes investments in the following:

- U.S. Treasury Obligations: Treasury Bills, Treasury Notes and Treasury Bonds with maturities not exceeding five years from the date of trade settlement.
- Treasury Strips (book-entry U.S. Treasury securities whose coupons have been removed) with maturities not exceeding five years from the date of trade settlement.
- Federal Instrumentalities - Debentures, Discount Notes, Medium-Term Notes, Callable Securities and Step-up Securities issued by the following only: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Farm Credit Banks (FFCB), with maturities not exceeding five years from the date of trade settlement. Federal Instrumentality Securities shall be rated in the highest rating category by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) that rate them, and shall be rated not less by any NRSRO that rates the debt.
- Repurchase Agreements with a termination date of 90 days or less utilizing U.S. Treasury and Federal Instrumentality securities listed above, collateralized at a minimum market value of 102 percent of the dollar value of the transaction with the accrued interest accumulated on the collateral included in the calculation. Repurchase agreements shall be entered into only with dealers who: are recognized as Primary Dealers by the Federal Reserve Bank of New York, or with firms that have a primary dealer within their holding company structure; and have executed a City approved Master Repurchase Agreement. Primary Dealers approved as Repurchase Agreement counterparties, if rated, shall have a short-term credit rating of at least A-1 or the equivalent and a long-term credit rating of at least A or the equivalent. Collateral (purchased securities) shall be held by the City's custodian bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily. In no case will the maturity of the collateral exceed 10 years.
- Reverse Repurchase Agreements with a maturity of 90 days or less executed only against securities owned by the City and collateralized by the same type of security reversed.
- Flexible Repurchase Agreements with a final maturity of 10 years or less entered into by the City with approved counterparties.
- Time Certificates of Deposit with a maximum maturity of five years or savings accounts in state or national banks or state or federally chartered savings banks operating in Colorado that are state approved depositories (as evidenced by a certificate issued by the State Banking Board) and are insured by the FDIC. Certificates of deposit that exceed the FDIC insured amount shall be collateralized in accordance with the Colorado Public Deposit Protection Act. The collateral shall have a market value equal to or exceeding 102 percent of the difference between the insured amount and the City's total deposits for all funds within the institution.

- Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are "no-load" (i.e.: no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value per share of $1.00; 3) limit assets of the fund to securities authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAAm by Standard and Poor's, Aaa by Moody's or AAA/V1+ by Fitch.
- Colorado Local Government Liquid Asset Trust (COLOTRUST) as authorized under CRS 24-75-702.
- Prime Bankers Acceptances, rated at least A-1 by Standard & Poor's, P-1 by Moody's and F1 by Fitch at the time of purchase by at least two services that rate them and shall be rated not less by any service that rates them, with a maturity of six months or less issued on domestic banks or branches of foreign banks domiciled in the U.S. and operating under U.S. banking laws. Accepting banks must have a senior debt rating of A2 by Moody's and A by Standard & Poor's.
- Prime Commercial Paper with a maturity of 270 days or less which, at the time of purchase, is rated at least A-1 by Standard & Poor's, P-1 by Moody's and F1 by Fitch. At the time of purchase, the commercial paper must be rated by at least two of the above stated rating agencies at the stated minimum rating. If more than two of the above stated agencies rates an issuer, all of those rating agencies must rate the issuer in accordance with above stated minimum credit criteria. If the commercial paper issuer has senior debt outstanding, the senior debt must be rated by each service that publishes a rating on the issuer as at least A2 by Moody's, A by Standard and Poor's and A by Fitch.
- Corporate Bonds issued by a corporation or bank with a final maturity not exceeding three years from the date of trade settlement, rated at least AA- by Standard & Poor's, Aa3 by Moody's, or AA by Fitch at the time of purchase by each service that rates the debt. Authorized corporate bonds shall be U.S. dollar denominated, and limited to corporations organized and operated within the United States with a net worth in excess of $250 million.

At December 31, 2014, the Joint Venture had cash and investments as follows:

Unrestricted	
Deposits and investments with the City of Englewood internal investment pool	$ 2,026,889

The investments include U.S. Treasury Bills and Money Market Funds consisting entirely of U.S. government securities that are explicitly guaranteed by the U.S. Government.

Under the terms of the joint venture agreement, the venturers agreed to restrict $1,000,000 of their individual City's sewer fund cash to finance major capital repairs and replacements of the joint venture. Each City is also required to deposit an amount equal to two months of budgeted operating expenditures. For the year ended December 31, 2014 the deposit balances were $1,130,000 and $1,300,000 for the Cities of Littleton and Englewood respectively.

Disclosures relating to **credit risk,** the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment; **interest rate risk,** the risk that changes in market interest rates will adversely affect the fair value of an investment; and **concentration of credit risk** of Englewood's internal investment pool is disclosed in the City's Comprehensive Annual Financial Report. This report may be obtained by calling the City of Englewood's Department of Finance and Administrative Services at 303-762-2300 or by visiting Englewood's website at www.englewoodgov.org.

Note 3 – Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 5,362,992	$ -	$ -	$ 5,362,992
Construction in process	1,211,529	-	(449,409)	762,120
Total capital assets not being depreciated	6,574,521	-	(449,409)	6,125,112
Capital assets being depreciated				
Treatment plant	122,668,583	1,030,318	-	123,698,901
Vehicles	1,085,731	25,398	-	1,111,129
Operating machinery and equipment	67,585,732	139,997	-	67,725,729
Other improvements	8,477,375	247,734	-	8,725,109
Total capital assets being depreciated	199,817,421	1,443,447	-	201,260,868
Less accumulated depreciation for:				
Treatment plant	56,843,727	2,908,442	-	59,752,169
Vehicles	553,719	97,851	-	651,570
Operating machinery and equipment	28,978,907	4,593,331	-	33,572,238
Other improvements	2,077,015	185,689	-	2,262,704
Total accumulated depreciation	88,453,368	7,785,313	-	96,238,681
Total capital assets being depreciated, net	111,364,053	(6,341,866)	-	105,022,187
Total capital assets, net	$ 117,938,574	$ (6,341,866)	$ (449,409)	$ 111,147,299

Note 4 – Risk Management

The Joint Venture is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters.

In order to reduce insurance costs, the Joint Venture participates in the City of Englewood's Risk Management and Health Insurance Programs. Amounts payable to the City are based on historical claims experience. Please refer to the City's Comprehensive Annual Financial Report for complete descriptions of the City's risk management activities. Settled claims have not exceeded insurance coverage in any of the past three years.

Note 5 – Other Postemployment Benefits

Plan Description

The Joint Venture participates in the City of Englewood's Retiree Health Insurance Assistance Plan. The City of Englewood's ("the Retiree Assistance Plan") is a single employer defined benefit plan. The Retiree Assistance Plan provides a retiree assistance benefit by contract with various groups of retired employees and by policy for those not covered by a collective bargaining agreement. The City pays an amount that ranges from $50 to $100 dependent on which employment contract (or policy) the individual was under while employed by the City. The Retiree Assistance Plan does not issue a publicly available financial report.

Funding Policy

The plan is financed on a pay-as-you-go basis with the expected benefits being budgeted annually.

Annual OPEB Cost and Net OPEB Obligation

The Joint Venture's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Joint Venture's net OPEB obligation:

	2014	2013	2012
Annual required contribution	$ 39,671	$ 39,671	$ 35,612
ARC Adjustment	-	(6,628)	-
Interest on Net OPEB Obligation	6,844	5,349	-
Annual OPEB Cost	46,515	38,392	35,612
Prior period actuarial adjustment	-	(3,960)	-
Contributions made	(9,600)	(8,500)	(6,300)
Increase in net OPEB obligation	36,915	25,932	29,312
Net OPEB Obligation - beginning of year	136,873	110,941	81,629
Net OPEB Obligation - end of year	$ 173,788	$ 136,873	$ 110,941
Percentage of Annual OPEB Cost Contributed	20.6%	22.1%	17.7%
Funded Status and Funding Progress			
Details of the most recent actuarial study follow:			
Actuarial accrued liability (AAL)	$ 508,638	$ 508,638	$ 457,150
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	$ 508,638	$ 508,638	$ 457,150
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll (active plan members)	$ 4,781,079	$ 4,781,079	$ 4,392,767
UAAL as a percentage of covered payroll	10.6%	10.6%	10.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability for occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2013	1/1/2013	1/1/2011
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Amount - Open	Level Amount - Open	Level Amount - Open
Asset Valuation Method	N/A	N/A	N/A
Remaining amortization period	29	30 years	28 years
Actuarial assumptions:			
Investment rate of return (includes inflation at 4%; unfunded basis)	5.0%	5.0%	5.0%
Healthcare cost trend rate	N/A	N/A	N/A

Note 6 – Tax, Spending and Debt Limitations

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

The cities of Englewood and Littleton account for the operations of the Joint Venture within their respective sewer utility funds. Any TABOR implications or considerations related to the Joint Venture have been considered individually by each of the cities as part of their annual financial reporting process.

Note 7 – Construction commitments

The Joint Venture has active construction projects as of December 31, 2014. The yearend remaining commitments are as follows:

Project	Spent-to-Date	Remaining commitment
Disinfection Improvements	$ 762,120	$ 61,549

Note 8 – Employee Retirement Plans

Employees of the Joint Venture are considered to be employees of and therefore participate in the retirement plans offered by the City of Englewood. Please refer to the City of Englewood's Comprehensive Annual Financial Report for complete descriptions of the City's retirement plans.

Note 9 – Budget-to-GAAP Reconciliation

Littleton/Englewood Wastewater Treatment Plant Joint Venture
Budget-to-GAAP Reconciliation

Explanation of differences between Budgetary Inflows and Outlfows and GAAP Revenues and Expenditures

Sources/Inflows of resources	
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule	$14,541,486
Capital contributions are budgetary resources but are regarded as other financing sources for financial reporting	(994,038)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	$13,547,448
Uses/outlfows of resources	
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comprison schedule	$14,541,486
Differences--budget to GAAP:	
Capital outlays are outflows of budgetary resources but are regarded as other financing uses for financial reporting	(994,037)
Depreciation is an expenditure for financial reporting purposes, but is not an outlfow of budgetary resources	7,785,312
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	$21,332,761

Littleton/Englewood Wastewater Treatment Plant Joint Venture
Required Supplementary Information

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Health Insurance Assistance Plan						
1/1/2009	$ -	$ 500,092	$ 500,092	0.0%	$ 4,777,489	10.5%
1/1/2011	-	457,151	457,151	0.0%	4,392,767	10.4%
1/1/2013	-	508,638	508,638	0.0%	4,781,079	10.6%

See Independent Auditor's Report
Actuarial valuations performed biannually.

Littleton/Englewood Wastewater Treatment Plant Joint Venture

Schedule of Changes in Joint Venturers' Equity
For The Year Ended December 31, 2014

	City of Littleton	City of Englewood	Total
Balance at December 31, 2013	$ 59,027,125	$ 59,027,125	$ 118,054,250
Change in net position	(3,395,637)	(3,395,638)	(6,791,275)
Balance at December 31, 2014	$ 55,631,488	$ 55,631,487	$ 111,262,975

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

Littleton/Englewood Wastewater Treatment Plant Joint Venture

Schedule of Revenues, Expenditures and Changes in Funds Available -
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget -	
	Original	Final	Actual Amounts	Positive (Negative)	2013 Actual
Revenues					
Reimbursement of operating expenses					
City of Littleton	$ 6,629,860	$ 6,629,860	$ 6,149,761	$ (480,099)	$ 5,887,349
City of Englewood	6,900,466	6,900,466	7,221,639	321,173	6,895,597
Capital contributions					
City of Littleton	1,665,950	1,665,950	497,019	(1,168,931)	528,302
City of Englewood	1,665,950	1,665,950	497,019	(1,168,931)	528,302
Septic hauling	50,000	50,000	69,113	19,113	51,229
Farm income from crop sales	86,599	86,599	62,876	(23,723)	52,726
Industrial wastewater sampling and analysis	11,000	11,000	5,977	(5,023)	6,469
Net investment income	23,448	23,448	8,419	(15,029)	(3,100)
Other	70,524	70,524	29,663	(40,861)	42,484
Total revenues	17,103,797	17,103,797	14,541,486	(2,562,311)	13,989,358
Expenditures					
Operations	5,782,327	5,782,327	5,742,664	39,663	5,449,837
Maintenance	2,718,866	2,718,866	3,066,223	(347,357)	2,939,648
Laboratory	872,851	872,851	813,362	59,489	878,642
Beneficial use	824,049	824,049	889,268	(65,219)	773,309
Pretreatment	662,661	662,661	555,947	106,714	588,233
Personal services	1,253,118	1,253,118	1,161,216	91,902	1,163,380
Contractual	1,447,100	1,447,100	1,105,143	341,957	895,546
Commodities	213,925	213,925	213,626	299	244,159
Capital outlay	3,328,900	3,328,900	994,037	2,334,863	1,056,604
Total expenditures	17,103,797	17,103,797	14,541,486	2,562,311	13,989,358
Excess revenues over (under) expenditures	-	-	-	-	-
Funds available - beginning	115,676	115,676	115,676	-	115,676
Funds available - ending	$ 115,676	$ 115,676	$ 115,676	$ -	$ 115,676
Funds available is computed as follows:					
Current assets			$ 2,049,055		$ 1,677,139
Current liabilities			(1,933,379)		(1,561,463)
			$ 115,676		$ 115,676

See Independent Auditor's Report