LITTLETON / ENGLEWOOD
WASTEWATER TREATMENT PLANT

City of
Littleton

City of
Englewood

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2011

ANNUAL FINANCIAL REPORT

LITTLETON / ENGLEWOOD
WASTEWATER TREATMENT PLANT
JOINT VENTURE

Year Ended December 31, 2011

Supervisory Committee

City of Littleton

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

City of Englewood

Gary Sears, 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, 2011

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Holscher, Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

INDEPENDENT AUDITOR'S REPORT

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

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, 2011, as listed in the table of contents. These financial statements are the responsibility of the Joint Venture's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Littleton/Englewood Waste Water Treatment Plant Joint Venture as of December 31, 2011, and the change in financial position, equity and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Joint Venture has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be a part of, the basic financial statements.

Centennial, Colorado
April 17, 2012

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Englewood, Colorado 80112
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Littleton/Englewood Wastewater Treatment Plant Joint Venture

Statements of Net Assets
As of December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and investments	$ 1,615,434	$ 1,773,016
Accounts receivable		
City of Littleton	(208,769)	(310,164)
City of Englewood	(209,112)	(303,962)
Interest receivable	7,384	8,939
Other receivables	9,217	8,012
Total current assets	1,214,154	1,175,841
Capital assets		
Treatment plant	122,099,080	122,099,080
Land	5,362,992	5,362,992
Vehicles, equipment and other	76,419,146	76,419,146
Construction in process	309,270	29,801
Total capital assets	204,190,488	203,911,019
Less accumulated depreciation	(71,355,532)	(62,836,702)
Total capital assets, net	132,834,956	141,074,317
Total assets	134,049,110	142,250,158
Liabilities		
Current liabilities		
Accounts payable	415,910	358,912
Retainage payable	-	97,457
Wages payable	212,507	197,068
Other post employments benefits payable	114,866	54,842
Accrued compensated absences	355,195	351,886
Total current liabilities	1,098,478	1,060,165
Net assets		
Invested in capital assets	132,834,956	141,074,317
Unrestricted	115,676	115,676
Total net assets	$ 132,950,632	$ 141,189,993

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 Assets
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating revenues		
Reimbursement of operating expenses		
City of Littleton	$ 5,666,915	$ 5,935,359
City of Englewood	6,568,679	6,642,649
Total operating revenues	12,235,594	12,578,008
Operating expenses		
Sewage treatment		
Operations	5,176,232	5,234,516
Maintenance	2,396,089	2,332,292
Laboratory	820,581	865,843
Beneficial use	638,029	674,714
Pretreatment	449,442	510,884
Total sewage treatment	9,480,373	9,618,249
Administration		
Personal services	1,115,148	1,266,399
Contractual	1,571,493	1,742,968
Commodities	232,186	159,458
Total administration	2,918,827	3,168,825
Depreciation	8,518,830	9,066,041
Total operating expenses	20,918,030	21,853,115
Operating loss	(8,682,436)	(9,275,107)
Nonoperating revenues		
Septic hauling	60,408	62,607
Farm income from crop sales	59,056	75,362
Net investment income	12,493	17,225
Industrial wastewater sampling and analysis	11,953	13,228
Other	1,911	36,304
Gain on disposition of assets	17,785	4,340
Total nonoperating revenues	163,606	209,066
Loss before contributions	(8,518,830)	(9,066,041)
Capital contributions	279,469	1,379,639
Change in net assets	(8,239,361)	(7,686,402)
Total net assets - beginning	141,189,993	148,876,395
Total net assets - ending	$ 132,950,632	$ 141,189,993

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

Littleton/Englewood Wastewater Treatment Plant Joint Venture

Statements of Changes in Joint Venturers' Equity
For the Years Ended December 31, 2011 and 2010

	City of Littleton	City of Englewood	Total
Balance at December 31, 2010	$ 70,594,997	$ 70,594,996	$ 141,189,993
Change in net assets	(4,119,681)	(4,119,680)	(8,239,361)
Balance at December 31, 2011	$ 66,475,316	$ 66,475,316	$ 132,950,632

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 Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Cash received from joint venturers	$ 12,039,349	$ 12,569,915
Cash payments to suppliers for goods and services	(6,408,357)	(6,886,223)
Cash paid to employees for services	(5,831,836)	(5,941,800)
Septic hauling	60,408	62,607
Other cash received	71,715	124,533
Net cash provided (required) by operating activities	(68,721)	(70,968)
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(400,163)	(1,258,945)
Capital contributions from joint venturers	279,469	1,379,639
Proceeds from disposition of capital assets	17,785	(8,546)
Net cash provided by capital and related financing activities	(102,909)	112,148
Cash flows from investing activities		
Net investment income	14,048	20,978
Net increase in cash and cash equivalents	(157,582)	62,158
Cash and cash equivalents - January 1,	1,773,016	1,710,858
Cash and cash equivalents - December 31,	$ 1,615,434	$ 1,773,016
Reconciliation of operating loss to net cash provided (required) by operating activities		
Loss from operations	$ (8,682,436)	$ (9,275,107)
Adjustments to reconcile operating loss to net cash provided (required) by operating activities:		
Depreciation	8,518,830	9,066,041
Miscellaneous nonoperating income	132,123	187,140
Effect of changes in operating assets and liabilities		
Receivable from joint venturers	(196,245)	(8,093)
Accounts payable	80,235	(53,234)
Wages payable	75,463	3,214
Accrued compensated absences	3,309	9,071
Total adjustments	8,613,715	9,204,139
Net cash provided (required) by operating activities	$ (68,721)	$ (70,968)

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, 2011
With Comparative Totals for December 31, 2010

	Budgeted Amounts			Variance with Final Budget -	
	Original	Final	Actual Amounts	Positive (Negative)	2010 Actual
Revenues					
Reimbursement of operating expenses					
City of Littleton	$ 6,333,227	$ 6,333,227	$ 5,666,915	$ (666,312)	$ 5,935,359
City of Englewood	6,591,726	6,591,726	6,568,679	(23,047)	6,642,649
Capital contributions					
City of Littleton	750,000	750,000	139,735	(610,265)	689,820
City of Englewood	750,000	750,000	139,734	(610,266)	689,819
Septic hauling	30,000	30,000	60,408	30,408	62,607
Farm income from crop sales	86,599	86,599	59,056	(27,543)	75,362
Industrial wastewater sampling and analysis	30,000	30,000	12,493	(17,507)	17,225
Net investment income	23,448	23,448	11,953	(11,495)	13,228
Gain on disposition of assets	27,041	27,041	17,785	(9,256)	4,340
Other	39,073	39,073	1,911	(37,162)	36,304
Total revenues	14,661,114	14,661,114	12,678,669	(1,982,445)	14,166,713
Expenditures					
Operations	5,255,001	5,255,001	5,176,232	78,769	5,234,516
Maintenance	2,282,011	2,282,011	2,396,089	(114,078)	2,332,292
Laboratory	861,727	861,727	820,581	41,146	865,843
Beneficial use	664,047	664,047	638,029	26,018	674,714
Pretreatment	577,013	577,013	449,442	127,571	510,884
Personal services	1,385,243	1,385,243	1,115,148	270,095	1,266,399
Contractual	1,762,972	1,762,972	1,571,493	191,479	1,742,968
Commodities	184,600	184,600	232,186	(47,586)	159,458
Capital outlay	1,688,500	1,688,500	279,469	1,409,031	1,379,639
Total expenditures	14,661,114	14,661,114	12,678,669	1,982,445	14,166,713
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:

	2011	2010
Current assets	$ 1,214,154	$ 1,175,841
Current liabilities	(1,098,478)	(1,060,165)
	$ 115,676	$ 115,676

See Independent Auditor's Report

Littleton / Englewood Wastewater Treatment Plant Joint Venture
Notes to the Financial Statements
December 31, 2011 and 2010

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 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.

The Joint Venture has elected to follow the Governmental Accounting Standards Board (GASB) pronouncements. Therefore, statements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989, are not applied.

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 Assets. 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.

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. Each of the venturers is a public entity and makes an appropriation of expenditures within its budget to cover its proportionate share of anticipated costs of construction and operations.

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.

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 fixed asset 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 $371,976 and $383,612 during the years ended December 31, 2011 and 2010, 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 Assets represents the amount paid by the joint venturers for capital improvements.

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.

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, 2011, the Joint Venture had cash and investments as follows:

Unrestricted	
Deposits and investments with the City of Englewood internal investment pool	$ 1,615,434

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.

The restricted investments shown above are funds held by a trustee representing construction retainage held in escrow. 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.

Note 3 – Restricted Cash

Under the terms of the joint venture agreement, the venturers agreed to restrict cash to finance major capital repairs and replacements. The venturers have each restricted $1,000,000 of their sewer fund cash and investments in accordance with the agreement.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 5,362,992	$ -	$ -	$ 5,362,992
Construction in process	29,801	279,469	-	309,270
Total capital assets not being depreciated	5,392,793	279,469	-	5,672,262
Capital assets being depreciated				
Treatment plant	122,099,080	-	-	122,099,080
Vehicles	581,851	-	-	581,851
Operating machinery and equipment	67,397,890	-	-	67,397,890
Other improvements	8,439,405	-	-	8,439,405
Total capital assets being depreciated	198,518,226	-	-	198,518,226
Less accumulated depreciation for:				
Treatment plant	48,213,588	2,862,121	-	51,075,709
Vehicles	382,229	37,043	-	419,272
Operating machinery and equipment	12,708,469	5,438,386	-	18,146,855
Other improvements	1,532,416	181,280	-	1,713,696
Total accumulated depreciation	62,836,702	8,518,830	-	71,355,532
Total capital assets being depreciated, net	135,681,524	(8,518,830)	-	127,162,694
Total capital assets, net	$ 141,074,317	$ (8,239,361)	$ -	$ 132,834,956

Note 5 – 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 6 – 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:

	2011	2010
Annual required contribution	$ 32,973	$ 57,767
Interest on Net OPEB Obligation	2,130	-
Annual OPEB Cost	35,103	57,767
Contributions made	(8,316)	(2,925)
Increase in net OPEB obligation	26,787	54,842
Net OPEB Obligation - beginning of year	54,842	-
Net OPEB Obligation - end of year	$ 81,629	$ 54,842
Percentage of Annual OPEB Cost Contributed	25.2%	5.1%

Funded Status and Funding Progress

Details of the most recent actuarial study follow:

Actuarial accrued liability (AAL)	$ 457,151	$ 500,092
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 457,151	$ 500,092
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	$ 4,392,767	$ 4,777,489
UAAL as a percentage of covered payroll	10.4%	10.5%

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

<u>Note 7 – Tax, Spending and Debt Limitations</u>

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.

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%

Actuarial valuations performed biannually.