

SOUTH METRO WISE AUTHORITY
Arapahoe and Douglas Counties, Colorado

FINANCIAL STATEMENTS
December 31, 2016



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Board of Directors
South Metro WISE Authority
Arapahoe and Douglas Counties, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities of the South Metro WISE Authority, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the South Metro WISE Authority as of December 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

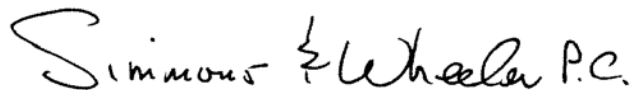
Required Supplementary Information

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

Other Information

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

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

A handwritten signature in cursive script that reads "Simmons & Wheeler P.C.".

Englewood, CO
April 14, 2017

BASIC FINANCIAL STATEMENTS

**SOUTH METRO WISE AUTHORITY
STATEMENT OF NET POSITION**

December 31, 2016

	<u>2016</u>
ASSETS	
Cash and investments	\$ 7,887,625
Accounts receivable	2,487,098
Prepaid expense	24,034
Capital assets, net	<u>45,538,116</u>
Total assets	<u>55,936,873</u>
LIABILITIES	
Accounts payable	1,871,382
Due to SMWSA	49,332
Retainage payable	345,254
Operations Deposit	<u>2,079,139</u>
Total liabilities	<u>4,345,107</u>
NET POSITION	
Net investment in capital assets	45,538,116
Unrestricted	<u>6,053,650</u>
Total net position	<u><u>\$ 51,591,766</u></u>

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

SOUTH METRO WISE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2016

	2016
OPERATING REVENUES	
Members fees	\$ 800,000
Operations & Maintenance	385,000
Reimbursed expenditures	6,106,657
DIA Connection	882,052
Total operating revenues	8,173,709
OPERATING EXPENSES	
Accounting	27,890
Audit	4,000
Dues and subscriptions	815
Engineering	24,733
Insurance and bonds	6,467
Legal	69,782
Supplies / Meetings	398
Operations plan development	107,388
Public relations	27,506
SMWSA staffing/office	566,672
System Operations	174,452
Local Connections	16,764
Reimbursed expenditures	3,408,836
DIA Connection	882,052
Connection Costs	694,600
Total operating expenses	6,012,355
OPERATING INCOME (LOSS)	2,161,354
NONOPERATING REVENUE AND EXPENSES	
Net investment income	29,489
Total nonoperating revenue and expenses	29,489
INCOME (LOSS) BEFORE CONTRIBUTIONS	2,190,843
CAPITAL CONTRIBUTIONS	
CWCB Grant	1,360,765
Total capital contributions	1,360,765
CHANGE IN NET POSITION	3,551,608
NET POSITION - BEGINNING OF YEAR	48,040,158
NET POSITION - END OF YEAR	\$ 51,591,766

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

**SOUTH METRO WISE AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2016**

	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from members and others	\$ 7,479,096
Payments to suppliers	(4,318,324)
Net cash provided (required) by operating activities	3,160,772
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	4,398,178
Payments related to acquisition of capital assets	(10,555,770)
Net cash provided (required) by capital and related financing activities	(6,157,592)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	29,489
Net cash provided (required) by investing activities	29,489
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(2,967,331)
CASH AND INVESTMENTS - BEGINNING OF YEAR	10,854,956
CASH AND INVESTMENTS - END OF YEAR	\$ 7,887,625

(Continued)

SOUTH METRO WISE AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2016
(Continued)

	2016
Reconciliation of operating income (loss) to net cash provided (required) by operating activities	
Operating income (loss)	\$ 2,161,354
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(2,081,752)
Prepaid expenses	(17,567)
Increase (decrease) in liabilities:	
Accounts payable	1,692,483
Due to SMWSA	19,115
Operations Deposit	1,387,139
Net cash provided (required) by operating activities	\$ 3,160,772

Reconciliation of payments related to acquisition of capital assets

Payments related to acquisition of capital assets	\$ (9,103,116)
Adjustments to reconcile payments related to acquisition of capital assets:	
Increase (decrease) in liabilities:	
Accounts payable	(1,528,196)
Retainage payable	75,542
Payments related to acquisition of capital assets	\$ (10,555,770)

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

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 - DEFINITION OF REPORTING ENTITY

The South Metro WISE Authority (Authority) was formed July 10, 2013. The Authority was formed to implement the Water Infrastructure and Supply Efficiency Project (WISE) and help maximize the use of the water resources available to the members. The Authority's members are 10 local governments located in the southern Denver metropolitan areas of south-central Arapahoe and northern Douglas Counties.

The Authority, on behalf of its members, will participate in the WISE Partnership. It is anticipated that the WISE Partnership will provide a projected annual average total of 7,225 acre feet of renewable water. The WISE Partnership-Water Delivery Agreement (WDA) is an agreement between the City and County of Denver, acting by and through its Board of Water Commissioners (Denver), the City of Aurora, acting by and through its Utility Enterprise (Aurora), and the Authority. The WDA is the overarching agreement that defines the terms under which Denver and Aurora will deliver water to the Authority for subsequent delivery to the Authority members. Engineering, design, and construction contracts required to transport water were entered into by the Authority during 2015 in order to begin taking deliveries of water in 2017.

The Authority has no employees and is governed by a 5 member Board of Directors. Three directors are elected from delegates nominated by the governing bodies of the three largest members (plus ties) and two directors are elected from delegates nominated by the remaining members' governing bodies. The Authority contracts for all of its professional services.

As of December 31, 2016, The Authority consisted of ten members who pay annual dues to operate the Authority based on the percentage defined in the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement. The members and their respective allocation of annual dues at December 31, 2016, were as follows:

Centennial Water and Sanitation District	12.94%
Cottonwood Water and Sanitation District	5.18%
Dominion Water & Sanitation District	17.15%
Inverness Water and Sanitation District	6.47%
Meridian Metropolitan District	3.88%
Parker Water and Sanitation District	15.53%
Pinery Water and Wastewater District	6.47%
Rangeview Metropolitan District	6.47%
Stonegate Village Metropolitan District	12.94%
Town of Castle Rock	12.94%
	<u>100.00%</u>

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Authority is not financially accountable for any other organization, nor is the Authority a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the Authority 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 Authority'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.

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

Basis of Accounting

The Authority's records are maintained on 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 loans is recorded as a reduction in liabilities. Membership fees billed as capital will be recorded as capital contributions at the time they become due. Capital grants from the State of Colorado are recognized as capital contributions when received.

Operating Revenues and Expenses

The Authority distinguishes between operating revenues and expenses and nonoperating items in the Statement 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 Authority's purpose of providing water services to its members. 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

In accordance with the State Budget Law, the Authority's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The Authority's Board of Directors can modify the budget by line item within the total appropriation

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Capital Assets

Capital assets, which include land, easements, water rights, pipeline capacity, buildings, distribution systems and machinery and equipment, are reported by the Authority. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	<u>\$ 7,887,625</u>
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Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 589,667
Investments	<u>7,297,958</u>
Total cash and investments	<u>\$ 7,887,625</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the Authority's cash deposits had a bank balance of \$658,747 and a carrying balance of \$589,666.

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

The Authority generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The investments are carried at fair value.

As of December 31, 2016, the Authority had the following investments:

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 5,456,282
PFM Funds Government Select Series (PFM)	Weighted average under 47 days	<u>1,841,676</u>
		<u><u>\$7,297,958</u></u>

PFM

The Authority invested in the PFM Funds Government Select Series (PFM), which is a professionally managed money market portfolio. PFM is a money market fund, with each share valued at \$1.00. PFM invests in U.S. government securities and/or repurchase agreements that are collateralized fully. PFM is rated AAAM by Standard & Poor's.

CSAFE

The Authority invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016, follows:

	Restated Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
Capital assets, not being depreciated:				
Construction in progress	\$ 37,450,060	\$ 9,103,116	\$ 1,015,060	\$ 45,538,116
Total capital assets, not being depreciated	<u>37,450,060</u>	<u>9,103,116</u>	<u>1,015,060</u>	<u>45,538,116</u>
Total capital assets, net	<u>\$ 37,450,060</u>	<u>\$ 9,103,116</u>	<u>\$ 1,015,060</u>	<u>\$ 45,538,116</u>

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 - NET POSITION

The Authority has net position consisting of two components – net investment in capital assets and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets. As of December 31, 2016, the Authority had net investment in capital assets, calculated as follows:

Net investment in capital asset	<u>\$ 45,538,116</u>
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The unrestricted component of net position as of December 31, 2016, totaled \$6,053,650.

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS

Personnel and Cost Sharing Agreement

The Authority entered into an Agreement with South Metro Water Supply Authority (SMWSA) dated July 10, 2013. The Agreement allows the Authority and SMWSA to share the costs related to the hiring, management and compensation of personnel, and the costs of personnel related overhead. The percentage allocation will be reviewed from time to time to determine the reasonableness of the allocation and amended upon mutual agreement of the parties.

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The Authority is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2016. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Authority pays annual premiums to the Pool for liability, property, workers compensation and public officials' liability. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 - 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.

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

NOTE 9 - COMMITMENTS

On May 6, 2015, the Authority entered into an agreement with Western Summit Constructors, Inc. to design/build all work specified in the contract documents. The work is to be substantially completed by November 2, 2016, for a fixed design build price of \$13,558,676. That date was extended by change order as well as the total price of the contract, which has been increased by \$271,456. Substantial completion was granted on December 23, 2016. As of December 31, 2016, the remaining balance on the contract with Western Summit Constructors was \$365,754.

NOTE 10 - CREDIT TOWARD PIPELINE INFRASTRUCTURE

WISE members, Cottonwood Water and Sanitation District (Cottonwood) and Meridian Metropolitan District (Meridian) were provided credits toward the Pipeline Infrastructure in the amounts of \$1.2 million and \$1.6 million, respectively, in exchange for the conveyance of their ownership interest in the Conduit which was a component of the pipeline purchase from East Cherry Creek Valley Water and Sanitation District.

Cottonwood used the entire \$1.2 million credit in 2014 for Pipeline Infrastructure. Meridian used \$660,000 of the credit in 2014 for Pipeline Infrastructure and will use the remaining \$940,000 toward a future capital project called Binney Connection that is scheduled to begin in 2019.

NOTE 11 - AGREEMENT REGARDING MODIFICATIONS TO SHARED INFRASTRUCTURE (Modifications Agreement)

The Modifications Agreement was entered into by East Cherry Creek Valley Water & Sanitation District (ECCV), the South Metro Wise Authority (Wise Authority), and the City and County of Denver acting by and through its Board of Water Commissioners (Denver Water) on October 21, 2014. The Parties agree that modifications are needed to make the pipeline suitable for joint-use, and that Design-Build Construction is necessary to accomplish their individual and mutual objectives. The Parties agree to share the costs of the Design-Build Construction as with the understanding that Denver Water and ECCV will contribute no more than \$3,454,980 each towards the Design-Build Construction. However, the Parties understand that actual Costs may be higher.

NOTE 11 - AGREEMENT REGARDING MODIFICATIONS TO SHARED INFRASTRUCTURE (Modifications Agreement) (CONTINUED)

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

The Parties acknowledge that such payments shall secure each Party a significant equitable interest in the Design-Build Construction. However, in the interest of efficient construction and operation of the facilities, not all three Parties will be *title* owners of each facility constructed. The WISE Authority will grant Denver Water and ECCV a joint use license for the Design-Build Construction upon completion. Denver Water shall provide the WISE Authority a joint-use license for use of its ownership interest in the Western Pipeline. Such licenses shall be mutually agreed upon by the Parties. The Parties anticipate that the WISE Authority will hold the contracts and act as "Owner" for the construction of the Design-Build Construction. Notwithstanding that, Denver Water and ECCV shall have the right to review contracts, plans, specifications, drawings, etc. for the construction of the Design-Build Construction.

SUPPLEMENTARY INFORMATION

SOUTH METRO WISE AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Subscription member fees	\$ 3,066,507	\$ 3,066,507	\$ -
Infrastructure member fees	485,000	385,000	(100,000)
Net investment income	2,000	32,173	30,173
Project reimbursements	18,851,000	6,106,657	(12,744,343)
CWCB Grant	-	1,360,765	1,360,765
Pipe modification (Denver, ECCV, WISE)	4,000	-	(4,000)
Transfers in	2,679,925	-	(2,679,925)
Total revenues	<u>25,088,432</u>	<u>10,951,102</u>	<u>(14,137,330)</u>
EXPENDITURES			
Operations			
Accounting	50,000	27,890	22,110
Audit	4,200	4,000	200
Contingency	135,000	-	135,000
Dues and subscriptions	1,500	815	685
Engineering	50,000	24,733	25,267
System operations	350,000	174,452	175,548
Insurance and bonds	10,000	6,467	3,533
Legal	110,000	69,782	40,218
Supplies/Meeting expenses	5,000	398	4,602
Operations plan development	190,000	107,388	82,612
Public relations	50,000	27,506	22,494
SMWSA staffing/office	540,000	566,672	(26,672)
DIA connection fee	882,052	882,052	-
Capital projects			
Pipeline construction	736,000	1,086,411	(350,411)
Local connections	50,000	16,764	33,236
Connection costs		694,600	(694,600)
Project costs			
Ridgeway Pipeline	18,851,000	2,393,776	16,457,224
Pipe modification (Denver, ECCV, WISE)	8,077,029	8,016,705	60,324
Transfers out	2,679,925	-	2,679,925
Total expenditures	<u>32,771,706</u>	<u>14,100,411</u>	<u>18,671,295</u>
Excess of Revenues Over (Under) Expenditures	(7,683,274)	(3,149,309)	4,533,965
Funds Available - Beginning of Year	10,795,322	11,282,098	486,776
Funds Available - End of Year	<u>\$ 3,112,048</u>	<u>\$ 8,132,789</u>	<u>\$ 5,020,741</u>

**SOUTH METRO WISE AUTHORITY
RECONCILIATION OF BUDGETARY BASIS (ACTUAL)
TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2016**

	Actual
Funds available are defined as follows:	
Current assets	\$ 10,398,757
Less current liabilities	<u>(2,265,968)</u>
Funds available	<u><u>\$ 8,132,789</u></u>
Reconciliation of budgetary basis (actual to Statement of Revenues, Expenses and Changes in Net Position):	
Revenues (budgetary basis)	\$ 10,951,102
Operational reserve	<u>(1,387,139)</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>9,563,963</u>
Expenditures (budgetary basis)	14,100,411
Assets conveyed to other governments	1,015,060
Capital outlay	<u>(9,103,116)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>6,012,355</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 3,551,608</u></u>