

**SOUTH ADAMS COUNTY WATER AND
SANITATION DISTRICT
COMMERCE CITY, COLORADO**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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May 17, 2018

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
South Adams County Water and Sanitation District
Commerce City, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of South Adams County Water and Sanitation District (the District), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the entity'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2017 and 2016, and the respective changes in financial position and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 through 10 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 Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of operating revenue, budgetary comparison information and secondary market information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of operating revenue and budgetary comparison information are 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The secondary market information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
May 7, 2018

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

The Management's Discussion and Analysis for South Adams County Water and Sanitation District (District) offers readers an overview of the District's financial activities for the fiscal years ended December 31, 2017 and 2016. Readers are encouraged to consider this information in conjunction with the District's financial statements, and notes to the basic financial statements.

Financial Highlights for 2017

- Net position increased by \$34,738,439 in 2017 or 8.1%, primarily due to capital contributions of \$26,875,324.
- Capital contributions consist of the following:

Tap fees	\$	2,204,371
FRICO contributions (cash)		3,000,000
Developer contributions (cash)		10,705,728
System development fees		13,965,225
- Income before capital contributions is \$7,863,115, an decrease of \$76,447 or 0.1% from 2016.
- The income from operations is \$6,305,324 for 2017, compared to \$6,669,670 in 2016.
- The District currently has 20,758 active customer accounts.
- Unrestricted net position increased by \$6,134,224, which is a 11.3% increase from the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, and 3) Statement of Cash Flows. These financial statements are prepared similar to a business activity using the accrual basis of accounting and economic resource measurement focus.

Statements of Net Position: The Statements of Net Position present information on all of the District's assets, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position serve as a useful indicator of whether the financial condition of the District is improving or deteriorating.

Statements of Revenues, Expenses, and Changes in Net Position: The Statements of Revenues, Expenses, and Changes in Net Position report the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will only have cash flows in subsequent years.

Statements of Cash Flows: The Statements of Cash Flows are concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Notes to the Basic Financial Statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 17-34.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

**Summary and Financial Analysis
NET POSITION**

	2017	2016
ASSETS		
Current Assets	\$ 66,266,004	\$ 60,566,277
Restricted Cash and Investments	2,611,806	6,072,279
Capital Assets, Net of Accumulated Depreciation	461,231,404	432,655,399
Total Assets	\$ 530,109,214	\$ 499,293,955
LIABILITIES		
Current Liabilities	\$ 7,633,776	\$ 7,491,805
Other Liabilities	111,806	103,664
Long-Term Liabilities	54,944,630	58,952,139
Total Liabilities	62,690,212	66,547,608
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	2,128,218	2,194,002
Total Deferred Inflows of Resources	2,128,218	2,194,002
NET POSITION		
Net Investment in Capital Assets	402,195,552	373,591,337
Restricted	2,500,000	2,500,000
Unrestricted	60,595,232	54,461,008
Total Net Position	465,290,784	430,552,345
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 530,109,214	\$ 499,293,955

The District increased its net position by \$34,738,439 during 2017. Capital assets net of depreciation increased by \$28,576,005. This increase is funded by the application of capital contributions in the amount of \$26,875,324. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$58,632,228, which is available for repayment of debt and future capital outlays funded by operations as well as sustaining current operations. This amount does not include \$2,500,000 of available funds shown as restricted cash and investments for debt service reserves specified in the Colorado Water and Power Authority loan documents.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

	2016	2015
ASSETS		
Current Assets	\$ 60,566,277	\$ 50,876,443
Restricted Cash and Investments	6,072,279	8,420,452
Capital Assets, Net of Accumulated Depreciation	432,655,399	420,471,997
Total Assets	\$ 499,293,955	\$ 479,768,892
LIABILITIES		
Current Liabilities	\$ 7,491,805	\$ 6,611,485
Other Liabilities	103,664	395,742
Long-Term Liabilities	58,952,139	62,758,745
Total Liabilities	66,547,608	69,765,972
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	2,194,002	2,146,814
Total Deferred Inflows of Resources	2,194,002	2,146,814
NET POSITION		
Net Investment in Capital Assets	373,591,337	364,742,103
Restricted	2,500,000	2,500,000
Unrestricted	54,461,008	40,614,003
Total Net Position (Restated)	430,552,345	407,856,106
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 499,293,955	\$ 479,768,892

The District increased its net position by \$24,777,332 during 2016. Capital assets net of depreciation increased by \$14,264,495. This increase is funded by the application of capital contributions in the amount of \$16,840,513. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$53,098,677, which is available for repayment of debt and future capital outlays funded by operations as well as sustaining current operations. This amount does not include \$2,500,000 of available funds shown as restricted cash and investments for debt service reserves specified in the Colorado Water and Power Authority loan documents.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Water	\$ 18,751,898	\$ 18,484,806
Sanitation	12,041,784	11,310,429
Total Operating Revenue	<u>30,793,682</u>	<u>29,795,235</u>
NONOPERATING REVENUE		
Taxes	2,509,683	2,354,267
Net Investment Income	415,955	195,440
Other	172,994	183,493
Total Nonoperating Revenue	<u>3,098,632</u>	<u>2,733,200</u>
Total Revenue	33,892,314	32,528,435
OPERATING EXPENSES		
Direct Expenses:		
Water	12,196,976	12,089,993
Sanitation	7,281,585	6,177,307
Total Direct Expenses	<u>19,478,561</u>	<u>18,267,300</u>
General and Administrative Expenses	5,009,797	4,858,265
Total Operating Expenses	<u>24,488,358</u>	<u>23,125,565</u>
NONOPERATING EXPENSES		
Interest	1,488,392	1,494,773
(Gain) Loss on Sale of Capital Asset	-	(88,335)
Other	52,449	56,870
Total Nonoperating Expenses	<u>1,540,841</u>	<u>1,463,308</u>
Total Expenses	26,029,199	24,588,873
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,863,115	7,939,562
CAPITAL CONTRIBUTIONS	<u>26,875,324</u>	<u>14,756,677</u>
CHANGE IN NET POSITION	34,738,439	22,696,239
Net Position - Beginning of Year	<u>430,552,345</u>	<u>407,856,106</u>
NET POSITION - END OF YEAR	<u>\$ 465,290,784</u>	<u>\$ 430,552,345</u>

Revenue:

Operating revenue for fiscal year 2017 generated from water operations totaled \$18,751,898, a increase of \$267,092 or 1.4% compared to fiscal year 2016. Rates for metered water increased by 3.0% for 2017 and water consumption (sales) increased by 10.5% compared to the preceding year. Sewer operating revenues increased from \$11,310,429 to \$12,041,784 representing a 6.4% increase. Sewer service fee rates also increased 3.0% for 2017.

Non-operating revenue increased from \$2,733,200 in 2016 to \$3,098,132, representing a 13.4% increase. The increase is related to tax revenue as well as better performance on investments.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

Expenses:

Total operating expenses for 2017, which include direct, general and administrative expenses, were \$24,488,358, an increase of \$1,362,793 or 5.9% more than the preceding year. Expenses for water increased by \$106,983 in relation to the increased demand of more consumption. This increase was supplemented by a \$1,104,278 increase in sewer expenses as a result of an increase in depreciation expense compared to the prior year.

	<u>2016</u>	<u>2015</u>
OPERATING REVENUE		
Water	\$ 18,484,806	\$ 15,134,210
Sanitation	11,310,429	10,644,409
Total Operating Revenue	<u>23,964,809</u>	<u>25,778,619</u>
NONOPERATING REVENUE		
Taxes	2,354,267	2,115,783
Net Investment Income	195,440	54,125
Intergovernmental Revenue	-	600,000
Other	183,493	164,356
Total Nonoperating Revenue	<u>2,733,200</u>	<u>2,934,264</u>
Total Revenue	26,698,009	28,712,883
OPERATING EXPENSES		
Direct Expenses:		
Water	12,089,993	10,680,146
Sanitation	6,177,307	6,937,215
Total Direct Expenses	<u>18,267,300</u>	<u>17,617,361</u>
General and Administrative Expenses	4,858,265	4,804,740
Total Operating Expenses	<u>23,125,565</u>	<u>22,422,101</u>
NONOPERATING EXPENSES		
Interest	1,494,773	2,233,251
(Gain) Loss on Disposal of Capital Asset	(88,335)	(8,530)
Other	56,870	60,407
Total Nonoperating Expenses	<u>1,463,308</u>	<u>2,285,128</u>
Total Expenses	24,588,873	24,707,229
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,939,562	4,005,654
CAPITAL CONTRIBUTIONS	<u>14,756,677</u>	<u>11,656,789</u>
CHANGE IN NET POSITION	22,696,239	15,662,443
Net Position - Beginning of Year	<u>407,856,106</u>	<u>392,193,663</u>
NET POSITION - END OF YEAR	<u>\$ 430,552,345</u>	<u>\$ 407,856,106</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

Revenue:

Operating revenue for fiscal year 2016 generated from water operations totaled \$18,484,806, an increase of \$3,350,596 or 22.1% compared to fiscal year 2015. Rates for metered water increased by 3.5% for 2016 and water consumption (sales) increased by 1.2% compared to the preceding year. Sewer operating revenues increased from \$10,644,409 to \$11,310,429 representing a 6.3% increase. Sewer service fee rates also increased 3.5% for 2016.

Non-operating revenue increased from \$2,934,264 in 2015 to \$2,773,200 representing a 6.9% increase. The increase is related to the increase in intergovernmental revenue as the District did not receive funding from the state in 2016 as it did in 2015.

Expenses:

Total operating expenses for 2016, which include direct, general and administrative expenses, were \$23,125,565, an increase of \$703,464 or 3.1% more than the preceding year. Expenses for water increased by \$1.4 million in relation to the increased demand of more consumption. This increase was offset by a \$748,861 decrease in sewer expenses as a result of a decrease in depreciation expense compared to the prior year.

Capital Assets

	December 31, 2016	Net Changes	December 31, 2017
	<u> </u>	<u> </u>	<u> </u>
Water System			
Land and Land Rights	\$ 4,061,733	\$ -	\$ 4,061,733
Water Rights	154,213,634	4,692,721	158,906,355
Construction in Progress	63,237,978	18,482,288	81,720,266
Plant and Equipment	157,435,464	2,763,365	160,198,829
Total Water System	<u>378,948,809</u>	<u>25,938,374</u>	<u>404,887,183</u>
Sanitation System			
Land and Land Rights	367,424	-	367,424
Construction in Progress	12,648,998	5,975,642	18,624,640
Plant and Equipment	112,753,252	1,491,408	114,244,660
Total Sanitation System	<u>125,769,674</u>	<u>7,467,050</u>	<u>133,236,724</u>
Accumulated Depreciation	<u>72,063,084</u>	<u>4,829,419</u>	<u>76,892,503</u>
Total Capital Assets - Net	<u>\$ 432,655,399</u>	<u>\$ 28,576,005</u>	<u>\$ 461,231,404</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

2017

Gross capital assets increased in excess of \$33.4 million during 2017. Significant components of that increase are as follows:

- Increase in construction in progress by \$24 million related to largely to purchase of water rights not yet in use.
- Payment for the acquisition of permanent water supplies \$4.7 million related to the FRICO Water Stock Purchase Agreement.
- Increase in water and sewer plant of \$4.1 million.

These continuing investments in infrastructure provide for the reliable operation of the District's water and wastewater systems and provide for the future capacity of the District to provide water and wastewater treatment for many years into the future.

	<u>December 31, 2015</u>	<u>Net Changes</u>	<u>December 31, 2016</u>
Water System			
Land and Land Rights	\$ 4,061,733	\$ -	\$ 4,061,733
Water Rights	91,959,852	62,253,782	154,213,634
Construction in Progress	88,606,844	(25,368,866)	63,237,978
Plant and Equipment	156,661,037	774,427	157,435,464
Total Water System	<u>341,289,466</u>	<u>37,659,343</u>	<u>378,948,809</u>
Sanitation System			
Land and Land Rights	367,424	-	367,424
Construction in Progress	20,843,548	(8,194,550)	12,648,998
Plant and Equipment	126,656,243	(13,902,991)	112,753,252
Total Sanitation System	<u>147,867,215</u>	<u>(22,097,541)</u>	<u>125,769,674</u>
Accumulated Depreciation	<u>68,684,684</u>	<u>3,378,400</u>	<u>72,063,084</u>
Total Capital Assets - Net	<u>\$ 420,471,997</u>	<u>\$ 12,183,402</u>	<u>\$ 432,655,399</u>

Gross capital assets increased in excess of \$15.6 million during 2016. Significant components of that increase are as follows:

- Decrease in plant and equipment by \$13 million related to a reclassification of Metro taps until they are ready for use of \$18 million to construction in progress offset by additions of \$5 million.
- Payment for the acquisition of permanent water supplies \$4.6 million related to the FRICO Water Stock Purchase Agreement.
- Increase in water rights of \$62.2 million of which \$51 million was due to a transfer from construction in progress and the remaining \$11.2 million being new water rights.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

These continuing investments in infrastructure provide for the reliable operation of the District's water and wastewater systems and provide for the future capacity of the District to provide water and wastewater treatment for many years into the future.

Debt Administration:

At December 31, 2017, the District has five outstanding debt obligations, two loans from the Colorado Water Resource and Power Development Authority (2002 and 2014) in the amounts of \$2,205,000 and \$21,211,952, the Series 2010 and 2014 Revenue Bonds in the amount of \$8,995,000 and \$11,635,000, and the Denver Storage Agreement in the amount of \$13,764,248. The District has plans to issue new debt in 2018 related to a water hardness project.

At December 31, 2016, the District has five outstanding debt obligations, two loans from the Colorado Water Resource and Power Development Authority (2002 and 2014) in the amounts of \$2,647,500 and \$22,165,162, the Series 2010 and 2014 Revenue Bonds in the amount of \$9,560,000 and \$12,070,000, and the Denver Storage Agreement in the amount of \$15,155,510.

Economic Environment:

The current economic environment for the District can be characterized as steady in the sale of water taps associated with residential and commercial development. The Denver metropolitan area, and in particular the Adams County area has maintained its growth and the expectation is for that to continue. The District estimates that it has current developed water resources to meet demand for the next 30 years. The District is well along in developing water and wastewater treatment capacity for the same time horizon.

Requests for Information:

This financial report is designed to provide its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the District Manager, 6595 East 70th Avenue, Commerce City, CO 80037 or call (303) 288-2646.

BASIC FINANCIAL STATEMENTS

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 28,581,759	\$ 28,220,363
Cash and investments - Designated	32,287,544	27,167,415
Accounts Receivable:		
Customers	2,465,265	2,062,739
Taxes	2,211,368	2,194,002
Construction Loan	-	285,015
Other	484,729	437,313
Inventories, Supplies, and Materials	180,737	89,667
Prepaid Expenses	54,602	109,763
Total Current Assets	66,266,004	60,566,277
RESTRICTED CASH AND INVESTMENTS		
Operating Reserve	2,500,000	2,500,000
2014 Bond Project	-	3,468,615
Employee Flexible Spending Accounts	21,705	24,205
Customer Deposits	90,101	79,459
Total Restricted Cash and Investments	2,611,806	6,072,279
CAPITAL ASSETS		
Capital Assets Not Being Depreciated	263,680,418	234,529,767
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	197,550,986	198,125,632
Total Capital Assets	461,231,404	432,655,399
 Total Assets	 \$ 530,109,214	 \$ 499,293,955

See accompanying Notes to Financial Statements.

	<u>2017</u>	<u>2016</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,505,549	\$ 2,637,288
Retainage Payable	236,972	160,249
Accrued Interest	248,637	164,405
Current Portion of Bonds and Loan Payable	3,974,896	3,858,564
Current Portion of Accrued Benefits Payable	667,722	671,299
Total Current Liabilities	<u>7,633,776</u>	<u>7,491,805</u>
RESTRICTED LIABILITIES		
Customer Deposits	90,101	79,459
Employee Flexible Spending Accounts	21,705	24,205
Total Restricted Liabilities	<u>111,806</u>	<u>103,664</u>
LONG-TERM LIABILITIES		
Long-Term Portion of Bonds and Loan Payable	54,823,984	58,798,879
Long-Term Portion of Accrued Benefits Payable	120,646	153,260
Total Long-Term Liabilities	<u>54,944,630</u>	<u>58,952,139</u>
Total Liabilities	<u>62,690,212</u>	<u>66,547,608</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	2,128,218	2,194,002
Total Deferred Inflows of Resources	<u>2,128,218</u>	<u>2,194,002</u>
NET POSITION		
Net Investment in Capital Assets	402,195,552	373,591,337
Restricted	2,500,000	2,500,000
Unrestricted	60,595,232	54,461,008
Total Net Position	<u>465,290,784</u>	<u>430,552,345</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 530,109,214</u>	<u>\$ 499,293,955</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
WATER OPERATIONS		
Operating Revenue	\$ 18,751,898	\$ 18,484,806
Direct Water Expenses	12,196,976	12,089,993
Gross Income from Water Operations	6,554,922	6,394,813
SANITATION OPERATIONS		
Operating Revenue	12,041,784	11,310,429
Direct Sanitation Expenses	7,281,585	6,177,307
Gross Income from Sanitation Operations	4,760,199	5,133,122
GROSS INCOME FROM OPERATIONS	11,315,121	11,527,935
GENERAL AND ADMINISTRATIVE EXPENSES	5,009,797	4,858,265
NET INCOME FROM OPERATIONS	6,305,324	6,669,670
NONOPERATING REVENUES AND (EXPENSES)		
General Property Tax	2,296,299	2,173,347
Other Taxes	213,384	180,920
Net Investment Income	415,955	195,440
Gain on Sale of Capital Asset	-	88,335
Miscellaneous	172,994	183,493
Interest Expense	(1,488,392)	(1,494,773)
Treasurer's Fees	(52,449)	(56,870)
Total Nonoperating Revenues and (Expenses)	1,557,791	1,269,892
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,863,115	7,939,562
CAPITAL CONTRIBUTIONS		
Tap Fees	2,204,371	1,501,933
Developer Contributions	10,705,728	6,896,271
System Development Fees	13,965,225	6,358,473
Total Capital Contributions	26,875,324	14,756,677
CHANGE IN NET POSITION	34,738,439	22,696,239
Net Position - Beginning of Year	430,552,345	407,856,106
NET POSITION - END OF YEAR	\$ 465,290,784	\$ 430,552,345

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 30,354,382	\$ 29,317,794
Cash Payments for Goods and Services	(11,023,374)	(10,003,003)
Cash Payments to Employees	(8,798,556)	(8,530,828)
Net Cash Provided by Operating Activities	10,532,452	10,783,963
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax Receipts Collected by Other Governmental Agencies, Net of Treasurer's Fee	2,374,084	2,328,157
Miscellaneous Receipts	172,994	183,493
Net Cash Provided by Noncapital Financing Activities	2,547,078	2,511,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(29,343,784)	(16,322,558)
FRICO Escrow Received	(2,500)	20,205
Interest Paid	(1,475,752)	(2,043,275)
Cash Received from Other Government Entities	285,016	4,535,687
Cash Received from Sale of Assets	-	188,085
Principal Payments on Debt	(3,786,972)	(2,401,994)
System Development Fees	13,965,225	6,358,473
Tap Fees	2,204,371	1,501,933
Developer Cash Contributions	6,679,963	6,410,316
Net Cash Used by Capital and Related Financing Activities	(11,474,433)	(1,753,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Interest	415,955	195,440
Net Cash Provided by Investing Activities	415,955	195,440

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,021,052	\$ 11,737,925
Cash and Cash Equivalents - Beginning of Year	61,460,057	49,722,132
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 63,481,109	\$ 61,460,057
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 6,305,324	\$ 6,669,670
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	4,870,267	3,741,333
Effect of Changes in Operating Assets and Liabilities:		
Customer Receivables	(402,526)	(172,420)
Other Receivables	(47,416)	7,262
Inventory	(91,070)	66,734
Prepaid Expenses	55,161	(24,571)
Accounts Payable	(131,739)	845,645
Accrued Benefits	(36,191)	(37,407)
Customer Deposits	10,642	31,338
Hydrant Water Deposits	-	(343,621)
Net Cash Provided by Operating Activities	\$ 10,532,452	\$ 10,783,963

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Developer infrastructure contributions were \$4,025,765 and \$485,955 for 2017 and 2016, respectively.
Bond premium amortization was \$71,592 for 2017 and 2016.

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 DEFINITION OF REPORTING ENTITY

South Adams County Water and Sanitation District (District) is a quasi-municipal organization that provides water and sewer services to its customers. The District is governed by an elected five member Board of Directors. The District's service area is located in Commerce City, Colorado and the surrounding area. Since the major part of its income is derived from user charges, the District is classified as an "Enterprise Fund". Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal or state income taxes.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The District'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. Tap fees, system development fees, and developer contributions (capital assets and contributions in aid of construction) are recorded as capital contributions when received.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

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

Budgets are prepared in accordance with the requirements of Colorado Revised Statutes and accordingly include "anticipated income and other means of financing proposed expenditures", and expenditures include, in addition to those shown in the operating statements, debt redemptions and capital expenditures. Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. The resolution appropriates the level of budget control by total expenditures. Appropriations lapse at year-end. The District's budget calendar is as follows:

In August of each year, the District develops its budget for the upcoming year. In October, the budget is presented to the Board of Directors for preliminary approval. A public meeting is held at the November board meeting to finalize and approve the budget for the upcoming year.

Cash and Investments

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

Investments are valued at amortized cost.

Designated Cash and Investments

The District has several cash and investment accounts that have been designated by the District as follows:

The future asset reserves are comprised of water and sewer tap fees, system development fees and water resource fees held for future capital purchases.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments

The District has several cash and investment accounts that have been restricted for specific purposes. The following accounts have been restricted by external sources:

Under the District's Loan agreements with the Colorado Water Resources and Power Development Authority (CWPA), the District is required to maintain an operating reserve of \$2,500,000, which is shown as restricted cash on the statement of net position. Customer deposits are held by the District and will eventually be refunded to the customers. Proceeds from the 2014 revenue bonds are restricted for capital projects, and the unspent amount is shown as restricted cash on the statement of net position. Historically the District has had a number of parties that are permitted to use a fire hydrant to draw water for construction purposes. The hydrant policy was changed so that new construction water users whose business is located within the District's service area have sufficient space on their property to install the necessary infrastructure and will make a permanent connection to the District's water distribution system in lieu of utilizing District hydrants. The party will install infrastructure as approved by the District and will pay the hydrant water rate for a period of 10 years to adequately reimburse the District for the water resources it uses for construction purposes. Amounts held in employee flexible spending accounts are contributions by employees to a flexible spending account which is restricted to be used at the employee's discretion on allowable costs under the plan.

The restricted asset accounts for customer deposits and employee flexible spending account have corresponding restricted liabilities accounts.

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

Accounts Receivable

The District does not provide a reserve for estimated uncollectible accounts since such amounts are negligible. A lien on the property assures collection of virtually all accounts.

Inventories

Inventories are valued at the lower of cost using the first-in, first-out method or market.

Capital Assets

Capital assets, which include land and land rights, water rights, water plant and equipment, and sanitation plant and equipment, are reported by the District. The District's policy is to capitalize all capital asset purchases regardless of their initial, individual cost. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	25-30 Years
Water and Sanitation Plant	40-99 Years
Furniture and Equipment	5-20 Years

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The property taxes are then recorded as revenue in the year they are available or collected.

Compensated Absences

Beginning May 2009, the District no longer accrues for sick leave due to the inception of a PTO policy that replaced the sick and vacation leave policy. Unused sick leave remaining from the previous policy is capped at 960 hours per employee and recorded as a long-term liability under accrued benefits payable. Upon termination or resignation from the District, unused sick leave will be paid according to the employee's years of service. Effective January 1, 1999, unused sick leave vests at the same rate as pension benefits vest for employees terminating prior to January 1, 2007. It is the District's policy to use the current year's used PTO amount as the current portion of accrued compensated absences. See the schedule located at Note 5.

Paid time off (PTO) is expected to be used within a reasonable period from the date of earning it. Each employee may carryover one and one half (1-1/2) times their annual accrual. Upon termination or resignation, unused PTO will be paid to the employee in full. Unused PTO is recorded as a long-term liability.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Bond discounts and premiums are amortized over the lives of the bond issue on a straight-line basis, which approximates the effective interest method.

Capitalized Interest

The District capitalizes interest cost incurred on funds used to construct property plant and equipment. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Total capitalized interest for the years ended December 31, 2017 and 2016 totaled \$473,491 and \$448,663, respectively.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

NOTE 3 CASH AND INVESTMENTS

Cash and investments are reflected on the December 31, 2017 and 2016 statements of net position as follows:

	<u>2017</u>	<u>2016</u>
Cash and Investments	\$ 28,581,759	\$ 28,220,363
Cash and Investments - Designated	32,287,544	27,167,415
Restricted Cash and Investments:		
Operating Reserve	2,500,000	2,500,000
2014 Bond Project	-	3,468,615
Employee Flexible Spending Accounts	21,705	24,205
Customer Deposits	90,101	79,459
Total Cash and Investments	<u>\$ 63,481,109</u>	<u>\$ 61,460,057</u>

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

	<u>2017</u>	<u>2016</u>
Cash on Hand	\$ 3,505	\$ 274,085
Deposits with Financial Institutions	27,057,754	23,370,613
Investments	36,419,850	37,815,359
Total Cash and Investments	<u>\$ 63,481,109</u>	<u>\$ 61,460,057</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits

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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

Investments

Credit Risk

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

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

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

The local government investment pool, Colorado Surplus Asset Fund Trust (CSAFE) is rated AAAM by Standard and Poor's.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk

Colorado revised statutes limit investment maturities up to five years or less depending on the specific investment held unless formally approved by the board of directors. Such actions are generally associated with debt service reserve or sinking fund requirements.

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bonds proceeds are limited to three years or less.

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

<u>Investment</u>	<u>Maturity</u> Less than One Year	Standard & Poor's Rating	Total Amortized Cost	Concentration
CSAFE	<u>\$ 36,419,850</u>	AAAm	<u>\$ 36,419,850</u>	<u>100.0%</u>

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

<u>Investment</u>	<u>Maturity</u> Less than One Year	Standard & Poor's Rating	Total Amortized Cost	Concentration
CSAFE	<u>\$ 37,815,359</u>	AAAm	<u>\$ 37,815,359</u>	<u>100.0%</u>

CSAFE

At December 31, 2017 and 2016, the District had \$36,419,850 and \$37,815,359, respectively, 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 the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE is valued at amortized cost.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	2017				Balance at December 31, 2017
	Balance at January 1, 2017	Increases	Transfers	Decreases	
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 4,429,157	\$ -	\$ -	\$ -	\$ 4,429,157
Water Rights	154,213,634	4,692,721	-	-	158,906,355
Construction in Progress	75,886,976	24,558,569	(100,639)	-	100,344,906
Total Capital Assets, Not Being Depreciated	234,529,767	29,251,290	(100,639)	-	263,680,418
Capital Assets, Being Depreciated:					
Buildings	5,356,110	-	-	-	5,356,110
Water System Plant	149,536,636	2,531,636	123,593	-	152,191,865
Sanitation System Plant	107,965,245	1,459,077	(70,108)	-	109,354,214
Furniture and Equipment	7,330,725	204,269	47,154	40,848	7,541,300
Total Capital Assets, Being Depreciated	270,188,716	4,194,982	100,639	40,848	274,443,489
Less Accumulated Depreciation for:					
Buildings	804,128	147,259	-	-	951,387
Water System Plant	39,501,778	2,266,988	-	-	41,768,766
Sanitation system plant	27,313,085	2,191,548	-	-	29,504,633
Furniture and equipment	4,444,093	264,472	-	40,848	4,667,717
Total Accumulated Depreciation	72,063,084	4,870,267	-	40,848	76,892,503
Total Capital Assets, Being Depreciated, Net	198,125,632	(675,285)	100,639	-	197,550,986
Capital Assets, Net	\$ 432,655,399	\$ 28,576,005	\$ -	\$ -	\$ 461,231,404

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

	2016				Balance at December 31, 2016
	Balance at January 1, 2016	Increases	Transfers	Decreases	
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 4,429,157	\$ -	\$ -	\$ -	\$ 4,429,157
Water Rights	91,959,852	4,635,477	57,618,305	-	154,213,634
Construction in Progress	109,450,392	8,783,938	(42,247,603)	99,751	75,886,976
Total Capital Assets, Not Being Depreciated	205,839,401	13,419,415	15,370,702	99,751	234,529,767
Capital Assets, Being Depreciated:					
Buildings	5,356,107	3	-	-	5,356,110
Water System Plant	148,875,462	370,610	290,564	-	149,536,636
Sanitation System Plant	121,921,530	1,790,945	(15,747,230)	-	107,965,245
Furniture and Equipment	7,164,181	443,513	85,964	362,933	7,330,725
Total Capital Assets, Being Depreciated	283,317,280	2,605,071	(15,370,702)	362,933	270,188,716
Less Accumulated Depreciation for:					
Buildings	686,646	117,482	-	-	804,128
Water System Plant	37,265,989	2,235,789	-	-	39,501,778
Sanitation system plant	26,409,235	903,850	-	-	27,313,085
Furniture and equipment	4,322,814	484,212	-	362,933	4,444,093
Total Accumulated Depreciation	68,684,684	3,741,333	-	362,933	72,063,084
Total Capital Assets, Being Depreciated, Net	214,632,596	(1,136,262)	(15,370,702)	-	198,125,632
Capital Assets, Net	<u>\$ 420,471,997</u>	<u>\$ 12,283,153</u>	<u>\$ -</u>	<u>\$ 99,751</u>	<u>\$ 432,655,399</u>

Depreciation expense for the years ended December 31, 2017 and 2016 as charged to the following operations:

	2017	2016
Direct Water Expenses	\$ 2,528,290	\$ 2,648,333
Direct Sewer Expenses	2,341,977	1,093,000
Total	<u>\$ 4,870,267</u>	<u>\$ 3,741,333</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM LIABILITIES

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2017:

	Balance January 1, 2017	New Issues	Retirements	Balance December 31, 2017	Due Within One Year
Colorado Water and Power Authority Loan - 2002	\$ 2,647,500	\$ -	\$ 442,500	\$ 2,205,000	\$ 457,500
Colorado Water and Power Authority Loan - 2014	22,165,162	-	953,210	21,211,952	969,088
Series 2010 Bond	9,560,000	-	565,000	8,995,000	575,000
Series 2014 Bond	12,070,000	-	435,000	11,635,000	445,000
Denver Water	15,155,510	-	1,391,262	13,764,248	1,456,716
Bond Premium	1,059,272	-	71,592	987,680	71,592
Total Long-Term Obligations	<u>62,657,444</u>	<u>\$ -</u>	<u>\$ 3,858,564</u>	<u>58,798,880</u>	<u>\$ 3,974,896</u>
Less: Current Portion	3,858,564			3,974,896	
Long-Term Portion	<u>\$ 58,798,880</u>			<u>\$ 54,823,984</u>	

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2016:

	Balance January 1, 2016	New Issues	Retirements	Balance December 31, 2016	Due Within One Year
Colorado Water and Power Authority Loan - 2002	\$ 3,075,000	\$ -	\$ 427,500	\$ 2,647,500	\$ 442,500
Colorado Water and Power Authority Loan - 2014	22,174,058	-	8,896	22,165,162	953,210
Series 2010 Bond	10,115,000	-	555,000	9,560,000	565,000
Series 2014 Bond	12,495,000	-	425,000	12,070,000	435,000
Denver Water	16,109,662	-	954,152	15,155,510	1,391,262
HP Lease Payable	31,446	-	31,446	-	-
Bond premium	1,130,864	-	71,592	1,059,272	71,592
Total long-term obligations	<u>65,131,030</u>	<u>\$ -</u>	<u>\$ 2,473,586</u>	<u>62,657,444</u>	<u>\$ 3,858,564</u>
Less current portion	2,473,586			3,858,564	
Long-term portion	<u>\$ 62,657,444</u>			<u>\$ 58,798,880</u>	

A detail of the District's long-term liabilities is as follows:

Colorado Water and Power Authority (CWPA) Loan. Issue date May 30, 2002; interest rate 3.795%; final payment date of June 1, 2022; annual principal payments range from \$2,500 to \$517,500.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Colorado Water and Power Authority Loan. Issue date May 6, 2014; interest rate 2.25%; final payment date of August 1, 2036; annual principal payments range from \$8,896 to \$1,374,000.

Water and Wastewater Revenue Bonds, Series 2010. In October 2010, the District issued Bonds for the purpose of funding the costs of water resources for and capital improvements to the District's joint water and wastewater system. The Series 2010 Bonds were issued in the amount of \$12,735,000. The bonds constitute special limited revenue obligations of the District payable solely from and to the extent of the revenue, net of operations and maintenance expenses, derived by the District from the operations of its joint water and wastewater system, and under certain circumstances from moneys held in the Series 2010 Bond Reserve Account. The bonds mature annually beginning in 2011 with final payment in 2030. Interest with rates from 2.00% to 4.00% is payable semi-annually.

Mandatory Sinking Fund Redemption. The Series 2010 Bonds maturing on December 1, 2030 (the Term Bonds), are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount of the Term Bonds so redeemed plus accrued interest to the redemption date, without redemption premium, on the dates and in the principal amounts specified in the following table.

<u>Redemption Date (December 1)</u>	<u>Principal Amount</u>
2029	\$ 810,000
2030 (Maturity)	840,000
Total	<u>\$ 1,650,000</u>

The amount of any sinking fund installment may be reduced by the principal amount of the Term Bonds that prior to such date have been optionally redeemed and cancelled and not theretofore applied as a credit against a mandatory sinking fund installment.

The Series 2010 Bonds maturing on or after December 1, 2010, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or in part, maturities are determined by the District, on December 1, 2020, and on any date thereafter, upon payment of the principal amount of the Series 2010 Bonds are redeemed plus accrued interest to the redemption date without redemption premium.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Water and Wastewater Revenue Bonds, Series 2014. In November 2014, the District issued Bonds for the purpose of funding the costs of water resources and capital improvements to the District’s joint water and wastewater system. The Series 2014 Bonds were issued in the amount of \$12,900,000. The bonds constitute special limited revenue obligations of the District payable solely from and to the extent of the revenue, net of operations and maintenance expenses, derived by the District from the operations of its joint water and wastewater system, and under certain circumstances from moneys held in the Series 2014 Bond Reserve Account. The bonds mature annually beginning in 2015 with final payment in 2036. Interest with rates from 2.00% to 4.00% is payable semi-annually.

Mandatory Sinking Fund Redemption. The Series 2014 Bonds maturing on December 1, 2025 and 2026 (the Term Bonds), are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount of the Term Bonds so redeemed plus accrued interest to the redemption date, without redemption premium, on the dates and in the principal amounts specified in the following table.

<u>Redemption Date (December 1)</u>	<u>Principal Amount</u>
2025	\$ 570,000
2026 (Maturity)	590,000
Total	<u>\$ 1,160,000</u>

The amount of any sinking fund installment may be reduced by the principal amount of the Term Bonds that prior to such date have been optionally redeemed and cancelled and not theretofore applied as a credit against a mandatory sinking fund installment.

The Series 2010 Bonds maturing on or after December 1, 2025, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or in part, maturities are determined by the District, on December 1, 2024, and on any date thereafter, upon payment of the principal amount of the Series 2014 Bonds are redeemed plus accrued interest to the redemption date without redemption premium.

Denver Storage Agreement

The District has entered into an agreement with Denver Water for the construction of 4,000-acre foot of water storage. This storage is in addition to the 8,000-acre foot of storage contemplated by the “1998 Water Storage Purchase Agreement.” Under the terms of that agreement, the District had the option to purchase up to 4,897 additional acre feet of storage. The initial 8,000-acre feet of storage has been completed and paid for. Terms for the construction, payment and operation of the remaining 4,000-acre feet were finalized in April 2014. The District has an outstanding obligation, to Denver Water, of \$13,764,248. The District began paying off this obligation in June 2015 and anticipates making the final payment in December 2025. The accreted obligation consists of construction costs, mutually agreed to, and accrued interest currently shown at the rate of 4.651% per annum.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Bond and loan principal and interest requirements for the next five years and in five-year increments thereafter are as follows, excluding amortization of bond premium:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,903,304	\$ 1,703,688	\$ 5,606,992
2019	4,016,147	1,569,439	5,585,586
2020	4,151,455	1,431,896	5,583,351
2021	4,316,708	1,263,365	5,580,073
2022	4,856,428	1,343,779	6,200,207
2023-2027	16,815,821	3,290,030	20,105,851
2028-2032	11,451,439	1,548,906	13,000,345
2033-2036	8,299,898	427,175	8,727,073
Total	<u>\$ 57,811,200</u>	<u>\$ 12,578,278</u>	<u>\$ 70,389,478</u>

Changes in the District's accrued benefits payable are as follows:

	<u>Balance January 1, 2017</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance December 31, 2017</u>	<u>Current Portion</u>
Accrued Benefits Payable	<u>\$ 848,764</u>	<u>\$ 629,031</u>	<u>\$ 667,722</u>	<u>\$ 810,073</u>	<u>\$ 667,722</u>

	<u>Balance January 1, 2016</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance December 31, 2016</u>	<u>Current Portion</u>
Accrued Benefits Payable	<u>\$ 865,966</u>	<u>\$ 654,097</u>	<u>\$ 671,299</u>	<u>\$ 848,764</u>	<u>\$ 671,299</u>

NOTE 6 NET POSITION

The District has net position consisting of three components - net investment in capital assets, restricted, 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 6 NET POSITION (CONTINUED)

As of December 31, 2017 and 2016, the District had a net investment in capital assets calculated as follows:

	<u>2017</u>	<u>2016</u>
Net Investment in Capital Assets:		
Capital Assets - Net of Accumulated Depreciation	\$ 461,231,404	\$ 432,655,399
Unspent Bond Proceeds	-	3,753,630
Retainage Payable	(236,972)	(160,249)
Current Portion of Bonds and Loan Payable	(3,974,896)	(3,858,564)
Long-Term Portion of Bonds and Loan Payable	<u>(54,823,984)</u>	<u>(58,798,879)</u>
Total	<u>\$ 402,195,552</u>	<u>\$ 373,591,337</u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Restricted Net Position:		
Operating Reserve	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

NOTE 7 RETIREMENT AND DEFERRED COMPENSATION PLAN

Employees Pension Fund - The District has contracted with Lincoln National Life Insurance Company as the carrier of a single employer defined contribution retirement program for the District employees. The District has received a favorable determination letter from the Internal Revenue Service, which will allow the employer contributions to be non-taxable to the employees until the contributions are withdrawn from the Plan at retirement. The District contributes a 5% match of employees' wages to the Plan. An employee becomes eligible to participate in the Plan upon attaining the age of twenty-one and upon completing three years of service. Employees are 100% vested upon reaching normal retirement age, death or disability. On January 10, 2007, the District elected to amend the vesting schedule. If an employee terminates prior to normal retirement for any reason other than death or disability, the vesting schedules are as follows.

For employee terminating on or after January 1, 2007, the vesting schedule is as follows:

<u>Years of Credited Service</u>	<u>Non-Forfeitable Vested Percent</u>
3	60%
4	80%
5 or More	100%

Pension contributions were \$281,892 and \$273,396 for 2017 and 2016, respectively.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 7 RETIREMENT AND DEFERRED COMPENSATION PLAN (CONTINUED)

The District also has a Deferred Compensation Plan under Section 457 of the Internal Revenue Code. All employees are eligible for this Plan. There are no costs to the District under this Deferred Compensation Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. During 1997, the District amended the Section 457 Deferred Compensation Plan to require all amounts deferred to be held in trust for the exclusive benefit of participating employees and is not accessible by the District or its creditors.

NOTE 8 BOND AND LOAN COMPLIANCE

Under the CWPA loan agreements, the District will provide net revenues in each fiscal year sufficient to equal at least 110% of the aggregate amount of principal and interest payable in the following year.

As noted in the bond resolution for the 2010 and 2014 Water and Wastewater Revenue Bonds, the District will provide net revenues in each fiscal year sufficient to equal at least 125% of the aggregate amount of principal and interest payable in the following year of the bond issues.

As noted in the bond resolution for the 2010 Water and Wastewater Revenue Bonds the District will be required to be funded only if the Coverage Ratio, the percentage derived by dividing Net Revenues Received by the Combined Maximum Annual Debt Service Requirements of Parity Obligations outstanding during the fiscal year is less than 150%.

At December 31, 2017, management believes it has met these covenants.

NOTE 9 RISK MANAGEMENT

The District 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 District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. 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. The District is only covered by the Pool for workers compensation. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District continues to carry commercial insurance coverage for other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 9 RISK MANAGEMENT (CONTINUED)

These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the year under coverage. The District has had no significant reductions in insurance coverage from coverage in prior years. The District retains a certain level of all liability losses. For the year ended December 31, 2017, the District retains commercial general liability up to \$0 and a limit of \$1,000,000 per occurrence. The District retains liability losses for buildings up to \$5,000 with a limit of \$1,000,000 per occurrence. The District retains liability losses for earthquakes up to \$50,000 with a limit of \$5,000,000 per occurrence.

The District retains liability losses for Flood up to \$50,000 with a limit of \$5,000,000 per occurrence for buildings 1-8, 19-22, 26-44, 46, 86-87, 92, 99-102, 104-108; and retains liability losses for Flood up to \$100,000 for buildings and a limit of \$2,500,000 per occurrence for buildings 23-25, 88-91, and 95-97. The District retains liability losses for Utility Services up to \$5,000 with a limit of \$100,000 per occurrence. The District retains liability losses for Cause of Loss – Equipment Breakdown up to \$5,000 with a limit of \$250,000 per occurrence. The District retains liability losses for governmental crime \$1,000 with a limit of \$300,000 per occurrence. The District retains liability losses for public entity management liability \$10,000 with a limit of \$1,000,000 per occurrence. The District retains liability losses for public entity employment-related practices liability up to \$15,000 with a limit of \$1,000,000 per occurrence. The District retains liability losses for cyberfirst liability with a limit of \$50,000 per occurrence. The District retains liability losses for automobiles up to \$500 with a limit of \$1,000,000. The District retains umbrella excess liability up to \$10,000 with a limit of \$5,000,000 per occurrence.

NOTE 10 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.

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 District's management believes a significant portion of its operations qualify for this exclusion.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 COMMITMENTS AND CONTINGENCIES

As of December 31, 2017, the District had unexpended construction related contract commitments and contingencies on other projects of \$7,656,454.

Water Rights Cases

The District is involved in several water rights proceedings. Water rights proceedings are determinations with respect to quantitative rights to water resources in the State of Colorado, and, as such, do not directly involve monetary determinations under Colorado law, though the District's water rights and water agreements are of substantial value.

NOTE 12 AGREEMENTS

The District has entered into the agreements described below.

Water Storage Agreement - Westminster

In 2001, the District entered into a water storage agreement with the City of Westminster. Under the conditions of this agreement, the City agrees to sell 1,200 acre-feet of storage space, inlet and outlet capacity and the right to carry 1,200 acre-feet of water to the District. The District paid an initial payment of \$336,000 in 2001 and has made annual payments from 2002 through 2007. The District agreed to pay total costs of \$3,767,459. As of December 31, 2017, the District has a remaining cost of \$1,376,459 to be paid once the project is complete. The project is in the process of being renegotiated between the City of Westminster and the District.

Water Stock Purchase Agreement - FRICO

On November 2, 2001, the District entered into a water resources agreement with Farmers Reservoir and Irrigation Company (FRICO), Burlington Ditch and Land Company, and Henrylyn Irrigation District to purchase water. Under this agreement, the District agrees to purchase 5,000 acre-feet of water subject to the satisfaction of certain conditions. The initial payment required was \$3,500,000, with principal payments totaling \$60,000,000, which will be funded through contributions from 11 developments. Participants' annual option payments will total \$1,200,000 per year with annual increases of 3.5% (see Water Resources Agreements section below). The District held \$11,547,587 and \$12,057,272 of developer contributions related to this agreement in escrow at December 31, 2017 and 2016, respectively.

Water Resource Agreements

The District has entered into various water resource agreements with landowners and developers in the District. Under these agreements, the District has acquired certain water rights, storage rights and related improvements, and received capital contributions to go towards providing public water service to the participants.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 12 AGREEMENTS (CONTINUED)

Prospect Valley Intergovernmental Agreement

The District entered into an agreement with Prospect Valley Water and Sanitation District (PV) and Commerce City (CC) to share water resources among the parties and to meet conditions necessary for approval of the PV Service Agreement to provide services within Commerce City. PV conveyed to the District the water rights associated with certain wells located in the Lost Creek Designated Ground Water Basin, along with the well structures, related easements, and the obligation to convey additional easements and a 10 acre parcel of land in the future. In return, the District will issue 4,775.836 South Adams ERU Water Connections and the right of PV or its assigns to purchase 4,775.836 South Adams ERU Sanitary Sewer Connections. The ERU's can be used anywhere in the District's service area.

Metro Wastewater Reclamation District Agreement

On November 6, 2014, the District entered into an agreement with Metro Wastewater Reclamation District (MWRD) to purchase Single Family Residential Equivalent (SFRE) for existing customers in its Northern Service Area to divert a portion of its wastewater flow to MWRD for sanitation. From 2009 to 2025 the District has agreed to purchase a total of 8,910.2 SFREs, which it will begin to divert to MWRD upon the completion of the Northern Treatment Plant (NTP) to be constructed by MWRD.

NOTE 13 SUBSEQUENT EVENTS

2018 Bonds

The District finalized plans to complete a water hardness project beginning in 2018. The District subsequently issued debt to cover the cost of the water hardness project in early 2018 in the amount of \$54,090,000.

SUPPLEMENTARY INFORMATION

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2016)

	Water	Sanitation	Totals	
			2017	2016
Metered Water Fees	\$ 16,865,244	\$ -	\$ 16,865,244	\$ 16,372,854
Sewer Service Fees	-	11,773,385	11,773,385	11,069,156
Pretreatment Fees	-	87,635	87,635	74,637
Fireline Fees	232,773	-	232,773	215,523
Inclusion Fees	39,626	5,520	45,146	40,581
Leased Water	146,937	-	146,937	205,001
Turn on Charge	227,705	107,155	334,860	329,677
Tap-in Fees	480,732	68,089	548,821	465,560
Hydrant Water	758,881	-	758,881	1,022,246
Total Operating Revenue	\$ 18,751,898	\$ 12,041,784	\$ 30,793,682	\$ 29,795,235

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2016)**

	Annual Budget	Source of Supply	Treatment	Actual		Total 2017	Actual Over (Under) Budget	Total 2016
				Distribution and Collection Allocated	Administration and General Allocated			
Power	\$ 1,004,250	\$ 745,015	\$ 225,900	\$ 10,171	\$ 15,701	\$ 996,787	\$ (7,463)	\$ 886,730
Purchased Water	3,478,088	3,794,313	-	-	-	3,794,313	316,225	3,130,971
Repair and Maintenance - Equipment	269,800	64,705	26,525	81,025	19,723	191,978	(77,822)	190,730
Repair and Maintenance - Fire and Mains	285,760	48,269	-	57,313	89,425	195,007	(90,753)	160,235
Repair and Maintenance Existing Service	304,100	-	25,044	123,104	5,537	153,685	(150,415)	204,039
Collection System Repairs	90,000	-	-	32,341	-	32,341	(57,659)	52,512
Safety Equipment	31,525	-	-	6,869	-	6,869	(24,656)	7,709
Customer Service Materials	110,500	72,572	21,507	174,620	-	268,699	158,199	243,970
Small Tools and Equipment	11,700	-	-	15,159	-	15,159	3,459	14,457
Operating Supplies - Chemicals	157,562	6,674	4,963	40,855	94,053	146,545	(11,017)	149,022
Office Supplies	35,911	-	6,940	2,574	12,420	21,934	(13,977)	21,089
Leased Equipment	34,125	-	-	-	30,599	30,599	(3,526)	10,568
Shop Supplies	27,700	4,768	4,579	8,361	-	17,708	(9,992)	22,319
Carbon Replacement	135,000	-	126,635	-	-	126,635	(8,365)	-
Chemical Supplies	45,000	43,962	15,793	-	-	59,755	14,755	39,234
Lab Supplies	45,000	28,756	22,817	-	-	51,573	6,573	18,582
Uniforms	15,991	1,558	1,897	7,802	2,058	13,315	(2,676)	12,117
Telecommunications	169,000	-	-	-	165,830	165,830	(3,170)	145,648
Utility - Gas	34,100	-	17,946	2,630	4,647	25,223	(8,877)	26,701
Salaries	3,495,511	252,477	915,570	1,235,036	1,157,752	3,560,835	65,324	3,113,312
Employee Benefits	1,209,763	110,821	271,210	448,087	370,827	1,200,945	(8,818)	998,632
Taxes - Payroll	265,833	19,405	69,054	93,673	90,345	272,477	6,644	243,698
Fuel Expense	63,065	12,604	6,467	33,888	7,587	60,546	(2,519)	53,382
Truck Expense	73,450	10	-	62,638	8	62,656	(10,794)	48,284
Water Supply	280,000	-	-	-	320,421	320,421	40,421	268,434
Water Master Plan	-	-	-	-	-	-	-	-
Water Resource Development	-	-	-	-	-	-	-	9,109
Quality Control	51,300	37,971	23,975	-	1,183	63,129	11,829	84,031
Audit	32,500	-	-	-	35,292	35,292	2,792	31,185
Management Services	299,520	-	-	100,512	180,303	280,815	(18,705)	104,809
Postage	65,000	-	-	-	62,264	62,264	(2,736)	52,726
Legal	280,000	-	-	-	178,119	178,119	(101,881)	375,092
Engineering	102,250	-	-	-	79,925	79,925	(22,325)	216,743
Insurance	183,300	-	-	-	170,489	170,489	(12,811)	142,861
Miscellaneous	206,548	1,855	10,015	8,533	203,607	224,010	17,462	162,061
Publications	18,395	-	-	-	8,331	8,331	(10,064)	15,759
Dues and Subscriptions	62,318	3,050	582	-	70,125	73,757	11,439	47,883
Water Rights Assessments	100,000	-	-	-	62,860	62,860	(37,140)	62,534
Conservation	55,250	-	-	-	56,774	56,774	1,524	8,645
Janitor	34,425	-	9,567	11,259	10,983	31,809	(2,616)	22,491
Landscape Maintenance	55,550	45,829	6,239	1,710	1,326	55,104	(446)	47,837
Board of Directors	5,850	-	-	-	4,114	4,114	(1,736)	3,969
Education	120,848	10,431	6,966	5,855	70,517	93,769	(27,079)	69,018
Total Operating Expenses - Water	13,345,788	\$ 5,305,045	\$ 1,820,191	\$ 2,564,015	\$ 3,583,145	13,272,396	(73,392)	11,519,128
Total Operating Expenses - Sanitation (Page 37)	6,888,823					6,345,695	(543,128)	6,146,204
Total Operating Expenses	\$ 20,234,611					\$ 19,618,091	\$ (616,520)	\$ 17,665,332

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2016)

	Annual Budget	Actual				Total 2017	Actual Over (Under) Budget	Total 2016
		Transmission and Collection	Sewage Treatment	Distribution and Collection Allocated	Administration and General Allocation			
Power	\$ 485,016	\$ 110,049	\$ 294,284	\$ 4,786	\$ 7,389	\$ 416,508	\$ (68,508)	\$ 447,318
Repair and Maintenance - Equipment	261,200	99,087	151,010	38,129	9,282	297,508	36,308	437,831
Repair and Maintenance - Fire and Mains	241,440	-	164,145	26,971	42,082	233,198	(8,242)	189,837
Repair and Maintenance Existing Service	293,900	-	188,729	57,932	2,605	249,266	(44,634)	381,039
Collection System Repairs	35,000	-	-	15,220	-	15,220	(19,780)	19,516
Safety Equipment	16,975	-	-	3,232	-	3,232	(13,743)	6,884
Customer Service Materials	59,500	33,374	-	82,174	-	115,548	56,048	83,623
Small Tools and Equipment	6,300	-	-	7,133	-	7,133	833	6,629
Operating Supplies - Chemicals	569,607	16,317	338,960	19,226	44,260	418,763	(150,844)	467,356
Office Supplies	19,036	-	2,018	1,211	5,844	9,073	(9,963)	15,849
Leased Equipment	18,375	-	-	-	14,400	14,400	(3,975)	4,401
Shop Supplies	13,800	-	2,389	3,934	-	6,323	(7,477)	6,762
Uniforms	14,581	2,840	3,495	3,671	968	10,974	(3,607)	10,786
Telecommunications	91,000	-	-	-	78,037	78,037	(12,963)	77,316
Utility - Gas	61,900	4,092	43,853	1,237	2,187	51,369	(10,531)	46,001
Salaries	2,710,500	316,535	1,174,691	581,194	544,824	2,617,244	(93,256)	2,574,486
Employee Benefits	932,636	129,333	392,427	210,864	174,507	907,131	(25,505)	839,502
Taxes - Payroll	201,503	23,992	93,144	44,081	42,516	203,733	2,230	200,376
Fuel Expense	59,935	16,358	18,560	15,948	3,571	54,437	(5,498)	48,599
Truck Expense	39,550	890	1,741	29,477	4	32,112	(7,438)	50,405
Quality Control	84,700	28,583	12,862	-	557	42,002	(42,698)	43,221
Audit	17,500	-	-	-	16,608	16,608	(892)	16,256
Management Services	161,280	-	-	47,300	84,848	132,148	(29,132)	62,094
Postage	37,000	-	2,786	-	29,301	32,087	(4,913)	25,557
Legal	-	-	-	-	255	255	255	27,433
Engineering	57,750	-	-	-	40,501	40,501	(17,249)	38,472
Insurance	98,700	-	-	-	80,230	80,230	(18,470)	80,448
Miscellaneous	142,865	-	12,345	4,015	93,818	110,178	(32,687)	92,023
Publications	9,905	-	-	-	3,921	3,921	(5,984)	9,040
Dues and Subscriptions	32,402	-	-	-	36,508	36,508	4,106	27,619
Conservation	29,750	-	-	-	26,717	26,717	(3,033)	5,170
Janitor	26,475	-	11,987	5,299	5,168	22,454	(4,021)	22,535
Landscape Maintenance	12,446	-	8,612	805	624	10,041	(2,405)	5,699
Board of Directors	3,150	-	-	-	1,936	1,936	(1,214)	2,560
Education	43,146	2,237	10,723	2,756	33,184	48,900	5,754	51,043
Total Operating Expenses - Sanitation	\$ 6,888,823	\$ 783,687	\$ 2,928,761	\$ 1,206,595	\$ 1,426,652	\$ 6,345,695	\$ (543,128)	\$ 6,423,686

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – DISTRIBUTION AND COLLECTION
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2016)

	Annual Budget	Actual				Total 2017	Actual Over (Under) Budget	Total 2016
		Distribution and Collection	Development	Meter Reading	Fleet			
Power	\$ 15,000	14,957	\$ -	\$ -	\$ -	\$ 14,957	\$ (43)	\$ 16,853
Repair and Maintenance - Equipment	70,000	11,930	18,013	10,069	79,142	119,154	49,154	136,320
Repair and Maintenance - Fire and Mains	150,000	84,284	-	-	-	84,284	(65,716)	101,860
Repair and Maintenance Existing Service	294,000	84,975	-	96,061	-	181,036	(112,964)	356,126
Collection System Repairs	100,000	47,561	-	-	-	47,561	(52,439)	60,986
Safety Equipment	48,500	10,101	-	-	-	10,101	(38,399)	21,514
Customer Service Materials	170,000	-	-	256,794	-	256,794	86,794	260,133
Small Tools and Equipment	18,000	12,313	-	-	9,979	22,292	4,292	20,717
Operating Supplies - Chemicals	61,000	23,952	27,023	5,819	3,287	60,081	(919)	81,175
Office Supplies	6,000	-	3,425	360	-	3,785	(2,215)	2,623
Shop Supplies	18,000	2,147	-	-	10,148	12,295	(5,705)	16,202
Uniforms	13,925	8,057	1,456	1,045	915	11,473	(2,452)	10,892
Telecommunications	-	-	-	-	-	-	-	-
Utility - Gas	6,500	3,867	-	-	-	3,867	(2,633)	3,767
Salaries	1,839,555	813,854	608,329	216,622	177,425	1,816,230	(23,325)	1,763,921
Employee Benefits	698,752	330,514	205,571	62,596	60,270	658,951	(39,801)	627,546
Taxes - Payroll	140,725	62,179	45,811	16,406	13,358	137,754	(2,971)	141,506
Fuel Expense	50,000	-	-	-	49,836	49,836	(164)	43,576
Truck Expense	110,000	-	-	-	92,115	92,115	(17,885)	92,869
Management Services	130,000	-	147,812	-	-	147,812	17,812	12,955
Postage	-	-	-	-	-	-	-	140
Legal	-	-	-	-	-	-	-	-
Engineering	65,000	-	-	-	-	-	(65,000)	-
Miscellaneous	53,500	11,600	-	948	-	12,548	(40,952)	10,007
Publications	1,000	-	-	-	-	-	(1,000)	-
Dues and Subscriptions	2,000	-	-	-	-	-	(2,000)	-
Janitor	15,000	16,558	-	-	-	16,558	1,558	17,851
Landscape Maintenance	2,500	2,515	-	-	-	2,515	15	795
Education	23,400	1,915	5,253	175	1,268	8,611	(14,789)	15,917
Total Operating Expenses - Distribution and Collection	\$ 4,102,357	\$ 1,543,279	\$ 1,062,693	\$ 666,895	\$ 497,743	\$ 3,770,610	\$ (331,747)	\$ 3,816,251
Total Allocated to Water	\$ 2,789,603	\$ 1,049,430	\$ 722,631	\$ 453,489	\$ 338,465	\$ 2,564,015	\$ (225,588)	\$ 2,595,051
Total Allocated to Sanitation	1,312,754	493,849	340,062	213,406	159,278	1,206,595	(106,159)	1,221,200
Total	\$ 4,102,357	\$ 1,543,279	\$ 1,062,693	\$ 666,895	\$ 497,743	\$ 3,770,610	\$ (331,747)	\$ 3,816,251

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – ADMINISTRATION AND GENERAL
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2016)

	Actual						Total 2017	Over (Under) Budget	Total 2016
	Budget	Accounting and Management	Finance	Information Technology	Environmental	General			
Power	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 23,090	\$ 23,090	\$ (6,910)	\$ 20,389
Repair and Maintenance - Equipment	82,000	-	13,663	10,758	4,584	-	29,005	(52,995)	29,388
Repair and Maintenance - Fire and Mains	140,400	-	4,994	126,513	-	-	131,507	(8,893)	120,669
Repair and Maintenance Existing Service	20,000	-	271	7,871	-	-	8,142	(11,858)	7,542
Operating Supplies - Chemicals	132,173	18,567	90,795	22,411	6,540	-	138,313	6,140	132,201
Office Supplies	35,400	3,083	14,755	-	426	-	18,264	(17,136)	37,232
Leased Equipment	52,500	-	-	44,999	-	-	44,999	(7,501)	13,752
Uniforms	3,290	141	2,299	39	547	-	3,026	(264)	2,970
Telecommunications	260,000	-	3,561	240,306	-	-	243,867	(16,133)	241,612
Utility - Gas	7,500	-	-	-	-	6,834	6,834	(666)	5,885
Salaries	1,729,800	474,503	982,550	92,747	152,776	-	1,702,576	(27,224)	1,669,412
Employee Benefits	593,173	108,354	335,589	24,232	65,476	13,489	547,140	(46,033)	570,063
Taxes - Payroll	129,907	34,459	75,682	7,126	15,594	-	132,861	2,954	125,823
Fuel Expense	20,100	18	10,103	-	1,037	-	11,158	(8,942)	10,934
Truck Expense	3,000	-	12	-	-	-	12	(2,988)	46
Quality Control	2,000	-	-	-	1,740	-	1,740	(260)	-
Water Supply	-	-	-	-	-	320,421	320,421	320,421	259,849
Water Master Plan	-	-	-	-	-	-	-	-	-
Water Resource Development	-	-	-	-	-	-	-	-	-
Audit	50,000	-	51,900	-	-	-	51,900	1,900	50,800
Management Services	330,800	97,817.00	11,882	155,452	-	-	265,151	(65,649)	181,089
Postage	100,000	-	91,565	-	-	-	91,565	(8,435)	72,091
Legal	-	-	-	-	-	178,374	178,374	178,374	325,019
Engineering	-	-	-	-	-	120,426	120,426	120,426	130,369
Insurance	282,000	-	-	-	-	248,913	248,913	(33,087)	251,401
Miscellaneous	368,660	-	1,605	-	-	295,820	297,425	(71,235)	241,047
Publications	32,500	-	-	-	8,016	4,236	12,252	(20,248)	28,251
Dues and Subscriptions	87,720	2,116	-	-	42,376	62,141	106,633	18,913	83,409
Water Rights Assessments	-	-	-	-	-	62,860	62,860	62,860	98,368
Conservation	85,000	-	-	-	83,491	-	83,491	(1,509)	16,157
Janitor	19,500	-	-	-	-	16,151	16,151	(3,349)	15,653
Landscape Maintenance	4,500	-	-	-	-	1,950	1,950	(2,550)	4,161
Board of Directors	9,000	6,050	-	-	-	-	6,050	(2,950)	8,000
Education	-	9,553	6,525	1,418	26,453	59,752	103,701	103,701	104,683
Total	\$ 4,610,923	\$ 754,661	\$ 1,697,751	\$ 733,872	\$ 409,056	\$ 1,414,457	\$ 5,009,797	\$ 398,874	\$ 4,858,265
Total Allocated to Water	\$ 3,135,428	\$ 513,169	\$ 1,154,471	\$ 499,033	\$ 278,158	\$ 535,446	\$ 3,583,145	\$ 447,717	\$ 3,498,299
Total Allocated to Sanitation	1,475,495	241,492	543,280	234,839	130,898	251,975	1,426,652	(48,843)	1,359,966
Total	\$ 4,610,923	\$ 754,661	\$ 1,697,751	\$ 733,872	\$ 409,056	\$ 787,421	\$ 5,009,797	\$ 398,874	\$ 4,858,265

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Water		Sanitation		General		Total Budget	Total Actual	Actual (Under) Over Budget
	Budget	Actual	Budget	Actual	Budget	Actual			
REVENUES AND RECEIPTS									
Service Fees	\$ 15,326,283	\$ 16,865,244	\$ 11,045,170	\$ 11,773,385	\$ -	\$ -	\$ 26,371,453	\$ 28,638,629	\$ 2,267,176
Pretreatment Rees	-	-	118,719	87,635	-	-	118,719	87,635	(31,084)
Hydrant Water	206,779	758,881	-	-	-	-	206,779	758,881	552,102
Fireline Fees	215,602	232,773	-	-	-	-	215,602	232,773	17,171
Inclusion Fees	24,029	39,626	26,523	5,520	-	-	50,552	45,146	(5,406)
Leased Water	246,396	146,937	-	-	-	-	246,396	146,937	(99,459)
Turn on Charge	208,575	227,705	133,727	107,155	-	-	342,302	334,860	(7,442)
Operation and Maintenance Funds Interest	-	-	-	-	-	-	-	-	-
Tap-In Fees	228,699	480,732	-	68,089	-	-	228,699	548,821	320,122
Contributions:									
Customers and Contractors	4,692,719	10,705,728	-	-	-	-	4,692,719	10,705,728	6,013,009
Connection Fees	4,258,205	13,979,247	4,541,670	5,243,097	-	-	8,799,875	19,222,344	10,422,469
Taxes:									
Property	-	-	-	-	2,195,281	2,296,299	2,195,281	2,296,299	101,018
Other	-	-	-	-	160,000	213,384	160,000	213,384	53,384
Interest Income	30,000	236,673	30,000	179,282	40,000	-	100,000	415,955	315,955
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-
Gain on Disposal of Capital Asset	-	-	-	-	-	-	-	-	-
Miscellaneous	42,650	45,407	39,380	17,557	175,000	110,030	257,030	172,994	(84,036)
Total Revenue and Receipts	<u>\$ 25,479,937</u>	<u>\$ 43,718,953</u>	<u>\$ 15,935,189</u>	<u>\$ 17,481,720</u>	<u>\$ 2,570,281</u>	<u>\$ 2,619,713</u>	<u>\$ 43,985,407</u>	<u>\$ 63,820,386</u>	<u>\$ 19,834,979</u>
EXPENDITURES, DISBURSEMENTS AND TRANSFERS									
Operating Expenses	\$ 13,345,788	\$ 13,272,396	\$ 6,888,823	\$ 6,345,695	\$ -	\$ -	\$ 20,234,611	\$ 19,618,091	\$ (616,520)
Nonoperating Expenses	145,533	-	85,472	-	105,000	52,449	336,005	52,449	(283,556)
Debt Service Principal and Interest	2,170,256	2,839,522	1,274,595	2,507,434	-	-	3,444,851	5,346,956	1,902,105
Capital Expenditures	20,905,968	22,916,026	11,859,850	4,326,562	-	-	32,765,818	27,242,588	(5,523,230)
Transfers	-	(1,745,740)	-	(821,524)	-	2,567,264	-	-	-
Total Expenditures, Disbursements, and Transfers	<u>\$ 36,567,545</u>	<u>\$ 37,282,204</u>	<u>\$ 20,108,740</u>	<u>\$ 12,358,167</u>	<u>\$ 105,000</u>	<u>\$ 2,619,713</u>	<u>\$ 56,781,285</u>	<u>\$ 52,260,084</u>	<u>\$ (4,521,201)</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET RECONCILIATION
YEAR ENDED DECEMBER 31, 2017**

	<u>Water</u>	<u>Sanitation</u>	<u>General</u>
Revenues and Receipts			
Budget Basis Revenues and Receipts	\$ 43,718,953	\$ 17,481,720	\$ 2,619,713
Allocate:			
General Fund Revenues	<u>1,781,405</u>	<u>838,308</u>	<u>(2,619,713)</u>
Budget Basis Revenues and Receipts	<u>45,500,358</u>	<u>18,320,028</u>	<u>-</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
GAAP Basis Revenue and Receipts	<u><u>\$ 45,500,358</u></u>	<u><u>\$ 18,320,028</u></u>	<u><u>\$ -</u></u>
 GAAP Basis			
Operating Revenues	\$ 18,751,898	\$ 12,041,784	\$ -
Nonoperating Revenues	<u>26,748,460</u>	<u>6,278,244</u>	<u>-</u>
Budget Basis Revenues and Receipts	<u><u>\$ 45,500,358</u></u>	<u><u>\$ 18,320,028</u></u>	<u><u>\$ -</u></u>
 Expenditures and Disbursements			
Budget Basis Expenditures and Disbursements	\$ 37,282,204	\$ 12,358,167	\$ 2,619,713
Plus:			
Amortization Expense - Bonds	(48,683)	(22,909)	-
Depreciation Expense	2,528,290	2,341,977	-
Transfers	1,745,740	821,524	(2,567,264)
Gain on Disposal of Capital Asset	-	-	-
General Fund Treasurer's Fees	35,665	16,784	(52,449)
Less:			
Capital Expenditures	22,916,026	4,326,562	-
Principal payments on Debt	<u>1,626,058</u>	<u>2,160,914</u>	<u>-</u>
GAAP Basis Expenditures and Disbursements	<u><u>\$ 17,001,132</u></u>	<u><u>\$ 9,028,067</u></u>	<u><u>\$ -</u></u>
 GAAP Basis			
Operating Expenses	\$ 12,196,976	\$ 7,281,585	\$ -
Allocated Administrative and General Expenses	3,583,145	1,426,652	-
Nonoperating Expenses	<u>1,221,011</u>	<u>319,830</u>	<u>-</u>
Total Expenses	<u><u>\$ 17,001,132</u></u>	<u><u>\$ 9,028,067</u></u>	<u><u>\$ -</u></u>

SECONDARY MARKET INFORMATION

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
HISTORICAL AND BUDGETED NET REVENUES AND PRO FORMA DEBT SERVICE COVERAGE
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT COVERAGE)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Budget 2018</u>
Gross Revenues	\$ 22,686	\$ 21,825	\$ 24,455	\$ 41,776	\$ 30,071	\$ 31,273	\$ 28,614
Operating and Maintenance Expenses (Excluding Depreciation)	<u>16,777</u>	<u>16,586</u>	<u>18,699</u>	<u>17,665</u>	<u>19,387</u>	<u>19,618</u>	<u>19,278</u>
Net Revenue	<u>\$ 5,909</u>	<u>\$ 5,239</u>	<u>\$ 5,756</u>	<u>\$ 24,111</u>	<u>\$ 10,684</u>	<u>\$ 11,655</u>	<u>\$ 9,336</u>
Pro forma coverage of the combined maximum annual debt service requirements for the series 2010 and 2014 Bonds and the SWRPDA Loans	3.82	3.41	1.55	6.50	2.88	3.15	2.53

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (GAAP BASIS)**

	2011	2012 (Restated)	2013	2014 (Restated)	2015	2016	2017
WATER OPERATIONS							
Operating Revenue	\$ 11,616,703	\$ 14,066,254	\$ 12,837,426	\$ 14,131,190	\$ 15,134,210	\$ 18,484,806	\$ 18,751,898
Direct Water Expenses	9,818,138	10,488,392	10,535,335	11,681,955	10,680,146	12,089,993	12,196,976
Gross Income from Water Operations	1,798,565	3,577,862	2,302,091	2,449,235	4,454,064	6,394,813	6,554,922
SANITATION OPERATIONS							
Operating Revenue	7,791,555	8,472,445	8,907,160	9,833,619	10,644,409	11,310,429	12,041,784
Direct Sanitation Expenses	6,182,586	6,456,861	6,268,101	7,028,853	6,937,215	6,177,307	7,281,585
Gross Income from Sanitation Operations	1,608,969	2,015,584	2,639,059	2,804,766	3,707,194	5,133,122	4,760,199
GROSS INCOME FROM OPERATIONS	3,407,534	5,593,446	4,941,150	5,254,001	8,161,258	11,527,935	11,315,121
GENERAL AND ADMINISTRATIVE EXPENSES	3,923,105	4,060,822	4,858,265	4,849,927	4,804,740	4,858,265	5,009,797
NET INCOME (LOSS) FROM OPERATIONS	(515,571)	1,532,624	483,396	404,074	3,356,518	6,669,670	6,305,324
NONOPERATING REVENUES AND (EXPENSES)							
General Property Tax	1,841,660	1,826,621	1,842,959	2,018,751	1,957,413	2,173,347	2,296,299
Other Taxes	118,292	124,934	137,390	156,257	158,370	180,920	213,384
Net Investment Income	49,756	53,419	27,025	25,043	54,125	195,440	415,955
Intergovernmental Revenue	-	-	-	400,000	600,000	-	-
Gain (Loss) on Dissolution of Joint Venture	850	(472,647)	923	(7,407)	8,530	88,335	-
Miscellaneous	190,985	236,157	136,820	157,683	164,356	183,493	172,994
Interest Expense	(668,567)	(587,053)	(507,006)	(1,407,186)	(2,233,251)	(1,494,773)	(1,488,392)
Treasurer's Fees	(55,380)	(53,424)	(75,217)	(93,502)	(60,407)	(56,870)	(52,449)
Amortization Expense - Bonds	(14,739)	-	-	-	-	-	-
Total Nonoperating Revenues and (Expenses)	1,462,857	1,128,007	1,562,894	1,249,639	649,136	1,269,892	1,557,791
INCOME BEFORE CAPITAL CONTRIBUTIONS	947,286	2,660,631	2,046,290	1,653,713	4,005,654	7,939,562	7,863,115
CAPITAL CONTRIBUTIONS							
Tap Fees	864,595	1,354,162	3,305,099	2,815,086	2,949,511	1,501,933	2,204,371
Developer Contributions	6,428,308	5,473,362	4,475,107	6,054,357	5,973,576	6,896,271	10,705,728
System Development Fees	1,101,634	1,209,348	2,521,342	2,601,087	2,733,702	6,358,473	13,965,225
Total Capital Contributions	8,394,537	8,036,872	10,301,548	11,470,530	11,656,789	14,756,677	26,875,324
CHANGE IN NET POSITION	9,341,823	10,697,503	12,347,838	13,124,243	15,662,443	22,696,239	34,738,439
Net Position - Beginning of Year (Restated)	338,165,704	347,255,035	357,952,538	379,069,420	392,193,663	407,856,106	430,552,345
NET POSITION - END OF YEAR	<u>\$ 347,255,035</u>	<u>\$ 357,952,538</u>	<u>\$ 370,300,376</u>	<u>\$ 392,193,663</u>	<u>\$ 407,856,106</u>	<u>\$ 430,552,345</u>	<u>\$ 465,290,784</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
COMPARISON OF FISCAL YEAR 2016 AND 2017 BUDGET TO
FISCAL YEAR 2016 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS**

	2017		Over (Under) Budget	2018
	Adopted Budget	Actual		Adopted Budget
WATER OPERATIONS				
Operating Revenue	\$ 16,456,363	\$ 18,751,898	\$ 2,295,535	\$ 16,948,003
Direct Water Expenses	10,210,360	9,689,251	(521,109)	10,165,435
Gross Income from Water Operations	6,246,003	9,062,647	2,816,644	6,782,568
SANITATION OPERATIONS				
Operating Revenue	11,324,139	12,041,784	717,645	11,665,800
Direct Sanitation Expenses	5,413,328	4,919,043	(494,285)	5,230,469
Gross Income from Sanitation Operations	5,910,811	7,122,741	1,211,930	6,435,331
GROSS INCOME FROM OPERATIONS	12,156,814	16,185,388	4,028,574	13,217,899
GENERAL AND ADMINISTRATIVE EXPENSES	4,635,923	5,009,797	373,874	3,906,960
NET INCOME FROM OPERATIONS	7,520,891	11,175,591	3,654,700	9,310,939
NONOPERATING REVENUES				
General Property Tax	2,195,281	2,296,299	101,018	2,303,457
Other Taxes	160,000	213,384	53,384	160,000
Net Investment Income	100,000	415,955	315,955	155,000
Miscellaneous	257,030	172,994	(84,036)	125,000
Total Nonoperating Revenue	2,712,311	3,098,632	386,321	2,743,457
NONOPERATING EXPENSES				
Interest Expense	1,100,519	1,488,392	387,873	1,350,000
Treasurer's Fees	80,500	52,449	(28,051)	82,000
Total Nonoperating Expenses	1,181,019	1,540,841	359,822	1,432,000
INCOME BEFORE CAPITAL CONTRIBUTIONS	9,052,183	12,733,382	3,681,199	10,622,396
CAPITAL CONTRIBUTIONS				
Tap Fees	4,541,670	2,204,371	(2,337,299)	4,541,670
Developer Contributions	4,692,719	6,679,963	1,987,244	-
System Development Fees	4,258,205	13,965,225	9,707,020	4,613,938
Total Capital Contributions	13,492,594	22,849,559	9,356,965	9,155,608
Capital Expenditures	23,803,959	16,536,860	(7,267,099)	32,887,349
FRICO Payments	4,692,719	10,705,728	6,013,009	4,751,964
Intergovernmental Payments	4,127,160	-	(4,127,160)	4,127,160
Debt Service	3,706,610	3,858,564	151,954	3,706,610
SRF Loan Proceeds	(173,020)	285,015	458,035	-
NET INCREASE (DECREASE) IN FUNDS	(13,612,651)	4,196,774	17,809,425	(25,695,079)
Funds Available - Beginning of Year	39,800,000	39,800,000	-	49,250,000
FUNDS AVAILABLE - END OF YEAR	<u>\$ 26,187,349</u>	<u>\$ 43,996,774</u>	<u>\$ 17,809,425</u>	<u>\$ 23,554,921</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
GOVERNMENTAL AND ENTERPRISE ACTIVITY
FISCAL YEAR 2016 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS**

	General Government Fund	Enterprise Fund	Total
OPERATING REVENUES			
General Property Tax	\$ 2,296,299	\$ -	\$ 2,296,299
Other Taxes	213,384	-	213,384
Metered Water Fees	-	16,865,244	16,865,244
Sewer Service Fees	-	11,773,385	11,773,385
Pretreatment Fees	-	87,635	87,635
Fireline Fees	-	232,773	232,773
Inclusion Fees	-	45,146	45,146
Leased Water	-	146,937	146,937
Turn on Charge	-	334,860	334,860
Tap-In Fees	-	548,821	548,821
Hydrant Water	-	758,881	758,881
Total Operating Revenue	<u>2,509,683</u>	<u>30,793,682</u>	<u>33,303,365</u>
OPERATING EXPENSES			
Source of Supply	-	5,305,045	5,305,045
Treatment	-	1,820,191	1,820,191
Transmission	-	783,687	783,687
Treatment	-	2,928,761	2,928,761
Distribution and Collection	-	1,543,279	1,543,279
Development	-	1,062,693	1,062,693
Meter Readers	-	666,895	666,895
Management	241,492	513,169	754,661
Administration	543,280	1,154,471	1,697,751
Information Technology	234,839	499,033	733,872
General	906,799	1,414,457	2,321,256
Total Operating Expenses	<u>1,926,410</u>	<u>17,691,681</u>	<u>19,618,091</u>
TOTAL OPERATING REVENUE (LOSS)	583,273	13,102,001	13,685,274
OTHER REVENUES			
Developer Contributions	-	10,705,728	10,705,728
System Development Fees	-	16,169,596	16,169,596
Bond Proceeds	-	(285,015)	(285,015)
Intergovernmental Revenue	-	-	-
Interest Income	133,106	282,849	415,955
Miscellaneous	55,358	117,636	172,994
Total Other Revenues	<u>188,464</u>	<u>26,990,794</u>	<u>27,179,258</u>
TOTAL NET REVENUES	771,737	40,092,795	40,864,532
OTHER EXPENDITURES			
Nonoperating Expenses	52,449	-	52,449
Bonded Indebtedness	-	3,786,972	3,786,972
Capital Outlay	-	16,536,860	16,536,860
Intergovernmental Payments	-	-	-
FRICO	-	10,705,728	10,705,728
Total Other Expenses	<u>52,449</u>	<u>31,029,560</u>	<u>31,082,009</u>
BALANCE (DEFICIT)	<u>\$ 719,288</u>	<u>\$ 9,063,235</u>	<u>\$ 9,782,523</u>