

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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 supplementary 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 supplementary 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
March 22, 2019

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017. 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 2018

- Net position increased by \$29,087,983 in 2018 or 6.3%, primarily due to capital contributions of \$20,852,502.
- Capital contributions consist of the following:

Tap fees	\$	3,316,471
Developer contributions (cash)		6,311,612
System development fees		8,246,955
- Income before capital contributions is \$8,235,481, an increase of \$372,366 or 4.7% from 2017.
- The income from operations is \$7,574,129 for 2018, compared to \$6,305,324 in 2017.
- The District currently has 19,299 active customer accounts.
- Unrestricted net position increased by \$8,740,241, which is a 14.4% 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, 2018 AND 2017**

Summary and Financial Analysis

NET POSITION

	2018	2017
ASSETS		
Current Assets	\$ 79,870,386	\$ 66,266,004
Restricted Cash and Investments	57,423,537	2,611,806
Capital Assets, Net of Accumulated Depreciation	482,166,476	461,231,404
Total Assets	\$ 619,460,399	\$ 530,109,214
LIABILITIES		
Current Liabilities	\$ 13,257,605	\$ 7,633,776
Other Liabilities	142,379	111,806
Long-Term Liabilities	109,824,727	54,944,630
Total Liabilities	123,224,711	62,690,212
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	2,355,917	2,128,218
Total Deferred Inflows of Resources	2,355,917	2,128,218
NET POSITION		
Net Investment in Capital Assets	422,543,294	402,195,552
Restricted	2,500,000	2,500,000
Unrestricted	68,836,477	60,595,232
Total Net Position	493,879,771	465,290,784
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 619,460,399	\$ 530,109,214

The District increased its net position by \$29,087,983 during 2018. Capital assets net of depreciation increased by \$20,935,072. This increase is funded by the application of capital contributions in the amount of \$18,002,096. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$66,612,781, 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, 2018 AND 2017**

	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 (Restated)	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, 2018 AND 2017**

CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>
OPERATING REVENUE		
Water	\$ 21,540,951	\$ 18,751,898
Sanitation	12,944,086	12,041,784
Total Operating Revenue	<u>34,485,037</u>	<u>30,793,682</u>
NONOPERATING REVENUE		
Taxes	2,507,258	2,509,683
Net Investment Income	1,813,772	415,955
Other	212,869	172,994
Total Nonoperating Revenue	<u>4,533,899</u>	<u>3,098,632</u>
Total Revenue	39,018,936	33,892,314
OPERATING EXPENSES		
Direct Expenses:		
Water	13,150,199	12,196,976
Sanitation	9,538,761	7,281,585
Total Direct Expenses	<u>22,688,960</u>	<u>19,478,561</u>
General and Administrative Expenses	4,720,944	5,009,797
Total Operating Expenses	<u>27,409,904</u>	<u>24,488,358</u>
NONOPERATING EXPENSES		
Interest	3,324,385	1,488,392
Other	49,166	52,449
Total Nonoperating Expenses	<u>3,373,551</u>	<u>1,540,841</u>
Total Expenses	30,783,455	26,029,199
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,736,485	7,863,115
CAPITAL CONTRIBUTIONS	<u>20,852,502</u>	<u>26,875,324</u>
CHANGE IN NET POSITION	28,588,987	34,738,439
Net Position - Beginning of Year	465,290,784	430,552,345
NET POSITION - END OF YEAR	<u>\$ 493,879,771</u>	<u>\$ 465,290,784</u>

Revenue:

Operating revenue for fiscal year 2018 generated from water operations totaled \$21,540,951, an increase of \$2,789,053 or 14.9% compared to fiscal year 2017. Rates for metered water increased by 4.5% for 2018 and water consumption (sales) increased by 6.8% compared to the preceding year. Sewer operating revenues increased from \$12,041,784 to \$12,944,086 representing a 7.5% increase. Sewer service fee rates also increased 3.0% for 2018.

Non-operating revenue increased from \$3,098,632 in 2017 to \$4,533,899, representing a 46.3% increase. The increase is related to better performance on investments.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Expenses:

Total operating expenses for 2018, which include direct, general and administrative expenses, were \$27,409,904, an increase of \$2,921,546 or 11.9% more than the preceding year. Expenses for water increased by \$953,223 in relation to the increased demand of more consumption. This increase was supplemented by a \$2,257,176 increase in sewer expenses as a result of an increase in depreciation expense compared to the prior year.

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Water	\$ 18,751,898	\$ 18,484,806
Sanitation	<u>12,041,784</u>	<u>11,310,429</u>
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	<u>172,994</u>	<u>183,493</u>
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	<u>7,281,585</u>	<u>6,177,307</u>
Total Direct Expenses	<u>19,478,561</u>	<u>18,267,300</u>
General and Administrative Expenses	<u>5,009,797</u>	<u>4,858,265</u>
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 Disposal of Capital Asset	-	(88,335)
Other	<u>52,449</u>	<u>56,870</u>
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	<u>34,738,439</u>	<u>22,696,239</u>
Net Position - Beginning of Year	<u>430,552,345</u>	<u>407,856,106</u>
NET POSITION - END OF YEAR	<u><u>\$ 465,290,784</u></u>	<u><u>\$ 430,552,345</u></u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Revenue:

Operating revenue for fiscal year 2017 generated from water operations totaled \$18,751,898, an 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.

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 a increase in depreciation expense compared to the prior year.

Capital Assets

	December 31, 2017	Net Changes	December 31, 2018
	<u> </u>	<u> </u>	<u> </u>
Water System			
Land and Land Rights	\$ 4,061,733	\$ -	\$ 4,061,733
Water Rights	158,906,355	4,751,694	163,658,049
Construction in Progress	81,720,266	1,748,776	83,469,042
Plant and Equipment	<u>160,198,829</u>	<u>11,501,626</u>	<u>171,700,455</u>
Total Water System	404,887,183	18,002,096	422,889,279
 Sanitation System			
Land and Land Rights	367,424	-	367,424
Construction in Progress	18,624,640	(18,560,318)	64,322
Plant and Equipment	<u>114,244,660</u>	<u>28,152,983</u>	<u>142,397,643</u>
Total Sanitation System	133,236,724	9,592,665	142,829,389
 Accumulated Depreciation	<u>76,892,503</u>	<u>6,659,689</u>	<u>83,552,192</u>
 Total Capital Assets - Net	<u><u>\$ 461,231,404</u></u>	<u><u>\$ 20,935,072</u></u>	<u><u>\$ 482,166,476</u></u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

2018

Gross capital assets increased in excess of \$27.6 million during 2018. Significant components of that increase are as follows:

- Increase in construction in progress by \$24.7 million related to largely to purchase of water rights not yet in use.
- Payment for the acquisition of permanent water supplies \$4.8 million related to the FRICO Water Stock Purchase Agreement.
- Increase in water and sewer plant of \$3.2 million.
- Transfer from construction in progress to depreciable assets of \$36.8 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, 2016</u>	<u>Net Changes</u>	<u>December 31, 2017</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	<u>157,435,464</u>	<u>2,763,365</u>	<u>160,198,829</u>
Total Water System	378,948,809	25,938,374	404,887,183
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	<u>112,753,252</u>	<u>1,491,408</u>	<u>114,244,660</u>
Total Sanitation System	125,769,674	7,467,050	133,236,724
Accumulated Depreciation	<u>72,063,084</u>	<u>4,829,419</u>	<u>76,892,503</u>
Total Capital Assets - Net	<u><u>\$ 432,655,399</u></u>	<u><u>\$ 28,576,005</u></u>	<u><u>\$ 461,231,404</u></u>

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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

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, 2018, the District has six outstanding debt obligations, two loans from the Colorado Water Resource and Power Development Authority (2002 and 2014) in the amounts of \$1,747,500 and \$20,242,864, the Series 2010, 2014, and 2018 Revenue Bonds in the amount of \$8,420,000, \$11,190,000, and \$57,220,000, and the Denver Storage Agreement in the amount of \$12,307,532.

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.

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, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 37,012,195	\$ 28,581,759
Cash and Investments - Designated	37,227,909	32,287,544
Accounts Receivable:		
Customers	2,363,954	2,465,265
Taxes	2,417,125	2,211,368
Other	438,545	484,729
Inventories, Supplies, and Materials	309,386	180,737
Prepaid Expenses	101,272	54,602
Total Current Assets	79,870,386	66,266,004
 RESTRICTED CASH AND INVESTMENTS		
Operating Reserve	2,500,000	2,500,000
2018 Bond Project	53,659,786	-
Capitalized Interest Fund	1,121,372	-
Employee Flexible Spending Accounts	32,019	21,705
Customer Deposits	110,360	90,101
Total Restricted Cash and Investments	57,423,537	2,611,806
 CAPITAL ASSETS		
Capital Assets Not Being Depreciated	251,620,570	263,680,418
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	230,545,906	197,550,986
Total Capital Assets	482,166,476	461,231,404
 Total Assets	 \$ 619,460,399	 \$ 530,109,214

See accompanying Notes to Financial Statements.

	<u>2018</u>	<u>2017</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,538,764	\$ 2,505,549
Retainage Payable	439,402	236,972
Accrued Interest	425,447	248,637
Current Portion of Bonds and Loan Payable	4,153,259	3,974,896
Current Portion of Accrued Benefits Payable	<u>700,733</u>	<u>667,722</u>
Total Current Liabilities	13,257,605	7,633,776
RESTRICTED LIABILITIES		
Customer Deposits	110,360	90,101
Employee Flexible Spending Accounts	<u>32,019</u>	<u>21,705</u>
Total Restricted Liabilities	142,379	111,806
LONG-TERM LIABILITIES		
Long-Term Portion of Bonds and Loan Payable	109,811,679	54,823,984
Long-Term Portion of Accrued Benefits Payable	<u>13,048</u>	<u>120,646</u>
Total Long-Term Liabilities	<u>109,824,727</u>	<u>54,944,630</u>
Total Liabilities	123,224,711	62,690,212
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>2,355,917</u>	<u>2,128,218</u>
Total Deferred Inflows of Resources	2,355,917	2,128,218
NET POSITION		
Net Investment in Capital Assets	422,543,294	402,195,552
Restricted	2,500,000	2,500,000
Unrestricted	<u>68,836,477</u>	<u>60,595,232</u>
Total Net Position	<u>493,879,771</u>	<u>465,290,784</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 619,460,399</u>	<u>\$ 530,109,214</u>

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
WATER OPERATIONS		
Operating Revenue	\$ 21,540,951	\$ 18,751,898
Direct Water Expenses	13,150,199	12,196,976
Gross Income from Water Operations	8,390,752	6,554,922
SANITATION OPERATIONS		
Operating Revenue	12,944,086	12,041,784
Direct Sanitation Expenses	9,538,761	7,281,585
Gross Income from Sanitation Operations	3,405,325	4,760,199
GROSS INCOME FROM OPERATIONS	11,796,077	11,315,121
GENERAL AND ADMINISTRATIVE EXPENSES	4,720,944	5,009,797
NET INCOME FROM OPERATIONS	7,075,133	6,305,324
NONOPERATING REVENUES AND (EXPENSES)		
General Property Tax	2,302,973	2,296,299
Other Taxes	204,285	213,384
Net Investment Income	1,813,772	415,955
Miscellaneous	212,869	172,994
Interest Expense	(3,324,385)	(1,488,392)
Cost of Debt Issuance	(498,996)	-
Treasurer's Fees	(49,166)	(52,449)
Total Nonoperating Revenues and (Expenses)	661,352	1,557,791
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,736,485	7,863,115
CAPITAL CONTRIBUTIONS		
Tap Fees	3,316,471	2,204,371
Developer Contributions	9,289,076	10,705,728
System Development Fees	8,246,955	13,965,225
Total Capital Contributions	20,852,502	26,875,324
CHANGE IN NET POSITION	28,588,987	34,738,439
Net Position - Beginning of Year	465,290,784	430,552,345
NET POSITION - END OF YEAR	\$ 493,879,771	\$ 465,290,784

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 34,652,791	\$ 30,354,382
Cash Payments for Goods and Services	(6,508,390)	(11,023,374)
Cash Payments to Employees	(9,207,936)	(8,798,556)
Net Cash Provided by Operating Activities	18,936,465	10,532,452
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax Receipts Collected by Other Governmental Agencies, Net of Treasurer's Fee	2,480,034	2,374,084
Miscellaneous Receipts	212,869	172,994
Net Cash Provided by Noncapital Financing Activities	2,692,903	2,547,078
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(24,690,038)	(29,343,784)
FRICO Escrow Received	-	(2,500)
Proceeds from Debt Issuance	59,184,645	-
Interest Paid	(3,262,858)	(1,475,752)
Debt Issuance Costs Paid	(498,996)	
Cash Received from Other Government Entities	-	285,016
Cash Received from Sale of Assets	34,905	-
Principal Payments on Debt	(3,903,304)	(3,786,972)
System Development Fees	8,246,955	13,965,225
Tap Fees	3,316,471	2,204,371
Developer Cash Contributions	6,311,612	6,679,963
Net Cash Provided (Used) by Capital and Related Financing Activities	44,739,392	(11,474,433)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Interest	1,813,772	415,955
Net Cash Provided by Investing Activities	1,813,772	415,955

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 68,182,532	\$ 2,021,052
Cash and Cash Equivalents - Beginning of Year	63,481,109	61,460,057
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 131,663,641	\$ 63,481,109
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 7,075,133	\$ 6,305,324
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	6,899,955	4,870,267
Effect of Changes in Operating Assets and Liabilities:		
Customer Receivables	101,311	(402,526)
Other Receivables	46,184	(47,416)
Inventory	(128,649)	(91,070)
Prepaid Expenses	(46,670)	55,161
Accounts Payable	5,033,215	(131,739)
Accrued Benefits	(64,273)	(36,191)
Customer Deposits	20,259	10,642
Net Cash Provided by Operating Activities	\$ 18,936,465	\$ 10,532,452

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Developer infrastructure contributions were \$2,977,464 and \$4,025,765 for 2018 and 2017, respectively.
Bond premium amortization was \$115,283 and \$71,592 for 2018 and 2017.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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, 2018 AND 2017**

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, 2018 AND 2017**

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 2018 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, 2018 AND 2017**

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 paid time off (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.

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, 2018 AND 2017**

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

Prior to fiscal year 2018 the District capitalized interest cost incurred on funds used to construct property plant and equipment. The capitalized interest was recorded as part of the asset to which it relates and was amortized over the asset's estimated useful life. During fiscal year 2018 the District adopted Governmental Account Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will no longer be capitalized and included in the historical cost of a capital asset for the District beginning in fiscal year 2018. Total capitalized interest for the years ended December 31, 2018 and 2017 totaled \$0- and \$473,491, 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, 2018 and 2017 statements of net position as follows:

	2018	2017
Cash and Investments	\$ 37,012,195	\$ 28,581,759
Cash and Investments - Designated	37,227,909	32,287,544
Restricted Cash and Investments:		
Operating Reserve	2,500,000	2,500,000
2018 Bond Project	53,659,786	-
Capitalized Interest Fund	1,121,372	-
Employee Flexible Spending Accounts	32,019	21,705
Customer Deposits	110,360	90,101
Total Cash and Investments	<u>\$ 131,663,641</u>	<u>\$ 63,481,109</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2018 and 2017 consist of the following:

	2018	2017
Cash on Hand	\$ 3,480	\$ 3,505
Deposits with Financial Institutions	22,058,460	27,057,754
Investments	109,601,701	36,419,850
Total Cash and Investments	\$ 131,663,641	\$ 63,481,109

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, 2018 AND 2017**

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, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity Less than One Year</u>	<u>Standard & Poor's Rating</u>	<u>Total Amortized Cost</u>	<u>Concentration</u>
CSAFE	<u>\$ 109,601,701</u>	AAAm	<u>\$ 109,601,701</u>	<u>100.0%</u>

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

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

CSAFE

At December 31, 2018 and 2017, the District had \$109,601,701 and \$36,419,850, 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, 2018 AND 2017**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	2018				Balance at December 31, 2018
	Balance at January 1, 2018	Increases	Transfers	Decreases	
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 4,429,157	\$ -	\$ -	\$ -	\$ 4,429,157
Water Rights	158,906,355	4,751,694	-	-	163,658,049
Construction in Progress	100,344,906	19,959,837	(36,770,121)	1,258	83,533,364
Total Capital Assets, Not Being Depreciated	263,680,418	24,711,531	(36,770,121)	1,258	251,620,570
Capital Assets, Being Depreciated:					
Buildings	5,356,110	105,423	-	-	5,461,533
Water System Plant	152,191,865	1,979,066	8,682,442	-	162,853,373
Sanitation System Plant	109,354,214	998,398	26,906,660	222,936	137,036,336
Furniture and Equipment	7,541,300	75,514	1,181,019	50,977	8,746,856
Total Capital Assets, Being Depreciated	274,443,489	3,158,401	36,770,121	273,913	314,098,098
Less Accumulated Depreciation for:					
Buildings	951,387	166,783	-	17,328	1,100,842
Water System Plant	41,768,766	2,319,947	-	-	44,088,713
Sanitation System Plant	29,504,633	4,205,017	-	222,938	33,486,712
Furniture and Equipment	4,667,717	208,208	-	-	4,875,925
Total Accumulated Depreciation	76,892,503	6,899,955	-	240,266	83,552,192
Total Capital Assets, Being Depreciated, Net	197,550,986	(3,741,554)	36,770,121	33,647	230,545,906
Capital Assets, Net	<u>\$ 461,231,404</u>	<u>\$ 20,969,977</u>	<u>\$ -</u>	<u>\$ 34,905</u>	<u>\$ 482,166,476</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Depreciation expense for the years ended December 31, 2018 and 2017 as charged to the following operations:

	2018	2017
Direct Water Expenses	\$ 2,559,304	\$ 2,528,290
Direct Sewer Expenses	4,340,651	2,341,977
Total	<u>\$ 6,899,955</u>	<u>\$ 4,870,267</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2018:

	Balance January 1, 2018	New Issues	Retirements	Balance December 31, 2018	Due Within One Year
Colorado Water and Power Authority Loan - 2002	\$ 2,205,000	\$ -	\$ 457,500	\$ 1,747,500	\$ 472,500
Colorado Water and Power Authority Loan - 2014	21,211,952	-	969,088	20,242,864	978,398
Series 2010 Bond	8,995,000	-	575,000	8,420,000	590,000
Series 2014 Bond	11,635,000	-	445,000	11,190,000	450,000
Denver Water	13,764,248	-	1,456,716	12,307,532	1,525,249
Series 2018 Bond	-	57,220,000	-	57,220,000	-
Bond Premium	987,680	1,964,645	115,283	2,837,042	137,112
Total Long-Term Obligations	<u>58,798,880</u>	<u>\$ 59,184,645</u>	<u>\$ 4,018,587</u>	<u>113,964,938</u>	<u>\$ 4,153,259</u>
Less Current Portion	3,974,896			4,153,259	
Long-Term Portion	<u>\$ 54,823,984</u>			<u>\$ 109,811,679</u>	

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>	

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.

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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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.

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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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 2014 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.

Water and Wastewater Revenue Bonds, Series 2018. In April 2018, 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 2018 Bonds were issued in the amount of \$57,220,000. 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 2018 Bond Reserve Account. The bonds mature annually beginning in 2020 with final payment in 2048. Interest with rates from 3.00% to 5.50% is payable semi-annually.

Mandatory Sinking Fund Redemption. The Series 2018 Bonds maturing on December 1, 2046 (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>
2045	\$ 2,825,000
2046 (Maturity)	2,925,000
Total	<u>\$ 5,750,000</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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 2018 Bonds maturing on or after December 1, 2028, 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, 2027, and on any date thereafter, upon payment of the principal amount of the Series 2018 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 \$12,307,532. 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.

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>
2019	\$ 4,016,147	\$ 3,812,183	\$ 7,828,330
2020	5,156,455	3,674,640	8,831,095
2021	5,376,708	3,450,834	8,827,542
2022	5,316,428	3,234,548	8,550,976
2023	5,244,676	3,047,239	8,291,915
2024-2028	22,865,828	12,274,048	35,139,876
2029-2034	19,512,864	8,924,894	28,437,758
2035-2048	43,638,790	11,698,650	55,337,440
Total	<u>\$ 111,127,896</u>	<u>\$ 50,117,036</u>	<u>\$ 161,244,932</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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

	Balance January 1, 2018	Incurred	Retired	Balance December 31, 2018	Current Portion
Accrued Benefits Payable	\$ 810,073	\$ 636,460	\$ 700,733	\$ 745,800	\$ 700,733

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

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.

As of December 31, 2018 and 2017, the District had a net investment in capital assets calculated as follows:

	2018	2017
Net Investment in Capital Assets:		
Capital Assets - Net of Accumulated Depreciation	\$ 482,166,476	\$ 461,231,404
Unspent Bond Proceeds	53,659,786	-
Capitalized Interest Fund	1,121,372	-
Retainage Payable	(439,402)	(236,972)
Current Portion of Bonds and Loan Payable	(4,153,259)	(3,974,896)
Long-Term Portion of Bonds and Loan Payable	(109,811,679)	(54,823,984)
Total	<u>\$ 422,543,294</u>	<u>\$ 402,195,552</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, 2018 and 2017 are as follows:

	2018	2017
Restricted Net Position:		
Operating Reserve	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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 \$290,407 and \$281,892 for 2018 and 2017, respectively.

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, 2014, and 2018 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, 2018, management believes it has met these covenants.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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, 2018. 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.

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, 2018, 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 1-44, 57-67, 73, 74, 78, 79, 84, 88, 90-94, 107-112; retains liability losses for Flood up to \$100,000 for buildings and a limit of \$2,500,000 per occurrence for buildings 68, 69, 75, 76, 85-87; and retains liability losses for Flood up to \$100,000 for buildings and a limit of \$1,000,000 per occurrence for buildings 45-56, 70-72, 77, 80-83, 89, 95-106. 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 \$10,000 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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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.

NOTE 11 COMMITMENTS AND CONTINGENCIES

As of December 31, 2018, the District had unexpended construction related contract commitments and contingencies on other projects of \$3,387,294.

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, 2018, the District has a remaining cost of \$877,718 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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 12 AGREEMENTS (CONTINUED)

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 \$13,138,912 and \$11,547,587 of developer contributions related to this agreement in escrow at December 31, 2018 and 2017, 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.

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 Equivalents (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.

SUPPLEMENTARY INFORMATION

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)**

	Water	Sanitation	Totals	
			2018	2017
Metered Water Fees	\$ 18,500,028	\$ -	\$ 18,500,028	\$ 16,865,244
Sewer Service Fees	-	12,585,030	12,585,030	11,773,385
Pretreatment Fees	-	127,888	127,888	87,635
Fireline Fees	248,667	-	248,667	232,773
Inclusion Fees	61,540	10,816	72,356	45,146
Leased Water	754,952	-	754,952	146,937
Turn on Charge	237,208	111,627	348,835	334,860
Tap-in Fees	660,490	108,725	769,215	548,821
Hydrant Water	1,078,066	-	1,078,066	758,881
Total Operating Revenue	\$ 21,540,951	\$ 12,944,086	\$ 34,485,037	\$ 30,793,682

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)**

	Annual Budget	Source of Supply	Treatment	Actual		Total 2018	Actual Over (Under) Budget	Total 2017
				Distribution and Collection Allocated	Administration and General Allocated			
Power	\$ 1,082,280	\$ 746,581	\$ 216,012	\$ 9,725	\$ 17,104	\$ 989,422	\$ (92,858)	\$ 996,787
Purchased Water	3,512,949	3,996,177	-	-	-	3,996,177	483,228	3,794,313
Repair and Maintenance - Equipment	301,060	55,162	30,253	63,031	10,065	158,511	(142,549)	191,978
Repair and Maintenance - Fire and Mains	286,152	29,109	-	113,620	116,204	258,933	(27,219)	195,007
Repair and Maintenance Existing Service	307,640	-	36,658	133,215	541	170,414	(137,226)	153,685
Collection System Repairs	82,800	1,808	-	35,962	-	37,770	(45,030)	32,341
Safety Equipment	14,960	-	-	(263)	-	(263)	(15,223)	6,869
Customer Service Materials	115,600	49,101	20,208	287,201	-	356,510	240,910	268,699
Small Tools and Equipment	13,600	-	-	9,012	-	9,012	(4,588)	15,159
Operating Supplies - Chemicals	195,540	10,177	5,554	56,882	101,657	174,270	(21,270)	146,545
Office Supplies	30,270	-	4,560	8,169	10,353	23,082	(7,188)	21,934
Leased Equipment	37,400	-	-	-	17,360	17,360	(20,040)	30,599
Shop Supplies	29,540	5,403	4,434	8,841	-	18,678	(10,862)	17,708
Carbon Replacement	-	-	230,765	-	-	230,765	230,765	126,635
Chemical Supplies	69,600	41,399	24,736	-	-	66,135	(3,465)	59,755
Lab Supplies	45,000	34,575	21,203	-	-	55,778	10,778	51,573
Uniforms	17,795	1,639	1,803	7,026	586	11,054	(6,741)	13,315
Telecommunications	178,500	-	-	-	184,704	184,704	6,204	165,830
Utility - Gas	28,240	-	19,067	2,704	4,234	26,005	(2,235)	25,223
Salaries	4,002,624	294,367	951,759	1,476,882	999,045	3,722,053	(280,571)	3,560,835
Employee Benefits	1,422,571	121,255	284,265	512,757	324,226	1,242,503	(180,068)	1,200,945
Taxes - Payroll	304,816	22,560	71,934	110,556	78,999	284,049	(20,767)	272,477
Fuel Expense	73,400	16,451	4,395	64,564	847	86,257	12,857	60,546
Truck Expense	61,557	5	9	58,995	3	59,012	(2,545)	62,656
Water Supply	280,000	-	-	-	272,563	272,563	(7,437)	320,421
Quality Control	53,000	106,140	11,865	-	-	118,005	65,005	63,129
Audit	34,000	-	-	-	32,708	32,708	(1,292)	35,292
Management Services	251,940	-	-	33,374	192,680	226,054	(25,886)	280,815
Postage	54,740	-	-	1	70,294	70,295	15,555	62,264
Legal	275,000	-	-	-	253,665	253,665	(21,335)	178,119
Engineering	119,400	-	-	-	183,810	183,810	64,410	79,925
Insurance	200,600	-	-	-	182,151	182,151	(18,449)	170,489
Miscellaneous	286,740	13,976	16,589	20,133	189,141	239,839	(46,901)	224,010
Publications	22,440	-	-	-	7,181	7,181	(15,259)	8,331
Dues and Subscriptions	77,958	(543)	1,861	-	46,729	48,047	(29,911)	73,757
Water Rights Assessments	110,000	-	-	-	68,089	68,089	(41,911)	62,860
Conservation	30,600	-	-	-	9,900	9,900	(20,700)	56,774
Janitor	40,500	-	12,007	10,252	11,852	34,111	(6,389)	31,809
Landscape Maintenance	64,140	39,107	12,347	1,666	1,326	54,446	(9,694)	55,104
Board of Directors	6,120	-	-	-	4,386	4,386	(1,734)	4,114
Education	65,772	3,824	7,932	8,836	44,350	64,942	(830)	93,769
Total Operating Expenses - Water	14,186,844	\$ 5,588,273	\$ 1,990,216	\$ 3,033,141	\$ 3,436,753	14,048,383	(138,461)	13,272,396
Total Operating Expenses - Sanitation (Page 37)	6,079,792					6,461,566	381,774	6,345,695
Total Operating Expenses	\$ 20,266,636					\$ 20,509,949	\$ 243,313	\$ 19,618,091

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)

	Actual					Total 2018	Actual Over (Under) Budget	Total 2017
	Annual Budget	Transmission and Collection	Sewage Treatment	Distribution and Collection Allocated	Administration and General Allocation			
Power	\$ 208,720	\$ 93,105	\$ 323,441	\$ 4,577	\$ 8,049	\$ 429,172	\$ 220,452	\$ 416,508
Repair and Maintenance - Equipment	303,440	44,309	212,633	29,661	4,737	291,340	(12,100)	297,508
Repair and Maintenance - Fire and Mains	158,248	-	70,089	53,468	54,684	178,241	19,993	233,198
Repair and Maintenance Existing Service	239,360	-	160,690	62,690	254	223,634	(15,726)	249,266
Collection System Repairs	27,200	-	-	16,924	-	16,924	(10,276)	15,220
Safety Equipment	7,040	-	-	(124)	-	(124)	(7,164)	3,232
Customer Service Materials	54,400	17,889	-	135,153	-	153,042	98,642	115,548
Small Tools and Equipment	6,400	-	-	4,241	-	4,241	(2,159)	7,133
Operating Supplies - Chemicals	521,360	15,094	341,554	26,768	47,838	431,254	(90,106)	418,763
Office Supplies	12,980	-	2,111	3,844	4,872	10,827	(2,153)	9,073
Leased Equipment	17,600	-	-	-	8,169	8,169	(9,431)	14,400
Shop Supplies	12,460	-	8,594	4,160	-	12,754	294	6,323
Uniforms	10,115	2,101	4,075	3,306	276	9,758	(357)	10,974
Telecommunications	84,000	-	-	-	86,920	86,920	2,920	78,037
Utility - Gas	59,760	4,690	44,127	1,272	1,992	52,081	(7,679)	51,369
Salaries	2,499,644	361,770	1,187,791	695,004	470,139	2,714,704	215,060	2,617,244
Employee Benefits	898,497	164,707	410,309	241,297	152,577	968,890	70,393	907,131
Taxes - Payroll	190,570	31,155	91,106	52,027	37,176	211,464	20,894	203,733
Fuel Expense	45,600	-	20,157	30,383	398	50,938	5,338	54,437
Truck Expense	29,968	48	789	27,763	2	28,602	(1,366)	32,112
Quality Control	40,000	-	57,495	-	-	57,495	17,495	42,002
Audit	16,000	-	-	-	15,392	15,392	(608)	16,608
Management Services	118,560	-	-	15,706	90,673	106,379	(12,181)	132,148
Postage	29,760	-	3,622	-	33,079	36,701	6,941	32,087
Legal	-	-	-	-	18	18	18	255
Engineering	105,600	-	-	-	33,953	33,953	(71,647)	40,501
Insurance	94,400	-	-	-	85,718	85,718	(8,682)	80,230
Miscellaneous	150,420	-	33,808	9,474	86,133	129,415	(21,005)	110,178
Publications	10,560	-	-	-	3,379	3,379	(7,181)	3,921
Dues and Subscriptions	35,862	-	-	-	23,968	23,968	(11,894)	36,508
Conservation	14,400	-	-	-	4,659	4,659	(9,741)	26,717
Janitor	26,500	-	14,129	4,824	5,577	24,530	(1,970)	22,454
Landscape Maintenance	13,360	-	8,448	784	624	9,856	(3,504)	10,041
Board of Directors	2,880	-	-	-	2,064	2,064	(816)	1,936
Education	34,128	11,193	8,986	4,158	20,871	45,208	11,080	48,900
Total Operating Expenses - Sanitation	\$ 6,079,792	\$ 746,061	\$ 3,003,954	\$ 1,427,360	\$ 1,284,191	\$ 6,461,566	\$ 381,774	\$ 6,345,695

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, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)

	Actual					Total 2018	Actual Over (Under) Budget	Total 2017
	Annual Budget	Distribution and Collection	Development	Meter Reading	Fleet			
Power	\$ 100,000	14,302	\$ -	\$ -	\$ -	\$ 14,302	\$ (85,698)	\$ 14,957
Repair and Maintenance - Equipment	164,000	10,663	4,499	11,079	66,451	92,692	(71,308)	119,154
Repair and Maintenance - Fire and Mains	140,000	167,088	-	-	-	167,088	27,088	84,284
Repair and Maintenance Existing Service	279,000	70,204	-	125,701	-	195,905	(83,095)	181,036
Collection System Repairs	85,000	52,886	-	-	-	52,886	(32,114)	47,561
Safety Equipment	22,000	(387)	-	-	-	(387)	(22,387)	10,101
Customer Service Materials	170,000	-	-	422,354	-	422,354	252,354	256,794
Small Tools and Equipment	20,000	5,380	-	-	7,873	13,253	(6,747)	22,292
Operating Supplies - Chemicals	97,500	38,406	33,623	8,837	2,784	83,650	(13,850)	60,081
Office Supplies	4,000	9,611	2,402	-	-	12,013	8,013	3,785
Shop Supplies	15,500	6,173	-	-	6,828	13,001	(2,499)	12,295
Uniforms	15,560	4,361	2,761	2,076	1,134	10,332	(5,228)	11,473
Utility - Gas	10,500	3,976	-	-	-	3,976	(6,524)	3,867
Salaries	2,520,387	749,982	814,972	419,313	187,619	2,171,886	(348,501)	1,816,230
Employee Benefits	964,139	293,650	275,190	107,951	77,263	754,054	(210,085)	658,951
Taxes - Payroll	192,806	57,359	61,941	29,146	14,137	162,583	(30,223)	137,754
Fuel Expense	65,000	-	-	-	94,947	94,947	29,947	49,836
Truck Expense	86,000	-	-	-	86,758	86,758	758	92,115
Management Services	55,500	-	49,080	-	-	49,080	(6,420)	147,812
Postage	-	-	1	-	-	1	1	-
Engineering	80,000	-	-	-	-	-	(80,000)	-
Miscellaneous	46,000	29,607	-	-	-	29,607	(16,393)	12,548
Publications	500	-	-	-	-	-	(500)	-
Dues and Subscriptions	2,000	-	-	-	-	-	(2,000)	-
Janitor	18,000	15,076	-	-	-	15,076	(2,924)	16,558
Landscape Maintenance	6,000	2,450	-	-	-	2,450	(3,550)	2,515
Education	10,750	2,925	8,364	85	1,620	12,994	2,244	8,611
Total Operating Expenses - Distribution and Collection	\$ 5,170,142	\$ 1,533,712	\$ 1,252,833	\$ 1,126,542	\$ 547,414	\$ 4,460,501	\$ (709,641)	\$ 3,770,610
Total Allocated to Water	\$ 3,515,697	\$ 1,042,924	\$ 851,926	\$ 766,049	\$ 372,242	\$ 3,033,141	\$ (482,556)	\$ 2,564,015
Total Allocated to Sanitation	1,654,445	490,788	400,907	360,493	175,172	1,427,360	(227,085)	1,206,595
Total	\$ 5,170,142	\$ 1,533,712	\$ 1,252,833	\$ 1,126,542	\$ 547,414	\$ 4,460,501	\$ (709,641)	\$ 3,770,610

**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, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)**

	Actual						Total 2018	Over (Under) Budget	Total 2017
	Budget	Accounting and Management Finance	Information Technology	Environmental	General				
Power	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 25,153	\$ 25,153	\$ 4,153	\$ 23,090
Repair and Maintenance - Equipment	65,500	-	7,320	7,482	-	-	14,802	(50,698)	29,005
Repair and Maintenance - Fire and Mains	138,900	-	5,803	165,085	-	-	170,888	31,988	131,507
Repair and Maintenance Existing Service	19,000	-	459	336	-	-	795	(18,205)	8,142
Operating Supplies - Chemicals	163,000	4,725	119,057	25,713	-	-	149,495	(13,505)	138,313
Office Supplies	28,750	477	14,276	472	-	-	15,225	(13,525)	18,264
Leased Equipment	55,000	-	-	25,529	-	-	25,529	(29,471)	44,999
Uniforms	3,550	68	729	65	-	-	862	(2,688)	3,026
Telecommunications	262,500	-	-	271,624	-	-	271,624	9,124	243,867
Utility - Gas	7,500	-	-	-	-	6,226	6,226	(1,274)	6,834
Salaries	1,580,118	479,956	824,097	174,695	(9,564)	-	1,469,184	(110,934)	1,702,576
Employee Benefits	542,437	121,056	285,630	57,126	-	12,991	476,803	(65,634)	547,140
Taxes - Payroll	118,848	35,406	67,772	12,997	-	-	116,175	(2,673)	132,861
Fuel Expense	15,000	14	1,231	-	-	-	1,245	(13,755)	11,158
Truck Expense	4,525	-	5	-	-	-	5	(4,520)	12
Quality Control	-	-	-	-	-	-	-	-	1,740
Water Supply	-	-	-	-	-	272,563	272,563	272,563	320,421
Audit	50,000	-	48,100	-	-	-	48,100	(1,900)	51,900
Management Services	315,000	113,563.00	1,387	168,403	-	-	283,353	(31,647)	265,151
Postage	80,500	-	103,373	-	-	-	103,373	22,873	91,565
Legal	-	-	-	-	-	253,683	253,683	253,683	178,374
Engineering	-	-	-	-	-	217,763	217,763	217,763	120,426
Insurance	295,000	-	-	-	-	267,869	267,869	(27,131)	248,913
Miscellaneous	376,210	459	1,750	-	-	273,065	275,274	(100,936)	297,425
Publications	32,500	-	-	-	-	10,560	10,560	(21,940)	12,252
Dues and Subscriptions	103,820	1,370	-	-	-	69,327	70,697	(33,123)	106,633
Water Rights Assessments	-	-	-	-	-	68,089	68,089	68,089	62,860
Conservation	45,000	-	-	-	-	14,559	14,559	(30,441)	83,491
Janitor	19,500	-	-	-	-	17,429	17,429	(2,071)	16,151
Landscape Maintenance	4,500	-	-	-	-	1,950	1,950	(2,550)	1,950
Board of Directors	9,000	6,450	-	-	-	-	6,450	(2,550)	6,050
Education	-	6,975	5,617	747	-	51,882	65,221	65,221	103,701
Total	\$ 4,356,658	\$ 770,519	\$ 1,486,606	\$ 910,274	\$ (9,564)	\$ 1,563,109	\$ 4,720,944	\$ 364,286	\$ 5,009,797
Total Allocated to Water	\$ 2,962,527	\$ 523,953	\$ 1,010,892	\$ 618,986	\$ (6,504)	\$ 557,282	\$ 3,436,753	\$ 474,226	\$ 3,583,145
Total Allocated to Sanitation	1,394,131	246,566	475,714	291,288	(3,060)	262,251	1,284,191	(109,940)	1,426,652
Total	\$ 4,356,658	\$ 770,519	\$ 1,486,606	\$ 910,274	\$ (9,564)	\$ 819,533	\$ 4,720,944	\$ 364,286	\$ 5,009,797

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2018**

	Water		Sanitation		General		Total Budget	Total Actual	Actual (Under) Over Budget
	Budget	Actual	Budget	Actual	Budget	Actual			
REVENUES AND RECEIPTS									
Service Fees	\$ 15,761,844	\$ 18,500,028	\$ 11,376,525	\$ 12,585,030	\$ -	\$ -	\$ 27,138,369	\$ 31,085,058	\$ 3,946,689
Pretreatment Rees	-	-	122,281	127,888	-	-	122,281	127,888	5,607
Hydrant Water	216,084	1,078,066	-	-	-	-	216,084	1,078,066	861,982
Fireline Fees	225,304	248,667	-	-	-	-	225,304	248,667	23,363
Inclusion Fees	25,110	61,540	27,319	10,816	-	-	52,429	72,356	19,927
Leased Water	257,484	754,952	-	-	-	-	257,484	754,952	497,468
Turn on Charge	217,961	237,208	137,739	111,627	-	-	355,700	348,835	(6,865)
Operation and Maintenance Funds Interest	-	-	-	-	-	-	-	-	-
Tap-In Fees	238,990	660,490	-	108,725	-	-	238,990	769,215	530,225
Contributions:									
Customers and Contractors	4,751,964	9,289,076	-	-	-	-	4,751,964	9,289,076	4,537,112
Connection Fees	4,613,938	8,291,165	4,541,670	3,272,261	-	-	9,155,608	11,563,426	2,407,818
Taxes:									
Property	-	-	-	-	2,303,457	2,302,973	2,303,457	2,302,973	(484)
Other	-	-	-	-	160,000	204,285	160,000	204,285	44,285
Interest Income	46,500	1,363,274	46,500	450,498	62,000	-	155,000	1,813,772	1,658,772
Miscellaneous	42,725	41,079	39,436	41,791	50,000	129,998	132,161	212,868	80,707
Total Revenue and Receipts	<u>\$ 26,397,904</u>	<u>\$ 40,525,545</u>	<u>\$ 16,291,470</u>	<u>\$ 16,708,636</u>	<u>\$ 2,575,457</u>	<u>\$ 2,637,256</u>	<u>\$ 45,264,831</u>	<u>\$ 59,871,437</u>	<u>\$ 14,606,606</u>
EXPENDITURES, DISBURSEMENTS AND TRANSFERS									
Operating Expenses	\$ 14,186,844	\$ 14,048,383	\$ 6,079,792	\$ 6,461,566	\$ -	\$ -	\$ 20,266,636	\$ 20,509,949	\$ 243,313
Nonoperating Expenses	145,533	-	85,472	-	105,000	49,166	336,005	49,166	(286,839)
Debt Service Principal and Interest	6,947,945	4,381,412	5,416,863	2,961,560	-	-	12,364,808	7,342,972	(5,021,836)
Capital Expenditures	22,687,454	16,072,977	10,199,895	7,322,651	-	-	32,887,349	23,395,628	(9,491,721)
Transfers	-	(1,759,901)	-	(828,189)	-	2,588,090	-	-	-
Total Expenditures, Disbursements, and Transfers	<u>\$ 43,967,776</u>	<u>\$ 32,742,871</u>	<u>\$ 21,782,022</u>	<u>\$ 15,917,588</u>	<u>\$ 105,000</u>	<u>\$ 2,637,256</u>	<u>\$ 65,854,798</u>	<u>\$ 51,297,715</u>	<u>\$ (14,557,083)</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET RECONCILIATION
YEAR ENDED DECEMBER 31, 2018**

	<u>Water</u>	<u>Sanitation</u>	<u>General</u>
Revenues and Receipts			
Budget Basis Revenues and Receipts	\$ 40,525,545	\$ 16,708,636	\$ 2,637,256
Allocate:			
General Fund Revenues	<u>1,793,334</u>	<u>843,922</u>	<u>(2,637,256)</u>
Budget Basis Revenues and Receipts	<u>42,318,879</u>	<u>17,552,558</u>	<u>-</u>
GAAP Basis Revenue and Receipts	<u>\$ 42,318,879</u>	<u>\$ 17,552,558</u>	<u>\$ -</u>
 GAAP Basis			
Operating Revenues	\$ 21,540,951	\$ 12,944,086	\$ -
Nonoperating Revenues	<u>20,777,928</u>	<u>4,608,472</u>	<u>-</u>
Budget Basis Revenues and Receipts	<u>\$ 42,318,879</u>	<u>\$ 17,552,558</u>	<u>\$ -</u>
 Expenditures and Disbursements			
Budget Basis Expenditures and Disbursements	\$ 32,742,871	\$ 15,917,588	\$ 2,637,256
Plus:			
Amortization Expense - Bonds	(78,392)	(36,891)	-
Depreciation Expense	2,559,304	4,340,651	-
Transfers	1,759,901	828,189	(2,588,090)
General Fund Treasurer's Fees	33,433	15,733	(49,166)
Less:			
Capital Expenditures	16,072,977	7,322,651	-
Principal payments on Debt	<u>1,684,167</u>	<u>2,219,137</u>	<u>-</u>
GAAP Basis Expenditures and Disbursements	<u>\$ 19,259,972</u>	<u>\$ 11,523,483</u>	<u>\$ -</u>
 GAAP Basis			
Operating Expenses	\$ 13,150,199	\$ 9,538,761	\$ -
Allocated Administrative and General Expenses	3,436,753	1,284,191	-
Nonoperating Expenses	<u>2,673,020</u>	<u>700,531</u>	<u>-</u>
Total Expenses	<u>\$ 19,259,972</u>	<u>\$ 11,523,483</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Budget 2019</u>
Gross Revenues	\$ 21,825	\$ 24,455	\$ 41,776	\$ 30,071	\$ 31,273	\$ 36,382	\$ 32,032
Operating and Maintenance Expenses (Excluding Depreciation)	<u>16,586</u>	<u>18,699</u>	<u>17,685</u>	<u>19,387</u>	<u>19,618</u>	<u>20,510</u>	<u>20,559</u>
Net Revenue	<u>\$ 5,239</u>	<u>\$ 5,756</u>	<u>\$ 24,091</u>	<u>\$ 10,684</u>	<u>\$ 11,655</u>	<u>\$ 15,872</u>	<u>\$ 11,473</u>
Pro forma coverage of the combined maximum annual debt service requirements for the series 2010, 2014 and 2018 Bonds and the SWRPDA Loans	3.41	1.55	6.50	2.88	3.15	3.09	1.94

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

	2012 (Restated)	2013	2014 (Restated)	2015	2016	2017	2018
WATER OPERATIONS							
Operating Revenue	\$ 14,066,254	\$ 12,837,426	\$ 14,131,190	\$ 15,134,210	\$ 18,484,806	\$ 18,751,898	\$ 21,540,951
Direct Water Expenses	10,488,392	10,535,335	11,681,955	10,680,146	12,089,993	12,196,976	13,150,199
Gross Income from Water Operations	<u>3,577,862</u>	<u>2,302,091</u>	<u>2,449,235</u>	<u>4,454,064</u>	<u>6,394,813</u>	<u>6,554,922</u>	<u>8,390,752</u>
SANITATION OPERATIONS							
Operating Revenue	8,472,445	8,907,160	9,833,619	10,644,409	11,310,429	12,041,784	12,944,086
Direct Sanitation Expenses	6,456,861	6,268,101	7,028,853	6,937,215	6,177,307	7,281,585	9,538,761
Gross Income from Sanitation Operations	<u>2,015,584</u>	<u>2,639,059</u>	<u>2,804,766</u>	<u>3,707,194</u>	<u>5,133,122</u>	<u>4,760,199</u>	<u>3,405,325</u>
GROSS INCOME FROM OPERATIONS	5,593,446	4,941,150	5,254,001	8,161,258	11,527,935	11,315,121	11,796,077
GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,060,822</u>	<u>4,858,265</u>	<u>4,849,927</u>	<u>4,804,740</u>	<u>4,858,265</u>	<u>5,009,797</u>	<u>4,720,944</u>
NET INCOME (LOSS) FROM OPERATIONS	1,532,624	82,885	404,074	3,356,518	6,669,670	6,305,324	7,075,133
NONOPERATING REVENUES AND (EXPENSES)							
General Property Tax	1,826,621	1,842,959	2,018,751	1,957,413	2,173,347	2,296,299	2,302,973
Other Taxes	124,934	137,390	156,257	158,370	180,920	213,384	204,285
Net Investment Income	53,419	27,025	25,043	54,125	195,440	415,955	1,813,772
Intergovernmental Revenue	-	-	400,000	600,000	-	-	-
Gain (Loss) on Dissolution of Joint Venture	(472,647)	923	(7,407)	8,530	88,335	-	-
Miscellaneous	236,157	136,820	157,683	164,356	183,493	172,994	212,869
Interest Expense	(587,053)	(507,006)	(1,407,186)	(2,233,251)	(1,494,773)	(1,488,392)	(3,324,385)
Cost of Debt Issuance	-	-	-	-	-	-	(498,996)
Treasurer's Fees	(53,424)	(75,217)	(93,502)	(60,407)	(56,870)	(52,449)	(49,166)
Total Nonoperating Revenues and (Expenses)	<u>1,128,007</u>	<u>1,562,894</u>	<u>1,249,639</u>	<u>649,136</u>	<u>1,269,892</u>	<u>1,557,791</u>	<u>661,352</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>2,660,631</u>	<u>1,645,779</u>	<u>1,653,713</u>	<u>4,005,654</u>	<u>7,939,562</u>	<u>7,863,115</u>	<u>7,736,485</u>
CAPITAL CONTRIBUTIONS							
Tap Fees	1,354,162	3,305,099	2,815,086	2,949,511	1,501,933	2,204,371	3,316,471
Developer Contributions	5,473,362	4,475,107	6,054,357	5,973,576	6,896,271	10,705,728	9,289,076
System Development Fees	1,209,348	2,521,342	2,601,087	2,733,702	6,358,473	13,965,225	8,246,955
Total Capital Contributions	<u>8,036,872</u>	<u>10,301,548</u>	<u>11,470,530</u>	<u>11,656,789</u>	<u>14,756,677</u>	<u>26,875,324</u>	<u>20,852,502</u>
CHANGE IN NET POSITION	10,697,503	11,947,327	13,124,243	15,662,443	22,696,239	34,738,439	28,588,987
Net Position - Beginning of Year (Restated)	<u>347,255,035</u>	<u>357,952,538</u>	<u>379,069,420</u>	<u>392,193,663</u>	<u>407,856,106</u>	<u>430,552,345</u>	<u>465,290,784</u>
NET POSITION - END OF YEAR	<u>\$ 357,952,538</u>	<u>\$ 369,899,865</u>	<u>\$ 392,193,663</u>	<u>\$ 407,856,106</u>	<u>\$ 430,552,345</u>	<u>\$ 465,290,784</u>	<u>\$ 493,879,771</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
REVENUES FROM WATER AND SEWER SERVICE CHARGES**

Revenues from Water Service Charges

Year	Consumption (Thousands of Gallons)	Revenues from Metered Water Service Charges
2012	2,988,808	\$ 13,289,896
2013	2,455,137	11,785,100
2014	2,621,609	13,207,911
2015	2,619,007	14,112,055
2016	2,650,240	16,372,854
2017	2,929,562	16,865,244
2018	3,130,000	18,500,028

Revenues from Sewer Service Charges

Year	Consumption (Thousands of Gallons)	Revenues from Metered Sewer Service Charges
2012	2,988,808	\$ 8,248,948
2013	2,455,137	8,664,629
2014	2,621,609	14,112,055
2015	2,619,007	10,342,187
2016	2,650,240	11,069,156
2017	2,929,562	11,773,385
2018	3,130,000	12,585,030

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
COMPARISON OF FISCAL YEAR 2018 AND 2019 BUDGET TO
FISCAL YEAR 2018 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS**

	2018		Over (Under) Budget	2019
	Adopted Budget	Actual		Adopted Budget
WATER OPERATIONS				
Operating Revenue	\$ 16,942,777	\$ 21,540,951	\$ 4,598,174	\$ 19,638,912
Direct Water Expenses	11,224,317	10,611,630	(612,687)	11,030,690
Gross Income from Water Operations	5,718,460	10,929,321	5,210,861	8,608,222
SANITATION OPERATIONS				
Operating Revenue	11,663,864	12,944,086	1,280,222	12,392,964
Direct Sanitation Expenses	4,685,661	5,177,375	491,714	5,731,163
Gross Income from Sanitation Operations	6,978,203	7,766,711	788,508	6,661,801
GROSS INCOME FROM OPERATIONS	12,696,663	18,696,032	5,999,369	15,270,023
GENERAL AND ADMINISTRATIVE EXPENSES	4,356,658	4,720,944	364,286	3,797,073
NET INCOME FROM OPERATIONS	8,340,005	13,975,088	5,635,083	11,472,950
NONOPERATING REVENUES				
General Property Tax	2,303,457	2,302,973	(484)	2,416,741
Other Taxes	160,000	204,285	44,285	160,000
Net Investment Income	155,000	1,813,772	1,658,772	1,000,000
Miscellaneous	132,161	212,868	80,707	100,000
Total Nonoperating Revenue	2,750,618	4,533,898	1,783,280	3,676,741
NONOPERATING EXPENSES				
Interest Expense	1,036,596	3,324,385	2,287,789	2,250,000
Treasurer's Fees	231,004	49,166	(181,838)	82,000
Nonoperating Expenses	105,000	-	(105,000)	25,000
Total Nonoperating Expenses	1,372,600	3,373,551	2,000,951	2,357,000
INCOME BEFORE CAPITAL CONTRIBUTIONS	9,718,023	15,135,435	5,417,412	12,792,691
CAPITAL CONTRIBUTIONS				
Tap Fees	4,541,670	3,316,471	(1,225,199)	4,653,810
Developer Contributions	4,751,964	9,289,076	4,537,112	-
System Development Fees	4,613,938	8,246,955	3,633,017	4,761,589
Total Capital Contributions	13,907,572	20,852,502	6,944,930	9,415,399
Capital Expenditures	32,887,349	14,106,552	(18,780,797)	72,098,005
FRICO Payments	4,751,964	9,289,076	4,537,112	4,813,283
Intergovernmental Payments	4,127,160	-	(4,127,160)	4,176,060
Debt Service	2,449,089	4,018,587	1,569,498	5,979,651
NET INCREASE (DECREASE) IN FUNDS	(20,589,967)	8,573,722	29,163,689	(64,858,909)
Funds Available - Beginning of Year	39,800,000	39,800,000	-	48,373,722
FUNDS AVAILABLE - END OF YEAR	<u>\$ 19,210,033</u>	<u>\$ 48,373,722</u>	<u>\$ 29,163,689</u>	<u>\$ (16,485,187)</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
GOVERNMENTAL AND ENTERPRISE ACTIVITY
FISCAL YEAR 2018 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS**

	General Government Fund	Enterprise Fund	Total
OPERATING REVENUES			
General Property Tax	\$ 2,302,973	\$ -	\$ 2,302,973
Other Taxes	204,285	-	204,285
Metered Water Fees	-	18,500,028	18,500,028
Sewer Service Fees	-	12,585,030	12,585,030
Pretreatment Fees	-	127,888	127,888
Fireline Fees	-	248,667	248,667
Inclusion Fees	-	72,356	72,356
Leased Water	-	754,952	754,952
Turn on Charge	-	348,835	348,835
Tap-In Fees	-	769,215	769,215
Hydrant Water	-	1,078,066	1,078,066
Total Operating Revenue	<u>2,507,258</u>	<u>34,485,037</u>	<u>36,992,295</u>
OPERATING EXPENSES			
Source of Supply	-	5,588,273	5,588,273
Treatment	-	1,990,216	1,990,216
Transmission	-	746,061	746,061
Treatment	-	3,003,954	3,003,954
Distribution and Collection	-	1,533,712	1,533,712
Development	-	1,252,833	1,252,833
Meter Readers	-	1,126,542	1,126,542
Management	246,566	523,953	770,519
Administration	475,714	1,010,892	1,486,606
Information Technology	291,288	618,986	910,274
General	537,850	1,563,109	2,100,959
Total Operating Expenses	<u>1,551,418</u>	<u>18,958,531</u>	<u>20,509,949</u>
TOTAL OPERATING REVENUE (LOSS)	955,840	15,526,506	16,482,346
OTHER REVENUES			
Developer Contributions	-	9,289,076	9,289,076
System Development Fees	-	11,563,426	11,563,426
Bond Proceeds	-	-	57,000,000
Interest Income	580,407	1,233,365	1,813,772
Miscellaneous	68,118	144,750	212,868
Total Other Revenues	<u>648,525</u>	<u>22,230,617</u>	<u>79,879,142</u>
TOTAL NET REVENUES	1,604,365	37,757,123	96,361,488
OTHER EXPENDITURES			
Nonoperating Expenses	49,166	-	49,166
Bonded Indebtedness	-	3,903,304	3,903,304
Capital Outlay	-	14,106,552	14,106,552
Intergovernmental Payments	-	-	-
FRICO	-	9,289,076	9,289,076
Total Other Expenses	<u>49,166</u>	<u>27,298,932</u>	<u>27,348,098</u>
BALANCE (DEFICIT)	<u>\$ 1,555,199</u>	<u>\$ 10,458,191</u>	<u>\$ 69,013,390</u>