

**EAST CHERRY CREEK VALLEY
WATER AND SANITATION DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2019 AND 2018

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
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Independent Auditor's Report

Board of Directors
East Cherry Creek Valley Water and Sanitation District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of East Cherry Creek Valley Water and Sanitation District for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 East Cherry Creek Valley Water and Sanitation District as of December 31, 2019 and 2018, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The management's discussion and analysis information on pages II through VII is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The continuing disclosure as listed in the Table of Contents has not been audited and accordingly, we express no opinion on it.

L. Paul Goedecke P. C.

March 25, 2020

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

The management of East Cherry Creek Valley Water and Sanitation District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2019.

Financial Highlights

- Net position increased \$28.3 million in 2019 (7.6%) since 2018.
- Operating loss increased from \$7.5 million in 2018 to \$8.4 million for 2019, due to increases in both water and sewer operations cost and a decrease in sewer revenue in 2019.
- Operating revenue increased \$0.2 million (0.9%) from the prior year while the number of customers increased by 1%. This net increase is due to an increase in water and sewer service rates and a decrease in water consumption.
- Total operating expenses, exclusive of depreciation, increased \$0.7 million from 2018 to 2019. Selected individual expense items changed as follows: operating expenses decreased \$1.1 million (46%), repairs and maintenance increased \$2.0 million (37%), and water services decreased \$0.4 million (36%) in 2019 from 2018. The majority of the remaining expense categories decreased in 2019 from 2018.
- Single family equivalents (SFEs) on line for water service at year-end increased by 287 (1%) to 21,284 at year end.
- Funds available (current assets, less deferred inflow of resources, less current liabilities exclusive of the current portion of long-term obligations and unspent loan proceeds) increased from \$59.8 million to \$69.5 million at December 31, 2019, an increase of \$9.7 million or 16%.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of Financial Statements and Notes to Financial Statements. This report also contains other supplemental information and continuing disclosure annual financial information in addition to the basic financial statements themselves.

The financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services. They include the legally separate East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (the Enterprise) as blended into the District's financial information since it is a component unit of the District.

The statements of net position present information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The statements of cash flows report the District's cash flows from operating, noncapital financing, capital, and investing activities.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Overview of the Financial Statements (Continued)

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. During 2019, the District changed the methodology of the interest accrual on the 2007 Lease Purchase. See Note 13 for additional information.

The supplemental information contained in this report provides a schedule of expenses, budget and actual information, debt service requirements and assessed valuation, mill levy and property tax information.

The continuing disclosure annual financial information is information required by the covenants of the Series 2009A, the Series 2009B, the Series 2010A, the Series 2010B, the Series 2015 bonds and the Series 2019A bonds, including a bond debt coverage calculation and annual operating data.

	December 31,		
	2019	Restated 2018	Restated 2017
	(In thousands)		
Current Assets	\$ 85,600	\$ 73,384	\$ 73,916
Capital Assets	449,835	415,130	398,866
Other Assets	29	64	105
Deferred Outflows of Resources	821	970	1,138
Total Assets and Deferred Outflows of Resources	<u>536,285</u>	<u>489,548</u>	<u>474,025</u>
Current Liabilities	20,609	15,751	13,306
Long-Term Obligations	111,693	98,181	99,571
Deferred Inflows of Resources	3,207	3,119	2,623
Total Liabilities and Deferred Inflows of Resources	<u>135,509</u>	<u>117,051</u>	<u>115,500</u>
Net Position:			
Net Investment in Capital Assets	333,300	314,675	295,703
Restricted	12,116	8,265	2,467
Unrestricted	55,360	49,557	60,355
Total Net Position	<u>\$ 400,776</u>	<u>\$ 372,497</u>	<u>\$ 358,525</u>

The District's net position increased by \$28,279,000 during 2019 and increased by \$13,972,000 during 2018. Capital assets increased \$34,706,000 during 2019 and increased \$16,264,000 during 2018. The increase during 2019 and 2018 were due to infrastructure construction. Current liabilities increased by \$4,858,000 during 2019 and increased by \$2,445,000 during 2018. The increase in 2019 current liabilities is due to an increase in accounts payable and funds held in escrow. Current assets net of current liabilities increased by \$7,350,000 for 2019 and decreased by \$2,977,000 for 2018. The "Funds Available" (current assets, less deferred inflow of resources, less current liabilities, exclusive of the current portion of long-term obligations) calculates to an amount of \$669,503,280 and \$59,793,859 for 2019 and 2018, respectively. The funds available of \$69,503,280 are primarily available for future operations and capital outlay.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Overview of the Financial Statements (Continued)

	December 31,		
	2019	Restated 2018 (In thousands)	Restated 2017
Revenues			
Operating Revenue			
Water Services	\$ 18,017	\$ 18,360	\$ 16,999
Sewer Services	9,491	8,966	8,807
Total Operating Revenues	<u>27,508</u>	<u>27,326</u>	<u>25,806</u>
Nonoperating Revenues			
Tax Revenue	3,352	2,808	2,744
Investment Income	1,162	1,028	614
Other	305	203	212
Contributions			
Northern Project Construction Fund Charges	6,669	6,581	6,459
Tap Fees and Storm Drainage Fees	15,664	7,934	6,956
Cash Contributions for Capital	11,849	6,096	3,425
Contributed Facilities from Developers	<u>2,073</u>	<u>2,121</u>	<u>3,290</u>
Total Revenues	<u>68,582</u>	<u>54,097</u>	<u>49,506</u>
Expenses			
Operating Expenses			
Water	14,291	13,966	12,549
Sewer	7,890	7,472	7,025
Storm Drainage	90	91	109
	<u>22,271</u>	<u>21,529</u>	<u>19,683</u>
General and Administrative	3,036	2,962	2,457
Depreciation and Amortization	<u>10,663</u>	<u>10,373</u>	<u>10,100</u>
Total Operating Expenses	<u>35,970</u>	<u>34,864</u>	<u>32,240</u>
Nonoperating Expense	<u>4,333</u>	<u>5,261</u>	<u>3,946</u>
Total Expenses	<u>40,303</u>	<u>40,125</u>	<u>36,186</u>
Changes in Net Position	28,279	13,972	13,320
Net Position - Beginning of Year	<u>372,497</u>	<u>358,525</u>	<u>345,205</u>
Net Position - End of Year	<u>\$ 400,776</u>	<u>\$ 372,497</u>	<u>\$ 358,525</u>

Operating revenues from the operation of the water and sewer utilities increased \$182,000 in 2019 and increased \$1,520,000 in 2018. The 2019 increase was due to the net effect of an increase in water and sewer rates and a decrease in water consumption. The 2018 increase was due to increases in water service rates and water consumption. Investment income increased \$134,000 in 2019 and increased \$414,000 in 2018. The increase in 2019 was due to the interest earned from the increase of cash on hand. The increase in 2018 was due to an increase in interest rates and an increase of cash on hand. Tap fee revenues increased \$7,730,000 in 2019 and decreased \$978,000 in 2018.

Water operating expenses increased \$325,000 (2%) in 2019, primarily due to increases in repairs and maintenance costs. Water operating expenses increased \$1,417,000 (11%) in 2018. The 2018 increase was primarily due to increases in legal, operating expenses, and repair and maintenance costs.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Overview of the Financial Statements (Continued)

Sewer operating costs increased \$418,000 (5.6%) in 2019 compared to 2017, due to increased tap fees and utility costs. General and administrative expenses increased \$75,000 (2.5%) in 2019, and increased \$504,000 in 2018. Depreciation and amortization increased \$290,000 in 2019 and increased \$273,000 in 2018. Nonoperating expenses increased \$334,000 in 2019 and decreased \$20,000 in 2018.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and nonoperating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect "funds available". State statutes require this budgetary accounting. Additionally, the budget includes the separation of the District from the Enterprise, under the joint resolution.

Capital Assets

The activity related to capital assets during 2019, 2018 and 2017 is as follows:

	December 31, 2018	Net Changes (In thousands)	December 31, 2019
Land and Easements	\$ 14,331	\$ 160	\$ 14,491
Projects in Progress	6,515	38,881	45,396
Water System:			
Water Rights	115,309	641	115,950
Water Facilities	333,659	3,896	337,555
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	60,674	959	61,633
Storm Drainage System	18,160	701	18,861
Office Building	3,678	-	3,678
Equipment	2,034	(242)	1,792
Total Assets	<u>555,743</u>	<u>44,996</u>	<u>600,739</u>
Accumulated Depreciation	<u>(140,614)</u>	<u>(10,290)</u>	<u>(150,904)</u>
Net Capital Assets	<u>\$ 415,129</u>	<u>\$ 34,706</u>	<u>\$ 449,835</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Capital Assets (Continued)

	December 31, 2017	Net Changes (In thousands)	December 31, 2018
Land and Easements	\$ 14,251	\$ 80	\$ 14,331
Projects in Progress	1,420	5,095	6,515
Water System:			
Water Rights	114,802	507	115,309
Water Facilities	315,174	18,485	333,659
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	59,303	1,371	60,674
Storm Drainage System	17,480	680	18,160
Office Building	3,415	263	3,678
Equipment	1,966	68	2,034
Total Assets	<u>529,194</u>	<u>26,549</u>	<u>555,743</u>
Accumulated Depreciation	<u>(130,329)</u>	<u>(10,285)</u>	<u>(140,614)</u>
Net Capital Assets	<u>\$ 398,865</u>	<u>\$ 16,264</u>	<u>\$ 415,129</u>
	December 31, 2016	Net Changes (In thousands)	December 31, 2017
Land and Easements	\$ 14,251	\$ -	\$ 14,251
Projects in Progress	1,013	407	1,420
Water System:			
Water Rights	113,921	881	114,802
Water Facilities	310,339	4,835	315,174
Sewer System:			
Sewer Capacity	1,383	-	1,383
Sewer Facilities	52,423	6,880	59,303
Storm Drainage System	17,221	259	17,480
Office Building	3,304	111	3,415
Equipment	1,895	71	1,966
Total Assets	<u>515,750</u>	<u>13,444</u>	<u>529,194</u>
Accumulated Depreciation	<u>(120,478)</u>	<u>(9,851)</u>	<u>(130,329)</u>
Net Capital Assets	<u>\$ 395,272</u>	<u>\$ 3,593</u>	<u>\$ 398,865</u>

In 2019, the District spent \$14,268,030 for well rehabilitation projects and \$26,510,450 on additional capital water projects.

Contributions of \$1,124,901 in water lines and \$948,251 in sewer lines were accepted during 2019. Projects in progress completed in 2019 included \$2,770,921 in water projects, \$10,390 in sewer projects, and \$700,495 in storm drainage projects.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Capital Assets (Continued)

In 2018, the District spent \$16,947,196 for well rehabilitation projects and \$543,154 on additional capital water projects.

Contributions of \$994,619 in water lines and \$1,126,536 in sewer lines were accepted during 2018. Projects in progress completed in 2018 included \$17,490,350 in water projects, \$244,169 in sewer projects, and \$496,260 in storm drainage projects.

Storm drainage projects added to the facilities in operation included \$700,495 of storm drainage projects incurred and transferred from projects in progress.

Additional information on the District's capital assets can be found in Note 4 of this report

Debt Administration

All scheduled debt service payments were made timely during 2019, 2018, and 2017.

Additional detail on the District's debt is in Note 5 of this report.

Economic and Other Factors

The District continues to emphasize conservation by maintaining mandatory watering schedules for its customers. Water consumption in 2019 decreased by approximately 123 million gallons (4%). Total water consumption was 3,030 million gallons.

The District anticipates continuing growth in residential customers for 2020 as new home construction continues to recover along with the overall economy. The District is approximately 90% built out at the end of 2019.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

East Cherry Creek Valley Water and Sanitation District
6201 South Gun Club Road
Aurora, Colorado 80016

BASIC FINANCIAL STATEMENTS

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018**

	2019	Restated 2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 67,249,266	\$ 59,537,663
Accounts Receivable	2,901,500	2,372,319
Property Taxes Receivable	3,207,047	3,118,876
Prepaid Expenses	8,602	7,247
Inventories	117,712	82,873
Total Current Assets	73,484,127	65,118,978
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents	12,115,772	8,265,484
Total Restricted Current Assets	12,115,772	8,265,484
CAPITAL ASSETS, NET	449,835,147	415,129,309
OTHER ASSETS		
Special Projects and Planning (Net of Accumulated Amortization of \$5,146,067 and \$5,111,221 in 2019 and 2018, Respectively)	29,471	64,317
Total Other Assets	29,471	64,317
DEFERRED OUTFLOWS OF RESOURCES		
Cost of Debt Refunding, Net	820,522	969,723
Total Deferred Outflows of Resources	820,522	969,723
Total Assets and Deferred Outflows of Resources	\$ 536,285,039	\$ 489,547,811

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018**

	2019	Restated 2018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 5,502,539	\$ 5,609,058
Deposits /Escrows	84,000	94,650
Accrued Interest Payable	431,268	276,129
Current Portion of Long-Term Obligations	7,719,795	5,278,878
Total Current Liabilities	13,737,602	11,258,715
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
ACWWA Escrow	6,767,292	4,357,834
Accrued Interest Payable	104,473	134,056
Total Current Liabilities Payable from Restricted Assets	6,871,765	4,491,890
LONG-TERM OBLIGATIONS	111,692,739	98,180,855
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue	3,207,047	3,118,876
Total Deferred Inflows of Resources	3,207,047	3,118,876
NET POSITION		
Net Investment in Capital Assets	333,300,381	314,675,282
Restricted	12,115,772	8,265,484
Unrestricted	55,359,733	49,556,709
Total Net Position	400,775,886	372,497,475
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 536,285,039	 \$ 489,547,811

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>Restated 2018</u>
WATER OPERATIONS		
Water Income	\$ 18,017,072	\$ 18,360,111
Direct Water Expenses	(14,291,003)	(13,966,081)
Depreciation	<u>(8,521,209)</u>	<u>(8,331,312)</u>
Gross Income (Loss) from Water Operations	<u>(4,795,140)</u>	<u>(3,937,282)</u>
SEWER OPERATIONS		
Sewer Income	9,491,191	8,965,991
Direct Sewer Expenses	(7,889,577)	(7,472,029)
Depreciation	<u>(1,373,923)</u>	<u>(1,350,629)</u>
Gross Income (Loss) from Sewer Operations	<u>227,691</u>	<u>143,333</u>
DIRECT STORM DRAINAGE EXPENSES		
Direct Storm Drainage Expenses	(90,097)	(90,753)
Depreciation	<u>(411,381)</u>	<u>(395,725)</u>
Gross Income (Loss) from Direct Storm Drainage Expenses	<u>(501,478)</u>	<u>(486,478)</u>
TOTAL GROSS INCOME (LOSS) FROM OPERATIONS	(5,068,927)	(4,280,427)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>3,394,241</u>	<u>3,256,800</u>
OPERATING INCOME (LOSS)	(8,463,168)	(7,537,227)
NONOPERATING REVENUES		
Property Taxes	3,107,511	2,617,041
Specific Ownership Taxes	244,513	190,636
Net Investment Income	1,162,452	1,028,149
Miscellaneous Income	274,820	202,914
Gain (Loss) on Asset Sale/Disposal	<u>29,439</u>	<u>-</u>
Total Nonoperating Revenues	<u>4,818,735</u>	<u>4,038,740</u>
NONOPERATING EXPENSES		
Interest Expense	4,024,177	5,245,616
County Treasurer's Fees	46,640	39,278
Paying Agent Fees and Other Debt Related Expenses	396,427	61,450
Amortization of Debt Related Costs	<u>(134,678)</u>	<u>(85,352)</u>
Total Nonoperating Expenses	<u>4,332,566</u>	<u>5,260,992</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(7,976,999)	(8,759,479)

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	Restated 2018
CAPITAL CONTRIBUTIONS		
Northern Project Construction Fund Charges	6,668,880	6,580,536
Water Tap Fees	12,337,623	6,497,035
Sewer Tap Fees	1,753,812	749,825
Storm Drainage Fees	1,572,500	687,244
Contributed Facilities from Developers	2,073,152	2,121,155
Contributions for Capital Outlay	11,849,443	6,096,189
Total Capital Contributions	36,255,410	22,731,984
CHANGE IN NET POSITION	28,278,411	13,972,505
Net Position - Beginning of Year	372,497,475	358,524,970
NET POSITION - END OF YEAR	<u>\$ 400,775,886</u>	<u>\$ 372,497,475</u>

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 26,519,353	\$ 27,797,376
Payments to Suppliers	(18,018,361)	(19,938,231)
Payments to Employees and Related Expenses	(5,162,732)	(4,562,940)
Other Receipts (Payments)	177,615	579,028
Net Cash Provided by Operating Activities	<u>3,515,875</u>	<u>3,875,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Tax Collections for Operations	3,107,511	2,617,041
Specific Ownership Taxes	240,108	192,547
Miscellaneous Income	274,820	202,913
County Treasurer's Fees	(46,640)	(39,278)
Net Cash Provided by Investing Activities	<u>3,575,799</u>	<u>2,973,223</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Water Tap Fees	12,337,623	6,497,035
Sewer Tap Fees	1,753,812	749,825
Storm Drainage Fees	1,572,500	687,244
Sustainable Water Assurance Fee	6,668,880	6,580,536
Proceeds from Sale of Capital Assets	57,039	-
Acquisition of Property, Plant, and Equipment, Net of Contributed Lines of \$2,073,152 and \$2,121,155 in 2019 and 2018, Respectively	(41,585,428)	(16,738,553)
Cash Contributions for Capital	10,403,944	5,715,844
Debt Issuance	21,895,000	-
Debt Premium	3,218,361	-
Capital Lease Purchase	50,001	-
Other Income	157,767	157,639
Interest on Debt	(4,683,716)	(4,564,975)
Debt Principal Reduction	(8,138,553)	(6,795,805)
Lease Principal Payment	(3,038)	-
Paying Agent Fees and Other Expenses	(396,427)	(61,450)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>3,307,765</u>	<u>(7,772,660)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>1,162,452</u>	<u>1,028,149</u>
Net Cash Provided by Investing Activities	<u>1,162,452</u>	<u>1,028,149</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,561,891	103,945
Cash and Cash Equivalents - Beginning of Year	<u>67,803,147</u>	<u>67,699,202</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 79,365,038</u></u>	<u><u>\$ 67,803,147</u></u>

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (8,463,168)	\$ (7,537,227)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Required) by Operating Activities		
Depreciation and Amortization	10,603,614	10,373,026
(Increase) Decrease in:		
Accounts Receivable	(478,691)	988,173
Prepaid Expenses	(1,355)	20,246
Inventories	(34,839)	4,242
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	1,900,964	13,623
Deposits	(10,650)	13,150
Net Cash Provided by Operating Activities	\$ 3,515,875	\$ 3,875,233
NONCASH TRANSACTIONS		
Assets Contributed by Developers	\$ 2,073,152	\$ 2,121,155

See accompanying Notes to Basic Financial Statements.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 DEFINITION OF REPORTING ENTITY

East Cherry Creek Valley Water and Sanitation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court on June 7, 1962, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District exists to provide water, sanitary sewer and storm drainage services to the East Cherry Creek Valley area of unincorporated Arapahoe County, Colorado. A portion of the District is included in the City of Centennial.

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.

The East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (the Enterprise), a Colorado nonprofit corporation, was established in 1998 as a "Water Activity Enterprise" pursuant to C.R.S. §§37-45.1-101, *et seq.* The District's Board of Directors serves as the Board of Directors for the Enterprise. Effective January 1, 2001, the Board adopted a Joint Resolution of the District and the Enterprise concerning the sharing of revenue between each entity, the responsibilities of each entity for the cost of operation and maintenance of facilities, administration costs, construction of new facilities, and the ownership of certain assets. Effective January 1, 2012, the Board adopted an Amended and Restated Joint Resolution which clarifies and redefines the responsibilities of each entity. District management believes that the operations of the Enterprise also have qualified for the enterprise exclusion under TABOR (see Note 12). The Enterprise is considered a component unit of the District and blended in the District's financial statements. Separate financial statements of the Enterprise are not issued.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Redemptions of bonds and loans are recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received or collectible.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenue, 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, sanitation and storm drainage 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

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation, including the Enterprise, is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The District has amended its annual budget for the year ended December 31, 2019.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating entities based upon each entity's average equity balance in the total cash and investments.

Investments are carried at fair value.

Cash Equivalents

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

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

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, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

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

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	30 Years
Distribution and collection systems	10 to 50 Years
Machinery and equipment	3 to 10 Years
Treatment plants	20 Years

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions in the period in which they are received or become collectible. Under the District's policy, developers are required to pay for the equivalent cost of certain water lines previously constructed by the District to serve the developers' property as actual development begins. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developers' cost or at estimated fair market value when received. The District records the contributions at the time the lines are conveyed to the District for preliminary acceptance. Payments to other governments for the construction of capital infrastructure that will benefit the District but not be owned, operated or maintained by the District are recorded as an expense.

Water Rights and Sewer Capacity Rights

Water rights are being amortized over one hundred years, and sewer capacity rights are being amortized over thirty to one hundred years. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Certain water rights to renewable water resources have a perpetual life and are not amortized. All other costs, including costs incurred for the protection of water rights, are expensed.

Special Projects and Planning

The Board has elected to capitalize certain legal, engineering, and other costs of projects that are of benefit to the District over a period of time. These costs are being amortized over ten years on a straight-line basis.

Amortization of Original Issue Premium

Debt premiums are amortized over the respective terms of the debt using the effective interest method.

Amortization of Cost on Debt Refunding

The deferred cost on debt refunding is being amortized using the effective interest method over the life of the new debt. The amortization amount is a component of interest expense.

Compensated Absences

The District's employees are entitled to certain compensated absences based on their length of employment. Compensated absences are accrued when incurred in the financial statements.

The District has accrued \$225,830 and \$197,749 as of December 31, 2019 and 2018, respectively, for future payment of this earned leave.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflow/Inflow of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of debt refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Reclassifications

For comparability, certain 2018 amounts have been reclassified where appropriate to conform with the 2019 financial statement presentation.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 and 2018 are classified in the accompanying financial statements as follows:

	2019	2018
Statement of Net Position:		
Cash and Cash Equivalents	\$ 67,249,266	\$ 59,537,663
Cash and Cash Equivalents - Restricted	12,115,772	8,265,484
Total Cash and Investments	\$ 79,365,038	\$ 67,803,147

Cash and investments as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Deposits with Financial Institutions	\$ 11,776,780	\$ 17,948,003
Investments	67,588,258	49,855,144
Total Cash and Investments	\$ 79,365,038	\$ 67,803,147

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2019 and 2018, the District's cash deposits had a bank balance of \$13,889,231 and \$23,280,196, respectively; and a carrying balance of \$11,776,780 and \$17,948,003, respectively.

Investments

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2019 and 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2019</u>	<u>2018</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 67,588,258</u>	<u>\$ 49,855,144</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted cash included Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12) of \$154,100 and \$110,100 at December 31, 2019 and 2018, respectively.

Restricted cash also included \$1,945,799 and \$249,941 held in escrow for payment of the District's subordinate Water Revenue Exchange Bonds, Series 2004 at December 31, 2019 and 2018, respectively; \$1,873,213 and \$238,613 for payment of the District's 2007 Lease Purchase Agreement at December 31, 2019 and 2018, respectively; \$1,107,091 and \$1,107,733 for the payment of the 2009A Series Bonds at December 31, 2019 and 2018, respectively; \$204,223 and \$199,512 for the payment of the 2010A Series Bonds at December 31, 2019 and 2018, respectively; and \$745,932 and \$728,722 for the payment of the 2010B Series Bonds at December 31, 2019 and 2018, respectively.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2019 and 2018 follows:

	2019			Balance at December 31, 2019
	Balance at December 31, 2018	Increases	Decreases	
Capital Assets, Not Being Depreciated:				
Land	\$ 1,161,295	\$ -	\$ -	\$ 1,161,295
Easements	13,170,157	160,000	-	13,330,157
Water Rights	85,560,861	641,453	-	86,202,314
Construction in Progress	6,515,327	42,362,789	3,481,806	45,396,310
Total Capital Assets, Not Being Depreciated	106,407,640	43,164,242	3,481,806	146,090,076
Capital Assets, Being Depreciated:				
Water Rights and Leases	29,747,765	-	-	29,747,765
Sewer Capacity Rights	1,382,760	-	-	1,382,760
Water System	333,659,108	3,895,822	-	337,554,930
Sewer System	60,673,371	958,641	-	61,632,012
Storm Drainage	18,161,468	700,495	-	18,861,963
Buildings	3,677,162	-	-	3,677,162
Office and Field Equipment	2,033,806	126,327	367,977	1,792,156
Total Capital Assets, Being Depreciated	449,335,440	5,681,285	367,977	454,648,748
Less Accumulated Depreciation for:				
Water Rights and Leases	7,225,479	282,017	-	7,507,496
Sewer Capacity Rights	652,100	19,834	-	671,934
Water System	105,685,874	8,239,192	-	113,925,066
Sewer System	17,376,953	1,354,089	-	18,731,042
Storm Drainage	6,222,166	411,381	-	6,633,547
Buildings	1,919,572	161,058	-	2,080,630
Office and Field Equipment	1,531,627	162,713	340,378	1,353,962
Total Accumulated Depreciation	140,613,771	10,630,284	340,378	150,903,677
Total Capital Assets, Being Depreciated, Net	308,721,669	(4,948,999)	27,599	303,745,071
Capital Assets, Net	<u>\$ 415,129,309</u>	<u>\$ 38,215,243</u>	<u>\$ 3,509,405</u>	<u>\$ 449,835,147</u>

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 CAPITAL ASSETS (CONTINUED)

	2018			Balance at December 31, 2018
	Balance at December 31, 2017	Increases	Decreases	
Capital Assets, Not Being Depreciated:				
Land	\$ 1,081,295	\$ 80,000	\$ -	\$ 1,161,295
Easements	13,170,157	-	-	13,170,157
Water Rights	85,054,057	506,804	-	85,560,861
Construction in Progress	1,420,358	23,588,565	18,493,596	6,515,327
Total Capital Assets, Not Being Depreciated	100,725,867	24,175,369	18,493,596	106,407,640
Capital Assets, Being Depreciated:				
Water Rights and Leases	29,747,765	-	-	29,747,765
Sewer Capacity Rights	1,382,760	-	-	1,382,760
Water System	315,174,139	18,484,969	-	333,659,108
Sewer System	59,302,667	1,370,704	-	60,673,371
Storm Drainage	17,481,034	680,434	-	18,161,468
Buildings	3,414,344	262,818	-	3,677,162
Office and Field Equipment	1,965,960	156,120	88,274	2,033,806
Total Capital Assets, Being Depreciated	428,468,669	20,955,045	88,274	449,335,440
Less Accumulated Depreciation For:				
Water Rights and Leases	6,943,463	282,016	-	7,225,479
Sewer Capacity Rights	632,266	19,834	-	652,100
Water System	97,636,578	8,049,296	-	105,685,874
Sewer System	16,046,158	1,330,795	-	17,376,953
Storm Drainage	5,826,441	395,725	-	6,222,166
Buildings	1,771,655	147,917	-	1,919,572
Office and Field Equipment	1,472,458	147,443	88,274	1,531,627
Total Accumulated Depreciation	130,329,019	10,373,026	88,274	140,613,771
Total Capital Assets, Being Depreciated, Net	294,953,345	10,582,019	-	308,721,669
Capital Assets, Net	<u>\$ 395,679,212</u>	<u>\$ 34,757,388</u>	<u>\$ 18,493,596</u>	<u>\$ 415,129,309</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was charged to the following:

	2019	2018
Water	\$ 8,521,209	\$ 8,331,312
Sewer	1,373,923	1,350,629
Storm Drainage	411,381	395,725
General and Administrative	(16,607)	207,086
	<u>\$ 10,289,906</u>	<u>\$ 10,284,752</u>

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2019 and 2018:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
2004 Subordinate Water Exchange Bonds	\$ 13,155,000	\$ -	\$ 2,608,000	\$ 10,547,000	\$ -
2009A Variable Rate Water Revenue Bonds	20,840,000	-	-	20,840,000	-
2009B Variable Rate Water Revenue Bonds	6,985,000	-	1,635,000	5,350,000	1,710,000
Bond Premium	4,356	-	1,706	2,650	1,307
2010A Water Enterprise Revenue Bonds	540,000	-	265,000	275,000	275,000
Bond Premium	8,868	-	5,876	2,992	2,992
2010B Water Enterprise Revenue Bonds (BAB)	8,620,000	-	-	8,620,000	-
2015 Water Refunding Bonds	38,280,000	-	1,280,000	37,000,000	1,330,000
Bond Premium	2,889,769	-	276,296	2,613,473	267,770
2019 Water Improvement Bonds	-	21,895,000	-	21,895,000	630,000
Bond Premium	-	3,218,361	-	3,218,361	-
Total Bonds Payable	<u>91,322,993</u>	<u>25,113,361</u>	<u>6,071,878</u>	<u>110,364,476</u>	<u>4,217,069</u>
2007 Subordinate Lease Purchase Agreement	12,136,740	-	3,135,645	9,001,095	3,500,000
2019 Lease Purchase Agreement	-	50,001	3,038	46,963	2,726
Total Long-Term Obligations	<u>\$ 103,459,733</u>	<u>\$ 25,163,362</u>	<u>\$ 9,210,561</u>	<u>\$ 119,412,534</u>	<u>\$ 7,719,795</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amounts Due Within One Year
2004 Subordinate Water Exchange Bonds	\$ 14,953,000	\$ -	\$ 1,798,000	\$ 13,155,000	\$ -
2009A Variable Rate Water Revenue Bonds	20,840,000	-	-	20,840,000	-
2009B Variable Rate Water Revenue Bonds	8,550,000	-	1,565,000	6,985,000	1,635,000
Bond Premium	6,445	-	2,089	4,356	1,706
2010A Water Enterprise Revenue Bonds	790,000	-	250,000	540,000	265,000
Bond Premium	16,444	-	7,576	8,868	5,876
2010B Water Enterprise Revenue Bonds (BAB)	8,620,000	-	-	8,620,000	-
2015 Water Refunding Bonds	39,515,000	-	1,235,000	38,280,000	1,280,000
Bond Premium	3,174,292	-	284,523	2,889,769	276,296
Total Bonds Payable	<u>96,465,181</u>	<u>-</u>	<u>5,142,188</u>	<u>91,322,993</u>	<u>3,463,878</u>
2007 Subordinate Lease Purchase Agreement	9,850,424	2,286,316	-	12,136,740	1,815,000
Total Long-Term Obligations	<u>\$ 106,315,605</u>	<u>\$ 2,286,316</u>	<u>\$ 5,142,188</u>	<u>\$ 103,459,733</u>	<u>\$ 5,278,878</u>

The detail of the District's bonds payable is as follows:

Subordinate Water Revenue Exchange Bonds, Series 2004, dated May 6, 2004, in the original amount of \$26,793,000 mature on November 15, 2023, with an interest rate of 3.00% to December 31, 2009, and 5.00% from January 1, 2010, and thereafter, payable annually on November 15. The bonds are subject to early redemption, at the option of the Enterprise or the District, on any date without redemption premium. The bonds are also subject to mandatory redemption on any interest payment date, without redemption premium, to the extent of available revenue pledged to the payment of the bonds in excess of the amount of interest then due on the bonds. These bonds are limited, subordinate lien obligations of the Enterprise on behalf of the District payable solely from the portion of the Net Revenues comprising an amount equal to 40% of water tap fees collected by the Enterprise or the District. Any outstanding interest not paid on each November 15 compounds annually on each interest payment date at the interest rate then borne by the bonds. The bonds constitute an irrevocable lien on the Net Revenues, which is subordinate to the lien thereon of the Senior Bonds. The District and the Enterprise have covenanted that a minimum water tap fee of \$15,000 per single family equivalent will be maintained.

The actual amounts of principal and interest payments to be made in the future will depend on future water tap fee revenue and cannot be predicted with certainty. The District's 2020 budget contemplates a principal payment of \$1,440,000.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2007 Subordinate Lease Purchase Agreement - The Enterprise, on behalf of the District, entered into a Subordinate Lease Purchase Agreement with United Water and Sanitation District (United) on July 27, 2007 (effective May 25, 2007), in the original amount of \$31,250,000. United agrees, among other things, to construct certain facilities, to provide additional storage and to acquire, on behalf of the District and the Enterprise, sufficient water rights to produce not less than 2,960 acre feet of fully consumable water per year and not more than 3,221 acre feet of fully consumable water per year (Phase 2 Water), and to the delivery of such water to ECCV. Principal and interest payments under the Agreement are due annually on November 15 with an interest rate of 3.2%. The annual principal portion shall be an amount equal to the Allocated Tap Lease Revenue, defined as the portion of the Net Revenue that is equal to 38.57% of the Water Tap Fees collected by the Enterprise on and after November 1, 2004. The Agreement terminates on November 15, 2014, or upon payment of all amounts due and the conveyance of all the Phase 2 Water to ECCV, whichever occurs earliest. If the Agreement were allowed to terminate, not only does the District's obligation to pay the remaining principal cease, but the conveyance of any water rights associated with the unpaid portion of the principal ceases as well.

A Supplemental Lease Purchase Agreement was signed by United on October 30, 2014. The supplemental agreement extended the expiration date to November 15, 2017. In exchange, the District agreed to pay an additional \$400,000 of principal each year.

The Second Supplement to the Lease Purchase Agreement, effective as of September 26, 2017, extended the agreement to November 1, 2022.

Variable Rate Water Revenue Refunding Bonds, Series 2009A, dated March 30, 2009, were issued in the original amount of \$20,840,000 and are due on November 15, 2034, and are subject to mandatory redemption. The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2009A Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of currently refunding and redeeming the Variable Rate Water Revenue Bonds, Series 2004 with an outstanding principal amount of \$19,115,000.

The bonds may bear interest in a Daily, Weekly, Monthly, Annual, or Fixed Rate Mode. The maximum interest rate on the bonds on any day (except for Bank Series 2009A Bonds, as described below) is 10% per annum. In a resolution dated April 26, 2012, the Enterprise changed the rate mode from the Weekly Rate Mode to the Monthly Rate Mode. The remarketing agent for the bonds determines the monthly interest rate. At December 31, 2019, the monthly interest rate was 2.528%. Interest, while in the Monthly Rate Mode, is computed on the basis of a 360 day year and is payable on the first business day of each month. The bonds may be converted from one Rate Mode to another Rate Mode, subject to certain restrictions outlined in the Joint Resolution.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The bonds are subject to optional redemption on any business day while in the Daily or Weekly Mode, the first business day of each month while in the Monthly Rate Mode and on the next succeeding May 15 and November 15 while in the Annual or Fixed Rate Mode. The Bank Series 2009A Bonds may be called on any date. The redemption price in each such case is equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest to the redemption date, without premium.

The Bank Series 2009A Bonds are bonds that have been tendered for purchase, not remarketed, and purchased from amounts available under the LOC, dated March 30, 2009, by and among the Enterprise, acting on behalf of the District and the Letter of Credit Bank. The Letter of Credit Bank purchased the Series 2009A Bonds which eliminated the need for the Letter of Credit.

The Series 2009A Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, including the Series 2002 Bonds (refunded by the Series 2009B Bonds), and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2019, the District was in substantial compliance with its bond covenants.

The bonds are further secured by a debt service reserve account. This reserve account has been satisfied by the deposit of funds with the Trustee in the amount of \$1,107,091.

Variable Rate Water Revenue Refunding Bonds, Series 2009B, dated May 28, 2009, in the original amount of \$18,970,000, are serial bonds issued in the amount of \$3,535,000 due annually on November 15 in increasing amounts through 2012, with an interest rate of 2.00%, payable semiannually on May 15 and November 15 and term bonds issued in the amount of \$15,435,000 due November 15, 2022, with an interest rate of 2.75%, payable semiannually on May 15 and November 15 (Initial Term Rate Mode). On November 15, 2012, the bonds were restructured as private placement bonds and the Letter of Credit was removed.

The bonds are subject to optional redemption while in the Variable Rate Modes, without redemption premium, or while in the Fixed Rate Mode, with redemption premium, at the option of the District. The bonds were issued for the purpose of advance refunding the Water Revenue Bonds, Series 2002 with an outstanding principal amount of \$16,040,000. The Series 2002 Bonds were paid off by the Escrow on November 15, 2012.

The bonds are special and limited obligations of the Enterprise on behalf of the District, payable solely out of and secured by an irrevocable (but nonexclusive) pledge of the revenue of the Water System after deduction of operations and maintenance expenses (Net Revenues). The District and the Enterprise have covenanted that rates and fees may not be lowered or reduced so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2019, the District was in substantial compliance with its bond covenants.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The Bank Series 2009B Bonds are bonds that have been tendered for purchase, not remarketed, and purchased from amounts available under the LOC, dated May 28, 2009, by and among the Enterprise, acting on behalf of the District and the Letter of Credit Bank. The LOC expired on November 15, 2012, when the Enterprise converted the bonds to the Fixed Rate Mode.

Tax-Exempt Water Revenue Bonds, Series 2010A, dated September 7, 2010, were issued in the original amount of \$2,360,000 and are due on November 15, 2020, with interest rates from 2.00% to 4.00% payable semiannually on May 15 and November 15. The bonds are not subject to redemption prior to maturity. The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2010 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of funding a portion of the construction of the Reverse Osmosis Water Treatment Facility.

The Series 2010A Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, which includes the Series 2005 Bonds, the Series 2009A Bonds, the Series 2009B Bonds and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2019, the District was in substantial compliance with its bond covenants.

The bonds are further secured by a debt service reserve account. This reserve account has been satisfied by the deposit of funds in the amount of \$204,223.

Taxable Water Revenue Bonds (Build American Bonds), Series 2010B, dated September 7, 2010, were issued in the original amount of \$8,620,000 and are due on November 15, 2040, with interest rates from 4.50% to 5.82% payable semiannually on May 15 and November 15. The bonds are subject to mandatory sinking fund redemption and optional redemption prior to maturity. The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2010 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of funding a portion of the construction of the Reverse Osmosis Water Treatment Facility.

The Series 2010B Bonds were issued pursuant to the Colorado Recovery and Reinvestment Act of 2009, Title 11, Article 59.7, Part 1, C.R.S., which allows for the issuance of Build America Bonds (BABs). Under certain requirements, BABs qualify the issuer to receive federal subsidies to offset a portion of the borrowing costs in the form of a credit equal to 35% of the interest payable. During 2019, the District received a credit from the federal government in the amount of \$157,767.

The bonds are further secured by a debt service reserve account. This reserve account has been satisfied by the deposit of funds in the amount of \$745,932.

EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2010B Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, which includes the Series 2005 Bonds, the Series 2009A Bonds, the Series 2009B Bonds and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2019, the District was in substantial compliance with its bond covenants.

Water Revenue Refunding Bonds, Series 2015, dated August 19, 2015, were issued in the original amount of \$41,885,000 with interest of 3.00% to 5.00%, consisting of serial bonds issued in the amount of \$31,195,000 due November 15 annually through 2032 and term bonds issued in the original amount of \$10,690,000 due November 15, 2035. The serial bonds maturing on and after November 15, 2026, are subject to redemption prior to maturity at the option of the District without premium.

The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2015 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of currently refunding and redeeming the 2005 Loan Agreement, of which \$45,280,000 was outstanding.

The Series 2015 Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, including the Series 2002 Bonds (refunded by the Series 2009B Bonds), and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 110% of Net Revenues in excess of the annual debt service payment. During 2019, the District was in substantial compliance with its bond covenants.

Water Revenue Improvement Bonds, Series 2019A, dated October 31, 2019, were issued in the original amount of \$21,895,000 with interest of 2.25% to 5.00%, due November 15 annually through 2040, and with interest due May 15 and November 15, commencing May 15, 2020. The bonds maturing on and after November 15, 2030, are subject to redemption prior to maturity at the option of the District without premium.

The bonds were issued by the Enterprise, on behalf of the District, as authorized by the 2019 Joint Bond Resolution (Joint Resolution). The bonds were issued for the purpose of expanding the public infrastructure.

The Series 2019A Bonds are special limited revenue obligations of the Enterprise, on behalf of the District, and are payable solely from Net Revenue, on parity with the Outstanding Senior Bonds, and any other Additional Parity Obligations. The District and the Enterprise covenant that rates and fees may not be lowered or reduced for so long as the bonds are outstanding. In addition, the Enterprise must maintain a coverage factor of 125% of Net Revenues in excess of the annual debt service payment. During 2019, the District was in substantial compliance with its bond covenants.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Lease Purchase Agreement, dated May 14, 2019, the District entered into a Lease Purchase Agreement (Lease) with Vectra Bank Colorado, a division of Zions Bancorporation, to fund building expansion, shop building, furnishings, parking, storm drainage, and other miscellaneous items at the District's main office campus. The interest rate on the lease purchase is 3.12% for up to \$6,500,000. The term of the agreement is 15 years with no prepayment penalty.. Annual principal payments begin November 1, 2019 through November 1, 2033; semiannual interest payments begin November 1, 2019 and on each May 1 and November 1, 2033.

The Lease is structured as a draw-down Lease. Draws can be made once per quarter, preferably, in a minimum amount of at least \$100,000, over the next three years. Interest accrues at the date of each draw.

As of December 31, 2019, the District had drawn \$50,001.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 were as follows:

<u>Year Ending December 31,</u>	
2020	\$ 4,191
2021	4,191
2022	4,191
2023	4,192
2024	4,192
2025-2029	20,958
2030-2033	<u>16,767</u>
Total Mimimum Lease Payments	58,682
Less: Amount Representing Interest	<u>(11,719)</u>
Present Value of Minimum Lease Payments	46,963
Current Portion	<u>(2,726)</u>
Long-Term Portion	<u><u>\$ 44,237</u></u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The District's debt, excluding the Subordinate Water Revenue Exchange Bonds, Series 2004, and the 2007 Subordinate Lease Purchase Agreement will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 3,947,726	\$ 3,742,940	\$ 7,690,666
2021	4,157,811	3,549,263	7,707,074
2022	4,352,899	3,382,899	7,735,798
2023	4,002,990	3,237,258	7,240,248
2024	4,448,083	3,063,794	7,511,877
2025-2029	25,216,918	12,564,812	37,781,730
2030-2034	31,105,536	7,373,691	38,479,227
2035-2039	14,210,000	2,090,028	16,300,028
2040	2,585,000	123,056	2,708,056
Total Payments	<u>\$ 94,026,963</u>	<u>\$ 39,127,741</u>	<u>\$ 133,154,704</u>

At December 31, 2019, the authorized unissued general obligation debt of the District from elections held in 1977 and 1981 totaled \$14,599,393. The District's ability to issue its remaining authorized debt may be limited by judicial interpretation as a result of Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

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 borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019 and 2018, the District had net investment in capital assets, calculated as follows:

	2019	2018
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 449,835,147	\$ 415,129,309
Unspent Bond Proceeds	2,057,246	2,035,983
Current Portion of Long-Term Obligations	(7,719,795)	(5,278,878)
Cost of Debt Refunding, Net	820,522	969,723
Noncurrent Portion of Long-Term Obligations	(111,692,739)	(98,180,855)
Net Investment in Capital Assets	<u>\$ 333,300,381</u>	<u>\$ 314,675,282</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 NET POSITION (CONTINUED)

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 had restricted net position as of December 31, 2019 and 2018, as follows:

	2019	Restated 2018
Restricted Net Position:		
Debt Service	\$ 4,003,045	\$ 2,285,923
Capital Projects	7,958,627	5,868,761
Emergencies	154,100	110,800
Total Restricted Net Position	\$ 12,115,772	\$ 8,265,484

The District's unrestricted net position as of December 31, 2019 and 2018 is \$55,359,733 and \$49,556,709 respectively.

NOTE 7 INTERGOVERNMENTAL AGREEMENTS

Sewage Treatment - City of Aurora

The District has contracted since 1976 with the City of Aurora (City) for all sewage treatment services and to pay the City a portion of the costs to increase the size of certain sewer mains in exchange for future rights to capacity in these mains. The District was charged sewage treatment cost by the City in the amount of \$6,714,470 for 2019 and \$6,365,628 for 2018 under the agreement.

The District has agreed to pay the City an amount equal to 15% of the sewer tap fee being charged by the City at a time a sewer tap is connected. The District paid \$243,276 in 2019 and \$126,909 in 2018 to the City for tap connections.

On March 25, 2011, the District amended the agreement (2011 Agreement) with the City in regard to the appropriate amount of charges to be levied on a monthly basis for the transportation of sanitary sewage from the District and the sum of money due to the City from the District for capital infrastructure investments by the City. The 2011 Agreement establishes the base rate to be \$3.44 per thousand gallons of sanitary sewage based on calculations set forth in the agreement, effective July 1, 2010.

The District agreed to pay the City \$369,312, which reflects the total monthly charges incurred and unpaid through September 30, 2010. Payment was made upon execution of the agreement.

In a memorandum dated August 1, 2012, (2012 Agreement), the District agreed to pay for their portion of additional capital infrastructure improvements as listed in the 2012 Agreement, in the amount of \$5,031,646. Payments were made in thirteen (13) quarterly installments of \$399,387 beginning with the third quarter of 2012, interest to accrue at an annual rate of 2.5%. At December 31, 2015, the memorandum was paid in full.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Sewage Treatment - City of Aurora (Continued)

Future capital infrastructure improvements have been planned. The timing of the construction of these projects will be determined by future development and need for sewage capacity.

Water Storage - City of Aurora

On November 10, 1994, the District executed an agreement with the City of Aurora (City) that permits the District to place up to 3,500 acre feet of water in Aurora Reservoir and to exchange that water, less system and evaporative losses, for treated water from the Aurora system. The agreement expired in 2003; however, the District continues to replace water taken from the Aurora system.

During 2019 and 2018, the District provided no water to the Aurora system.

On May 7, 2007, the District executed an agreement with the City in which the District will provide water primarily for irrigation use in the raw water systems at the Eagle Bend and Blackstone golf courses to satisfy the water taken from the Aurora system. This agreement shall be effective for fifteen years after which the agreement will automatically renew annually.

During 2019, 11.99 acre feet had been delivered to the golf courses, leaving a balance of 55.80 acre feet owed to the City.

Intergovernmental Agreement – ACWWA

On December 15, 2009, the District entered into an intergovernmental agreement (IGA) with Arapahoe County Water and Wastewater Authority (ACWWA), Arapahoe County Water and Wastewater Public Improvement District (ACWWPID) and United Water and Sanitation District (United). The intent of the IGA is to provide ECCV and ACWWA an integrated system for the diversion, accretion, collection, storage, transmission and treatment of each party's water rights.

ACWWA has acquired a capacity easement from ECCV for the purpose of providing water services to its customers. Additionally, ECCV was obligated to begin construction on the reverse osmosis plant (RO Plant) when ACWWA deposited \$7,320,000 and United has deposited \$14,000,000 into separate escrow accounts. Construction began in September 2010 and was completed in 2013.

The District shall construct the RO Plant. The 10 mgd RO Plant was expected to cost \$25 million. In the event the construction costs exceed \$27.1 million, ECCV shall notify ACWWA, who will then agree on participating in additional funding or the downsizing of the RO Plant. Should ACWWA agree to additional funding, they will be entitled to an increase in capacity in the RO Plant by the same ratio of the additional funding. Should ACWWA not fund the additional cost, then ACWWA's prorated capacity shall be calculated by dividing \$7.32 million by the total final cost by the ACWWA payment and multiplying the result by 10. The RO Plant was upgraded to reduce the total Dissolved Solids at an estimated cost of \$3.5 million.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Intergovernmental Agreement – ACWWA (Continued)

In consideration of \$7.32 million, ACWWA will hold a capacity easement for the treatment of 2.25 mgd of fixed capacity in the RO Plant. For the cost of these facilities, the first \$100,000 will be paid by the District and the next \$2.5 million will be paid by ACWWA. Once the costs of construction of the brine management and disposal facilities exceeds \$6 million, the entities using the RO Plant shall bear the cost of further brine management and disposal in the ratio of the water rights to be processed. The initial cost of the brine management and disposal facilities was approximately \$4 million.

The District conveyed to ACWWA a capacity easement for the use of 3.5 mgd fixed capacity in the existing Northern Pipeline at a cost of \$5,250,000. ACWWA had a fixed capacity of 1.75 mgd, resulting in a total of 5.25 mgd fixed capacity.

The District conveyed to ACWWA an easement for 2.25 mgd of fixed capacity in the Pump Station serving the Northern Pipeline at a cost of \$3.375 million. Additionally, ACWWA shall have an option to purchase an additional 3.0 mgd of fixed capacity at such time the capacity of the RO Plant is expanded based on a pro-rata share of the expansion of the Pump Station.

Western Pipeline Sale

On October 21, 2014, the District sold its Western Pipeline and State Land Board Pipeline to the City and County of Denver acting by and through its Board of Water Commissioners (Denver Water), and the South Metro WISE Authority (WISE) for \$34,000,000. Denver Water will own 15% of the pipeline and WISE will own 85%. The District shall retain ownership of Reserved Capacity (8 MGD) of the Western Pipeline, but does not hold or retain any interest in the physical assets, right-of-ways, licenses, or easements. The pipelines can be used as part of the system to deliver water received by WISE or used by Denver Water for the conveyance of water for use in its water delivery system. Concurrent with this sale these three parties also executed the Agreement Regarding Modifications to Shared Infrastructure (Modification Agreement) and the Agreement for the Operations of Shared Infrastructure (Operating Agreement).

Modification Agreement

The Modification Agreement was entered into on October 21, 2014 – see Western Pipeline Sale. This Agreement provides details relating to shared facilities that will be constructed to make the pipeline suitable for joint-use (Modifications). The District and Denver Water will contribute no more than \$3,454,980 each towards the Modifications. The District paid \$3,304,980. The modifications have been completed.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Operating Agreement

The Operating Agreement was entered into on October 21, 2014 – see Western Pipeline Sale. This Agreement provides details relating to the joint ownership and use of certain facilities in order to provide water service to its customers and, in the case of WISE, providing water transmission and delivery for the benefit of its members. The three parties shall share operation, maintenance and capital costs related to the shared facilities as set forth in Section 6 of the Operating Agreement.

It is anticipated that the parties will enter into further agreements regarding the maintenance of the infrastructure, management of water rights, and other matters, including an operation agreement between the District and United.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Water Supply Agreement

The District entered into a Water Supply Agreement with Farmers Reservoir and Irrigation Company (FRICO) and the United Water and Sanitation District (United) on December 18, 2003, for the purpose of developing an integrated water supply project in the Beebe Draw Alluvium. The agreement anticipated a reverse osmosis treatment plant to be constructed, owned, and operated by the District. During 2003, the District purchased water and delivery rights to 3,000 acre feet of fully consumable water per year at a price of \$18,500,000 paid in cash to United and \$26,500,000 in the form of Subordinate Water Revenue Bonds, Series 2003, subsequently exchanged for the Subordinate Water Revenue Exchange Bonds, Series 2004 in the amount of \$26,793,000 (see Note 5), payable to United. The agreement entitles the District to purchase shares in FRICO's water supply system or additional South Platte Water supplies at an approximated price of \$9,700 per acre foot, which would provide the District between 2,960 and 3,221 acre feet of fully consumable water per year for a total of \$31,250,000. Additional projects contemplated by an agreement will divert water and return flows from the South Platte River and deliver it to the District's future treatment plant and will give the District a right of first purchase of yield in excess of 6,221 acre feet from additional tributary water rights from the South Platte River acquired by United.

Agreements with Denver Water Board

In prior years, the District participated with the Denver Water Board (Denver) and other participants in the Denver Metropolitan Water Development Agreement and the Platte and Colorado River Storage Project Participation Agreement. During 2000, the District settled any rights or obligations associated with these agreements. The District and Denver also entered into an intergovernmental agreement under which Denver agreed to provide to the District up to 771 acre feet of either potable or nonpotable water (Lease Water) annually, subject to payment of appropriate system development charges (SDCs) and water rates. Pursuant to the IGA, the District entered into a Nonpotable Water Lease Agreement with Denver on May 15, 2002, which provides for the delivery of nonpotable Lease Water to the District for calendar years 2002 through 2004. During 2002, the District paid \$4,009,200 in SDCs at the raw water rate. The agreement states that beginning in 2005, Denver will deliver only potable Lease Water to the District.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with Denver Water Board (Continued)

On October 19, 2005, the District entered into a Potable Water Lease Agreement with Denver whereby Denver will deliver to the District up to 771 acre feet of potable water per year, beginning on January 1, 2006. The District paid the differential between potable and nonpotable SDCs for 771 acre feet in 2006, a cost of \$3,893,550. The District received a credit against this payment of \$2,000,000 to compensate the District for the costs of constructing the facilities necessary to deliver potable water from Denver's system to the District's Northern Pipeline.

The District paid Denver a net amount of \$785,341 and \$1,218,544 in 2019 and 2018, respectively, for water service charges.

OAR Lease Agreement

In 1983, the District entered into an agreement with OAR, Inc. for water from the Arapahoe Aquifer under State Board of Land Commissioners (SBLC) land adjacent to the District. OAR, Inc. subsequently assigned this agreement to the Rangeview Metropolitan District (Rangeview). In November 1996, Rangeview and the District amended the amount to be paid under the agreement.

The 1996 agreement allows the District to purchase up to 4,000 acre feet of Arapahoe Aquifer Water at \$44 per acre foot on an arrangement for a total annual payment of up to \$176,000 through the term of the agreement. The District has taken delivery of less than 4,000 acre feet in 2019 and 2018. Additional capital expenditures for wells and pipelines are required to fully utilize the water rights. The District also agreed to waive any and all preemptive rights or rights of first refusal relating to any conveyance of water and water rights in excess of the right to purchase for use up to the 4,000 acre feet of water each year.

Water Purchase Agreement – Rangeview

On May 1, 2012, the District entered into an agreement with Rangeview Metropolitan District (Rangeview) to sell to Rangeview groundwater produced by the District's Lowry Range Water System (LRWS). This agreement allows Rangeview to operate and maintain the LRWS on behalf of the District with Rangeview paying all applicable costs. Rangeview shall pay the District a fixed monthly payment of \$4,667 per month through December 31, 2012, \$8,000 per month from January 1, 2013, through December 31, 2020, and \$3,000 per month from January 1, 2021, through April 26, 2032, for up to 300 acre feet of LRWS water per calendar year. In addition to the monthly fee, Rangeview shall pay \$0.14 per 1,000 gallons of metered LRWS water production. In the event Rangeview produces more than 300 acre feet during any calendar year, Rangeview shall pay \$0.54 per 1,000 gallons on the excess production.

The District has a contractual agreement with the City of Aurora to supply 260 acre feet of water to two Aurora golf courses. This agreement is subject to the prior agreement with the City of Aurora. Rangeview is responsible for adjusting the schedule of operations for the LRWS wells so that water is available for delivery at the request of the City of Aurora (see Note 7).

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Pipeline Enlargement Agreement

The District entered into an agreement with the South Metro Water Supply Authority (SMWSA), effective in March 2005, whereby SMWSA increased the size of the District's Barr Lake water pipeline to 48 inches and purchased the additional capacity. SMWSA deposited \$5,991,376 with the District for a preliminary capacity of six million gallons per day. SMWSA will ultimately pay its pro-rata portion of the entire cost of the pipeline plus 10%. The capacity owned by SMWSA will ultimately be determined by their contributions toward the total cost of the project. The District will own, operate, maintain, repair and replace the pipeline and charge the Authority a reasonable rate for its capacity that it uses by conveyance and/or delivery of water to, or acceptance of water from, the pipeline.

Construction Commitments

The District had unexpended construction related contract commitments of approximately \$28,807,903 and \$15,137,768 as of December 31, 2019 and 2018, respectively.

Master Tap Purchase Agreement

The District entered into a Master Tap Purchase Agreement with South Quincy Residential Developers, Inc. (the Owner or SQR) on February 15, 2006. The agreement calls for no less than 4,600 residential single family equivalent water taps to be supplied from District water systems and not less than 4,600 single family residential equivalent sanitary sewer taps to be served by the District. The Owner guarantees the purchase of not less than 100 of each type of tap with 50 of each type of tap to be sold on or before November 30, 2006, and 50 of each type of tap to be sold on or before November 30, 2007. The District received payment for 39 water and sewer taps on or before November 30, 2006. The balance of the November 30, 2006, obligation was received in February 2007. SQR purchased more than 50 water and 50 sewer taps on or before November 30, 2007. Water tap fees in 2007 were \$19,000, and the District may increase that fee no more than \$1,250 per year until January 1, 2014.

On February 25, 2011, the District entered into the First Amendment of the Master Tap Purchase Agreement with SQR (First Amendment). The First Amendment changes the timing of payments for the 12-inch equivalent costs. The amendment requires SQR to pay a share of the 12-inch equivalent costs as lots are conveyed, on a pro rata basis. The amendment establishes new irrigation rates which escalate starting January 1, 2011, through January 1, 2016. Commencing January 1, 2017, and thereafter, the irrigation rate shall be the same rate applied throughout the District.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Master Tap Purchase Agreement (Continued)

On August 23, 2011, the District entered into the Second Amendment of the Master Tap Purchase Agreement with SQR (Second Amendment). Cherry Creek School District No. 5 (School) wishes to construct and install certain infrastructure within the District with an estimated total cost of \$852,335. The District agrees to fund the construction. The School agrees to pay the District certain fees according to the District's fee schedules in effect at the time of payment. A portion of these fees, as described in the Second Agreement, will be available for funding the construction. SQR agrees to fund the remaining balance of the construction costs through the guarantee of tap purchases. The District and SQR agree that \$8,000 of the purchase of each tap purchase for use in the Copperleaf project on or after the date of the Second Agreement shall be applied to the remaining balance of the construction costs. SQR agrees that a sufficient number of taps (or their equivalent) will be purchased in the Copperleaf project on or before thirty-six (36) months from the date of execution of this Second Amendment. The District and SQR also agree that 100% of all 12-inch equivalency payments, 100% of all drainage fee payments, and 20% of all irrigation taps purchased by SQR and/or builders, developers and others users subsequent to the date of this Second Agreement with respect to the Copperleaf project shall apply against and reduce SQR's tap purchase requirements.

Agreement with Adams County

On April 2, 2007, the District entered into a first amendment to the August 3, 2005, Agreement with Adams County, Colorado, in which the County has requested that the District make available to the County potable water at the same rates as the District makes potable water available within the District. The District will be constructing a 12" water line (the Airport Waterline) to deliver water from the Denver Water Department's water line at Denver International Airport to the District's 48" pipeline. Under this amendment, the County can elect to tap into either the 48" pipeline or into the Airport Waterline, with written consent of the Denver Water Department. The County agrees to purchase a tap at the then current District rate, but not exceeding a 2" tap. The District is willing to lease approximately 50% of the annual capacity to South Adams County Water and Sanitation District (South Adams) for its use as set forth in paragraph 6 of the First Amendment to the August 3, 2005, Agreement. The District also offered to allow South Adams to expand the size of the Airport Waterline from 12" up to 24". South Adams determined that it did not want to increase the size of the Waterline.

Emergency Interconnect Agreement

On August 27, 2014, the District entered into Agreement with the City and County of Denver acting by the through its Board of Water Commissioners (Denver Water), in which Denver Water agrees to allow ECCV to make physical interconnections with Denver Water's water system to allow Denver Water's water to be delivered to the District on an emergency basis. The interconnection shall only be used in the event of an emergency, and if Denver Water is capable of providing water service. An emergency for the purposes of this Agreement is a main break, pump, motor, power, or other system failure which causes partial or total inability of the District's system to provide fire protection or municipal service.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Emergency Interconnect Agreement (Continued)

The Agreement shall have a term of five years. At the end of five years, this Agreement shall automatically be extended for additional one-year periods unless terminated in writing at least 60 days prior to the automatic extension.

The District shall pay Denver Water for all water delivered through the emergency interconnection at Denver Water's then current treated water service rate for customers outside Denver Water's service area.

Employment Contracts

On April 26, 2018, the District entered into a three year employment contract with the District Manager. The District's financial obligation under this contract is to pay salary totaling \$195,000 per year and a car allowance of \$300 per pay period.

NOTE 9 PENSION AND BENEFIT PLANS

The District has a general policy that employee benefits shall equal 30.85% of the employee's salary. These benefits include all employer costs related to the employee compensation such as health insurance, other related insurance programs that may be either mandatory or elected by the employee and the retirement programs described below. Should the benefits charged to the employee not equal the maximum, the employee may direct the District to have the difference deposited into the deferred compensation plan.

Defined Contribution Plan

The employees of the District participate in a money purchase pension plan and trust, which is a defined contribution plan which was established by the District and is maintained and administered by Voya. At December 31, 2019, there were 83 plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members on their first day of employment. Under this plan, an amount equal to 7% of the plan members' compensation is remitted to the Plan Administrator by the District. The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for plan members who leave employment before they are fully vested are used to reduce the District's current period contribution requirement. There is no liability for benefits under the plan beyond the District's payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

The District contributed \$238,196 and \$213,010 for the years ended December 31, 2019 and 2018, respectively.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 PENSION AND BENEFIT PLANS (CONTINUED)

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Voya. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

Postemployment Health Plan

Effective January 1, 2002, the District adopted a mandatory postemployment health plan. The District is required to contribute 2.0% of each eligible employee's annual salary into a defined contribution plan administered by Voya. Contributions vest with the employee immediately for qualified medical expenses at termination of employment and no additional contributions are required of the District at termination of employment. Employer contributions were \$69,330 for 2019 and \$60,860 for 2018, respectively.

NOTE 10 RELATED PARTY

A member of the District's Board of Directors has an investment interest in a development project within the District and may have conflicts of interest when dealing with business transactions as they relate to the project and has filed a disclosure statement pursuant to statute.

NOTE 11 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 maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

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

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018**

NOTE 12 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 as well as those of the Enterprise qualify for this exclusion.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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 will require judicial interpretation.

NOTE 13 RESTATEMENT

Over the years, the District and United had been using different calculation methods for the interest accrual on the 2007 Lease Purchase Agreement. During 2019, the District and United came to a resolution on the methodology of the calculation. The retroactive adjustments are as follows:

Net Position - December 31, 2018, as originally stated	\$ 373,832,903
Net Effect of Restated Debt Interest Payables	2,898,693
Net Effect of Restated Long-Term Obligations	<u>(4,234,121)</u>
Net Position - December 31, 2018, as restated	<u><u>\$ 372,497,475</u></u>
Funds Available - December 31, 2018, as originally stated	\$ 56,895,165
Net Effect of Restated Debt Interest Expense	2,898,693
Funds Available - December 31, 2018, as restated	<u><u>\$ 59,793,858</u></u>

SUPPLEMENTARY INFORMATION

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	2019	2018
DIRECT WATER EXPENSES		
Communications	\$ 80,904	\$ 86,740
Customer Billing	147,492	141,747
Engineering and Plan Review	589,741	659,408
Insurance	-	33,404
Legal	602,229	603,980
Operating Expenses	1,321,315	2,439,665
Repairs and Maintenance	7,498,265	5,492,843
Testing	142,046	118,937
Utilities	3,092,272	3,130,682
Water Conservation Rebates	21,157	24,699
Water Lease Payment	10,241	15,432
Water Services	785,341	1,218,544
Total Direct Water Expenses	\$ 14,291,003	\$ 13,966,081
DIRECT SEWER EXPENSES		
Aurora Tap Fees	\$ 243,276	\$ 126,909
Customer Billing	50,115	50,420
Engineering and Plan Review	181,616	138,149
Repairs and Maintenance	574,549	646,567
Sewage Treatment	6,714,470	6,365,628
Utilities	125,551	144,356
Total Direct Sewer Expenses	\$ 7,889,577	\$ 7,472,029
DIRECT STORM DRAINAGE EXPENSES		
Engineering and Plan Review	\$ 12,315	\$ 11,824
Repairs and Maintenance	77,782	78,929
Total Direct Storm Drainage Expenses	\$ 90,097	\$ 90,753
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and Audit	\$ 93,995	\$ 95,175
Communications	63,456	60,946
Directors' Fees	7,600	8,400
Election Costs	-	1,485
Insurance	242,103	183,029
Investment Expense/Bank Charges	141,521	117,258
Legal	104,169	62,660
Management	34,902	52,581
Miscellaneous/Contingency	33,732	2,711
Office Supplies	509,930	702,745
Public Information	87,084	71,508
Repairs and Maintenance	407,049	365,718
Salaries, Benefits, and Payroll Taxes	1,150,086	1,097,020
Travel, Training, and Meetings	117,046	97,057
Utilities	42,950	43,147
Total General and Administrative Expenses before Depreciation and Amortization	3,035,623	2,961,440
Depreciation and Amortization	358,618	295,360
Total General and Administrative Expenses	\$ 3,394,241	\$ 3,256,800

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL FUNDS COMBINED
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
REVENUES				
Water Service Fees	\$ 15,930,000	\$ 15,930,000	\$ 15,572,954	\$ (357,046)
Sustainable Water Assurance Fee	6,700,000	6,700,000	6,668,880	(31,120)
Sewer Service Fees	9,280,000	9,280,000	9,395,891	115,891
Administrative Fees	1,540,000	1,540,000	1,691,768	151,768
Connection and Inspection Charges	76,500	76,500	170,925	94,425
Construction Observation Fees	72,000	72,000	188,100	116,100
Penalties and Late Charges	152,000	152,000	176,256	24,256
Other Income	170,000	170,000	295,875	125,875
Miscellaneous Income	6,000	6,000	137,957	131,957
WISE Operations	125,000	125,000	34,095	(90,905)
Utility Refunds	-	-	48,242	48,242
Lease Income	100,000	100,000	71,020	(28,980)
Property Taxes	3,118,876	3,118,876	3,107,511	(11,365)
Specific Ownership Taxes	200,000	200,000	244,513	44,513
Net Investment Income	502,000	502,000	1,162,452	660,452
Water Tap Fees	5,040,000	5,040,000	12,337,623	7,297,623
Sewer Tap Fees	589,000	589,000	1,753,812	1,164,812
Storm Drainage Fees	567,000	567,000	1,572,500	1,005,500
Contributions of Capital Outlay	12,299,781	12,299,781	13,922,595	1,622,814
Total Revenues	<u>56,468,157</u>	<u>56,468,157</u>	<u>68,552,969</u>	<u>12,084,812</u>
EXPENDITURES				
Direct Water Expenses	16,861,445	16,861,445	14,291,003	2,570,442
Direct Sewer Expenses	8,134,100	8,134,100	7,889,577	244,523
Direct Storm Drainage Expenses	179,000	179,000	90,097	88,903
General and Administrative Expenses	2,655,580	2,655,580	3,035,623	(380,043)
County Treasurer's Fees	38,000	38,000	46,640	(8,640)
Capital Outlay	42,799,550	44,299,550	45,336,121	(1,036,571)
Debt Service	16,850,706	16,850,706	13,347,287	3,503,419
Total Expenditures	<u>87,518,381</u>	<u>89,018,381</u>	<u>84,036,348</u>	<u>4,982,033</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,050,224)	(32,550,224)	(15,483,379)	17,066,845
OTHER FINANCING SOURCES (USES)				
Gain (Loss) on Asset Sale/Disposal	-	-	29,439	29,439
Lease Proceeds	5,500,000	5,500,000	50,001	(5,449,999)
Debt Issuance	22,000,000	22,000,000	21,895,000	(105,000)
Debt Premium		1,875,000	3,218,361	1,343,361
Total Other Financing Sources (Uses)	<u>27,500,000</u>	<u>29,375,000</u>	<u>25,192,801</u>	<u>(4,182,199)</u>
NET CHANGE IN FUNDS AVAILABLE	(3,550,224)	(3,175,224)	9,709,422	12,884,646
Funds Available - Beginning of Year, as Restated	<u>56,223,842</u>	<u>56,223,842</u>	<u>59,793,858</u>	<u>3,570,016</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 52,673,618</u>	<u>\$ 53,048,618</u>	<u>\$ 69,503,280</u>	<u>\$ 16,454,662</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
DISTRICT ACTIVITY
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Budget
	Original	Final		Positive (Negative)
DISTRICT REVENUES				
Property Taxes	\$ 3,118,876	\$ 3,118,876	\$ 3,107,511	\$ (11,365)
Specific Ownership Taxes	200,000	200,000	244,513	44,513
Net Investment Income	2,000	2,000	1,820	(180)
Storm Drainage Fees	567,000	567,000	1,572,500	1,005,500
Lease Income	100,000	100,000	71,020	(28,980)
Miscellaneous Income	6,000	6,000	137,957	131,957
Utility Refunds	-	-	38,997	38,997
Total District Revenues	<u>3,993,876</u>	<u>3,993,876</u>	<u>5,174,318</u>	<u>1,180,442</u>
DISTRICT EXPENDITURES				
Direct Storm Drainage Expenses	179,000	179,000	90,097	88,903
General and Administrative Expenses	2,655,580	2,655,580	3,035,623	(380,043)
County Treasurer's Fees	38,000	38,000	46,640	(8,640)
Capital Outlay	4,737,000	4,737,000	1,611,064	3,125,936
Debt Service	650,000	650,000	49,150	600,850
Total District Expenditures	<u>8,259,580</u>	<u>8,259,580</u>	<u>4,832,574</u>	<u>3,427,006</u>
EXCESS OF DISTRICT REVENUES OVER (UNDER) DISTRICT EXPENDITURES	(4,265,704)	(4,265,704)	341,744	4,607,448
OTHER FINANCING SOURCES (USES)				
Abandonment of Assets	-	-	(27,600)	27,600
Lease Proceeds	5,500,000	5,500,000	50,001	(5,449,999)
Total Other Financing Sources (Uses)	<u>5,500,000</u>	<u>5,500,000</u>	<u>22,401</u>	<u>(5,422,399)</u>
NET CHANGE IN FUNDS AVAILABLE	1,234,296	1,234,296	364,145	(814,951)
District Funds Available - Beginning of Year	<u>6,785,102</u>	<u>6,785,102</u>	<u>7,089,185</u>	<u>304,083</u>
DISTRICT FUNDS AVAILABLE - END OF YEAR	<u>\$ 8,019,398</u>	<u>\$ 8,019,398</u>	<u>\$ 7,453,330</u>	<u>\$ (510,868)</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
WATER ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
WATER ENTERPRISE REVENUES				
Water Service Fees	\$ 15,930,000	\$ 15,930,000	\$ 15,572,954	\$ (357,046)
Sustainable Water Assurance Fee	6,700,000	6,700,000	6,668,880	(31,120)
Administrative Fees	1,540,000	1,540,000	1,691,768	151,768
Connection and Inspection Charges	72,000	72,000	161,575	89,575
Construction Observation Fees	36,000	36,000	102,150	66,150
Penalties and Late Charges	152,000	152,000	176,256	24,256
Other Income	170,000	170,000	295,875	125,875
Utility Refunds	-	-	9,245	9,245
Net Investment Income	500,000	500,000	1,160,632	660,632
Water Tap Fees	5,040,000	5,040,000	12,337,623	7,297,623
Contributions of Capital Outlay	10,799,781	10,799,781	12,760,979	1,961,198
WISE Operations	125,000	125,000	34,095	(90,905)
Total Water Enterprise Revenues	<u>41,064,781</u>	<u>41,064,781</u>	<u>50,972,032</u>	<u>9,907,251</u>
WATER ENTERPRISE EXPENDITURES				
Water Operations	15,502,445	15,502,445	13,023,017	2,479,428
Water Conservation Rebates	55,000	55,000	21,157	33,843
Water Meters Purchased	1,304,000	1,304,000	1,246,829	57,171
Capital Outlay	35,612,550	37,112,550	42,555,629	(5,443,079)
Debt Service	16,200,706	16,200,706	13,298,137	2,902,569
Total Water Enterprise Expenditures	<u>68,674,701</u>	<u>70,174,701</u>	<u>70,144,769</u>	<u>29,932</u>
EXCESS OF WATER ENTERPRISE REVENUES OVER (UNDER) WATER ENTERPRISE EXPENDITURES				
	(27,609,920)	(29,109,920)	(19,172,737)	9,937,183
OTHER FINANCING SOURCES (USES)				
Debt Issuance	22,000,000	22,000,000	21,895,000	(105,000)
Debt Premium	-	1,875,000	3,218,361	1,343,361
Proceeds from Asset Sales	-	-	57,039	57,039
Total Other Financing Sources (Uses)	<u>22,000,000</u>	<u>23,875,000</u>	<u>25,170,400</u>	<u>1,295,400</u>
NET CHANGE IN FUNDS AVAILABLE				
	(5,609,920)	(5,234,920)	5,997,663	11,232,583
Water Enterprise Funds Available - Beginning of Year (Restated)	<u>43,436,300</u>	<u>43,436,300</u>	<u>46,723,020</u>	<u>3,286,720</u>
WATER ENTERPRISE FUNDS AVAILABLE - END OF YEAR				
	<u>\$ 37,826,380</u>	<u>\$ 38,201,380</u>	<u>\$ 52,720,683</u>	<u>\$ 14,519,303</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
SEWER ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
SEWER ENTERPRISE REVENUES				
Sewer Service Fees	\$ 9,280,000	\$ 9,280,000	\$ 9,395,891	\$ 115,891
Connection and Inspection Charges	4,500	4,500	9,350	4,850
Construction Observation/Plan Review Fees	36,000	36,000	85,950	49,950
Contributions of Capital Outlay	1,500,000	1,500,000	1,161,616	(338,384)
Sewer Tap Fees	589,000	589,000	1,753,812	1,164,812
Total Sewer Enterprise Revenues	<u>11,409,500</u>	<u>11,409,500</u>	<u>12,406,619</u>	<u>997,119</u>
SEWER ENTERPRISE EXPENDITURES				
Sewer Operations	8,069,100	8,069,100	7,646,301	422,799
Aurora Tap Fees	65,000	65,000	243,276	(178,276)
Capital Outlay	2,450,000	2,450,000	1,169,428	1,280,572
Total Sewer Enterprise Expenditures	<u>10,584,100</u>	<u>10,584,100</u>	<u>9,059,005</u>	<u>1,525,095</u>
NET CHANGE IN FUNDS AVAILABLE	825,400	825,400	3,347,614	2,522,214
Sewer Enterprise Funds Available - Beginning of Year	<u>6,002,440</u>	<u>6,002,440</u>	<u>5,981,653</u>	<u>(20,787)</u>
SEWER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	<u><u>\$ 6,827,840</u></u>	<u><u>\$ 6,827,840</u></u>	<u><u>\$ 9,329,267</u></u>	<u><u>\$ 2,501,427</u></u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENTS OF
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019**

	<u>Actual Amounts</u>
FUNDS AVAILABLE DEFINED AS FOLLOWS:	
Current Assets	\$ 73,484,127
Restricted Current Assets	12,115,772
Less Current Liabilities	(13,737,602)
Less Current Liabilities Payable from Restricted Assets	(6,871,765)
Less Deferred Inflow of Resources	(3,207,047)
Plus Current Portion of Long-Term Obligations	7,719,795
Funds Available	<u>\$ 69,503,280</u>
 RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Revenues (Budgetary Basis)	<u>\$ 68,582,408</u>
Total Revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>68,582,408</u>
 Expenditures (Budgetary Basis)	 84,036,348
Depreciation and Amortization	10,324,753
Amortization of Debt Refunding Costs	149,201
Amortization of Debt Premium	(283,878)
Capital Outlay	(44,995,744)
Bond and Lease Principal Payments	<u>(8,926,683)</u>
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	<u>40,303,997</u>
Change in Net Assets per Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 28,278,411</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019**

December 31,	\$20,840,000 Variable Rate Water Revenue Refunding Bonds, Series 2009A (A) Original Date March 30, 2009 Restructure Date June 1, 2012 Variable Interest Rate Payable 1st Business Day of Each Month Principal Due November 15		\$18,970,000 Variable Rate Water Revenue Refunding Bonds, Series 2009B (B) Original Date May 28, 2009 Restructure November 15, 2012 Interest Rate - 2.75% Interest Payable May 15 and November 15 Principal Due November 15		\$2,360,000 Tax-Exempt Water Revenue Bonds Series 2010A (C) Dated September 7, 2010 Interest Rate - 2.00%-4.00% Interest Payable May 15 and November 15 Principal Due November 15	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ 556,428	\$ 1,710,000	\$ 147,125	\$ 275,000	\$ 11,000
2021	-	556,428	1,780,000	100,100	-	-
2022	-	556,428	1,860,000	51,150	-	-
2023	1,130,000	556,428	-	-	-	-
2024	1,435,000	526,257	-	-	-	-
2025	1,495,000	487,943	-	-	-	-
2026	1,555,000	448,026	-	-	-	-
2027	1,620,000	406,508	-	-	-	-
2028	1,685,000	363,254	-	-	-	-
2029	1,755,000	318,264	-	-	-	-
2030	1,870,000	271,406	-	-	-	-
2031	1,950,000	221,476	-	-	-	-
2032	2,030,000	169,411	-	-	-	-
2033	2,115,000	115,210	-	-	-	-
2034	2,200,000	58,740	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
Total	<u>\$ 20,840,000</u>	<u>\$ 5,612,207</u>	<u>\$ 5,350,000</u>	<u>\$ 298,375</u>	<u>\$ 275,000</u>	<u>\$ 11,000</u>

SUPPLEMENTAL INFORMATION

(A) Series 2009A bonds principal payment amounts are calculated assuming an interest rate of 2.67%. Bonds are remarketed and actual interest rates change monthly. The monthly rate at December 31, 2019 was 2.528%.

(B) Series 2009B bonds are subject to optional redemption, without redemption premium, on any date.

(C) Series 2010A bonds are not subject to redemption prior to maturity.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2019**

December 31,	\$8,620,000 Taxable Water Revenue Bonds (Build America Bonds) Series 2010B (D) Dated September 7, 2010 Interest Rate - 4.50%-5.82% Interest Payable May 15 and November 15		\$41,885,000 Water Revenue Refunding Bonds - Series 2015 (E) Dated August 19, 2015 Interest Rate - 3.00%-5.00% Interest Payable May 15 and November 15		\$21,895,000 Water Revenue Improvement Bonds - Series 2019 Dated October 31, 2019 Interest Rate - 2.25%-5.00% Interest Payable May 15 and November 15		Total Debt Service Requirements (F)
	Principal Due November 15		Principal Due November 15		Principal Due November 15		
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ -	\$ 479,792	\$ 1,330,000	\$ 1,607,950	\$ 630,000	\$ 939,180	\$ 7,686,475
2021	285,000	479,792	1,395,000	1,541,450	695,000	870,113	7,702,883
2022	300,000	466,966	1,460,000	1,471,700	730,000	835,363	7,731,607
2023	300,000	452,866	1,800,000	1,427,900	770,000	798,862	7,236,056
2024	315,000	438,166	1,890,000	1,337,900	805,000	760,362	7,507,685
2025	325,000	422,258	1,980,000	1,243,400	845,000	720,112	7,518,713
2026	335,000	405,358	2,080,000	1,144,400	865,000	701,100	7,533,884
2027	345,000	386,866	2,170,000	1,061,200	910,000	657,850	7,557,424
2028	360,000	367,822	2,250,000	974,400	930,000	635,100	7,565,576
2029	375,000	347,951	2,340,000	884,400	980,000	588,600	7,589,215
2030	385,000	327,251	2,420,000	808,350	1,020,000	549,400	7,651,407
2031	400,000	305,999	2,535,000	687,350	1,060,000	508,600	7,668,425
2032	420,000	283,119	2,660,000	560,600	1,100,000	466,200	7,689,330
2033	435,000	259,095	2,795,000	427,600	1,145,000	422,200	7,714,105
2034	450,000	234,213	2,910,000	315,800	1,190,000	376,400	7,735,153
2035	465,000	208,473	4,985,000	199,400	1,240,000	328,800	7,426,673
2036	485,000	181,875	-	-	1,290,000	279,200	2,236,075
2037	500,000	153,648	-	-	1,340,000	227,600	2,221,248
2038	520,000	124,548	-	-	1,395,000	174,000	2,213,548
2039	540,000	94,284	-	-	1,450,000	118,200	2,202,484
2040	1,080,000	62,856	-	-	1,505,000	60,200	2,708,056
Total	<u>\$ 8,620,000</u>	<u>\$ 6,483,198</u>	<u>\$ 37,000,000</u>	<u>\$ 15,693,800</u>	<u>\$ 21,895,000</u>	<u>\$ 11,017,442</u>	<u>\$ 133,096,022</u>

SUPPLEMENTAL INFORMATION

(D) Series 2010B bonds are subject to optional redemption, on November 15, 2021 without redemption premium.

(E) Series 2015 bonds are subject to optional redemption, on November 15, 2026 without redemption premium.

(F) The actual amounts of principal and interest payments on the Subordinate Water Revenue Exchange Bonds, Series 2004, and the 2007 Subordinate Lease Purchase Agreement are payable from future water tap fee revenue and cannot be predicted with certainty. Therefore, the total debt service requirements do not include payments on the Series 2004 bonds or the 2007 Lease.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2019**

\$6,500,000 Lease Purchase Agreement
Dated May 14, 2019
Interest Rate - 3.12%
Interest Payable May 1 and November 1
Principal Due November 1

December 31,	Principal	Interest	Total
2020	\$ 2,726	\$ 1,465	\$ 4,191
2021	2,811	1,380	4,191
2022	2,899	1,292	4,191
2023	2,990	1,202	4,192
2024	3,083	1,109	4,192
2025	3,179	1,013	4,192
2026	3,278	913	4,191
2027	3,380	811	4,191
2028	3,486	706	4,192
2029	3,595	597	4,192
2030	3,707	485	4,192
2031	3,822	369	4,191
2032	3,942	250	4,192
2033	4,065	127	4,192
Total	<u>\$ 46,963</u>	<u>\$ 11,719</u>	<u>\$ 58,682</u>

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy		Mills Levied		Total Property Taxes		Percentage Collected to Levied
	Parcel A	Parcel B	Parcel A	Parcel B	Levied	Collected	
2014	\$ 472,074,240	\$ 3,668,560	5.008	(A) 3.639	\$ 2,377,498	2,373,294	99.82 %
2015	477,729,008	3,668,473	4.983	(B) 3.639	2,393,874	2,384,048	99.59
2016	580,478,037	4,286,658	4.220	(C) 3.170	2,463,206	2,462,932	99.99
2017	589,599,153	4,292,020	4.266	(D) 3.257	2,529,209	2,527,651	99.94
2018	659,501,932	4,393,785	3.956	(E) 3.257	2,623,300	2,617,041	99.76
2019	668,163,427	4,376,271	4.644	(F) 3.639	3,118,876	3,107,511	99.64
Estimated for the year ending December 31, 2020	\$ 783,030,336	\$ 4,736,095	4.075	(G) 3.420	\$ 3,207,047		

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.

NOTES:

In Parcel A, the mills are levied for water and sewer operations and debt service. No mills were levied for debt service for collection years 2004 and beyond.

In Parcel B, the mills are levied for water operations and debt service. No mills were levied for debt service for collection years 2004 and beyond.

(A) Includes a refund/abatement mill levy of 0.040 mills in Parcel A to effectively collect refunded/abated revenue from prior years.

(B) Includes a refund/abatement mill levy of 0.015 mills in Parcel A to effectively collect refunded/abated revenue from prior years.

(C) Includes temporary reduction of 0.783 mills in Parcel A and 0.469 mills in Parcel B to effect refund of revenue received during 2015 in excess of TABOR limits. Parcel A also includes a refund/abatement mill levy of 0.035 mills to effectively collect refunded/abated revenue from prior years.

(D) Includes temporary reduction of 0.702 mills in Parcel A and 0.382 mills in Parcel B to effect refund of revenue received during 2016 in excess of TABOR limits.

(E) Includes temporary reduction of 1.012 mills in Parcel A and 0.382 mills in Parcel B to effect refund of revenue received during 2017 in excess of TABOR limits.

(F) Includes temporary reduction of 0.324 mills in Parcel A and 0.000 mills in Parcel B to effect refund of revenue received during 2018 in excess of TABOR limits.

(G) Includes temporary reduction of 0.893 mills in Parcel A and 0.219 mills in Parcel B to effect refund of revenue received during 2019 in excess of TABOR limits.

**CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION**

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019**

**Enterprise Water System Revenues Bond Coverage
Senior Bonds and Loan Agreement**

Net Water Revenues (1)	<u><u>\$ 23,535,071</u></u>
Maximum Annual Debt Service Senior Bonds (2)	<u><u>\$ 7,735,153</u></u>
Debt Coverage Ratio	<u><u>3.04</u></u>
Adjusted Net Water Revenues Less Water Tap Fees	<u><u>\$ 11,197,448</u></u>
Debt Coverage Ratio of Adjusted Net Water Revenues Less Water Tap Fees	<u><u>1.45</u></u>

(1) From the table on the following page.

(2) Includes Series 2009A and B Bonds and 2010A and B Bonds, with the variable interest rate calculated based on the Bond Buyer 25 Bond Revenue Index of 3.20% as of December 31, 2019.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019**

Enterprise Water System Revenues

	Budget		Actual
	Original	Final	
Water System Revenues			
Water Operating Revenues:			
Water Service Fees	\$ 16,030,000	\$ 16,030,000	\$ 15,586,613
Administration Fees	1,540,000	1,540,000	1,691,768
New Service Fees	25,000	25,000	20,436
Late Charges	150,000	150,000	173,456
Total Water Operating Revenues	<u>17,745,000</u>	<u>17,745,000</u>	<u>17,472,273</u>
Less Water Operations Expenses:			
Customer Billing	165,000	165,000	147,492
Engineering	765,000	765,000	510,951
General Administration - Allocated (1)	1,333,707	1,333,707	1,755,092.78
Insurance	38,000	38,000	-
Salaries	3,740,000	3,740,000	3,729,615
Legal	600,000	600,000	602,229
OAR Water Lease - Water Purchase	12,500	12,500	10,241
Other Operating Expenses	3,068,751	3,068,751	2,227,017
Plan Reviews	100,000	100,000	78,790
Repairs and Maintenance	1,839,319	1,839,319	1,562,905
Testing	132,000	132,000	142,046
Utilities and Communications	3,826,874	3,826,874	3,173,176
Water Conservation Rebates	55,000	55,000	21,157
Water Services - Denver Water Purchases	1,200,000	1,200,000	785,341
Total Water Operations Expenses	<u>16,876,151</u>	<u>16,876,151</u>	<u>14,746,053</u>
Net Water Operating Revenues	868,849	868,849	2,726,220
Other Water System Revenues:			
Water Tap Fees	5,040,000	5,040,000	12,337,623
Water Connection and Inspection Fees	72,000	72,000	161,575
Sustainable Water Assurance Fee	6,700,000	6,700,000	6,668,880
Investment Income (Allocated to Water)	500,000	500,000	1,160,632
Other Revenues	170,000	170,000	305,120
Penalties/Fines	2,000	2,000	23,801
Plan Review/Construction Observation Fees - Water	72,600	72,600	72,600
Total Other Water System Revenues	<u>12,556,600</u>	<u>12,556,600</u>	<u>20,730,231</u>
Less: Cost of Meters	<u>(99,000)</u>	<u>(99,000)</u>	<u>78,620</u>
Net Other Water System Revenues	<u>12,457,600</u>	<u>12,457,600</u>	<u>20,808,851</u>
Net Water Revenues	<u>\$ 13,326,449</u>	<u>\$ 13,326,449</u>	<u>\$ 23,535,071</u>

(1) General administration is allocated to Water Services based on the percentage of water operating revenue divided by the total of water and sewer operating revenue and the property and specific ownership taxes times the total applicable administrative expenses.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019**

Water Enterprise Operational Data

Year	Water Tap Connections Single Family Equivalents		Water Consumption in Thousands of Gallons					Total
	During Year	End of Year	Residential	Commercial	Parks	Schools	ACWWA	
2010	110	19,558	2,146,041	97,516	302,249	94,557	-	2,640,363
2011	55	19,613	2,105,185	99,171	312,191	95,672	-	2,612,219
2012	109	19,722	2,199,628	104,899	336,260	109,050	-	2,749,837
2013	158	19,880	1,887,395	188,745	278,312	84,570	194,335	2,633,357
2014	178	20,058	1,859,916	102,233	251,024	79,041	297,398	2,589,612
2015	209	20,267	1,921,514	112,760	268,665	94,370	439,127	2,836,436
2016	264	20,531	2,131,900	121,219	328,381	77,168	424,309	3,082,977
2017	197	20,728	2,057,366	132,361	303,605	87,245	307,540	2,888,117
2018	269	20,997	2,167,040	117,563	313,238	97,995	457,520	3,153,356
2019	287	21,284	2,051,381	147,841	300,932	90,427	438,944	3,029,525
2019 Percentage of Total Consumption			68%	5%	10%	3%	14%	100%

December 31,	Water Wells Connected and On Line Well Field				
	In District	SBLC	Western	Northern	Total
2010	65	8	16	6	95
2011	64	8	16	12	100
2012	64	8	16	12	100
2013	64	0	16	12	92
2014	64	0	16	12	92
2015	64	0	16	12	92
2016	64	0	16	12	92
2017	64	0	16	12	92
2018	64	0	16	12	92
2019	64	0	16	12	92
In process	0	0	0	0	0

SBLC is the well field contiguous to the District on the State Board of Land Commissioners (OAR Lease). These wells have been leased to and are being operated by Purcycle. Western is the well field in the Willows Water District and connected by the Western Water Line and Project.

	Admin Fee	Water Service Fees - Residential					Sustainable Water Assurance Fee ^(A)
		Per Thousand Gallons Consumption per Month					
		0 - 5,000	6,000 to 20,000	21,000 to 30,000	31,000 to 40,000	41,000 and up	
2010	\$ 5.00	\$ 2.80	\$ 4.90	\$ 8.10	\$ 10.00	\$ 12.50	\$ 22.00
2011	\$ 5.00	\$ 2.90	\$ 5.00	\$ 8.30	\$ 10.30	\$ 12.50	\$ 25.00
2012	\$ 5.00	\$ 3.10	\$ 5.20	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2013	\$ 5.00	\$ 3.10	\$ 5.20	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2014	\$ 5.50	\$ 3.20	\$ 5.40	\$ 8.50	\$ 10.50	\$ 12.50	\$ 25.00
2015	\$ 6.00	\$ 3.35	\$ 5.45	\$ 8.50	\$ 10.75	\$ 12.50	\$ 25.00
2016	\$ 6.00	\$ 3.60	\$ 5.55	\$ 8.50	\$ 11.00	\$ 12.50	\$ 25.00
2017	\$ 6.00	\$ 3.60	\$ 5.55	\$ 8.50	\$ 11.00	\$ 12.50	\$ 25.00
2018	\$ 6.00	\$ 4.10	\$ 5.85	\$ 8.70	\$ 11.50	\$ 12.50	\$ 25.00
2019	\$ 6.50	\$ 4.25	\$ 6.10	\$ 9.00	\$ 12.00	\$ 12.50	\$ 25.00
2020	\$ 7.00	\$ 4.40	\$ 6.30	\$ 9.35	\$ 12.50	\$ 12.50	\$ 25.00

Water rates for residential one acre and over, commercial, schools, and irrigation for parks are separately priced based on separate consumption levels.

	Water Tap Fees							Water Tap Revenue	Number of Tap Fees Collected
	Single Family Detached	Multi-Family per Unit ^(B)	Irrigation per Square Foot						
			Turf	Low Water Turf	Native Grasses	Non-Turf			
2010	\$ 22,750.00	\$ 11,375.00	\$ 0.99	\$ 0.78	\$ 0.20	\$ 0.34	\$ 2,204,115	105	
2011	\$ 24,000.00	\$ 12,000.00	\$ 1.04	\$ 0.82	\$ 0.21	\$ 0.36	\$ 847,614	32	
2012	\$ 25,250.00	\$ 12,625.00	\$ 1.09	\$ 0.86	\$ 0.22	\$ 0.38	\$ 4,068,324	118	
2013	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 4,198,116	149	
2014	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 5,306,780	212	
2015	\$ 26,500.00	\$ 13,250.00	\$ 1.20	\$ 0.95	\$ 0.24	\$ 0.42	\$ 7,196,478	276	
2016	\$ 26,500.00	\$ 13,250.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 6,805,630	259	
2017	\$ 26,500.00	\$ 13,250.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 5,663,307	268	
2018	\$ 27,250.00	\$ 13,625.00	\$ 1.25	\$ 0.99	\$ 0.25	\$ 0.44	\$ 6,497,035	231	
2019	\$ 28,000.00	\$ 14,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46	\$ 12,337,623	267	
2020	\$ 28,000.00	\$ 9,000.00	\$ 1.30	\$ 1.03	\$ 0.26	\$ 0.46			

Note: (A) Formally known as the Northern Project Construction Fund.

(B) In 2020, the Multi-Family water tap fee was decreased for indoor water and the irrigation rate will apply to the outdoor water.

**EAST CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
BUDGET TO ACTUAL (NON-GAAP) COMPARISON OF RESULTS OF OPERATIONS –
WATER ENTERPRISE
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance with Budget Positive (Negative)
	Original	Final		
SERVICE REVENUES (EXPENDITURES)				
Rate Related Customer Service Fees	\$ 17,470,000	\$ 17,470,000	\$ 17,264,722	\$ (205,278)
Operating Expenditures	(15,502,445)	(15,502,445)	(13,023,017)	2,479,428
Net Service Revenues Over Expenditures	<u>1,967,555</u>	<u>1,967,555</u>	<u>4,241,705</u>	<u>2,274,150</u>
CAPITAL RELATED REVENUES (EXPENDITURES)				
Water Tap Fees	5,040,000	5,040,000	12,337,623	7,297,623
Sustainable Water Assurance Fee	6,700,000	6,700,000	6,668,880	(31,120)
Other Revenue	947,000	947,000	1,676,103	729,103
Other Capital Related Revenue	10,907,781	10,907,781	13,024,704	2,116,923
Water Conservation Rebates	(55,000)	(55,000)	(21,157)	33,843
Water Meters Purchased	(1,304,000)	(1,304,000)	(1,246,829)	57,171
Capital Outlay	(35,612,550)	(37,112,550)	(42,555,629)	(5,443,079)
Net Capital Related Revenues Over (Under) Expenditures	<u>(13,376,769)</u>	<u>(14,876,769)</u>	<u>(10,116,305)</u>	<u>4,760,464</u>
DEBT SERVICE	(16,200,706)	(16,200,706)	(13,298,137)	2,902,569
OTHER FINANCING SOURCES (USES)				
Debt Issuance	22,000,000	22,000,000	21,895,000	(105,000)
Debt Premium	-	1,875,000	3,218,361	1,343,361
Gain on Asset Disposal	-	-	57,039	57,039
Total Other Financing Sources (Uses)	<u>22,000,000</u>	<u>23,875,000</u>	<u>25,170,400</u>	<u>1,295,400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,609,920)	(5,234,920)	5,997,663	11,232,583
Water Enterprise Funds Available - Beginning of Year (Restated)	<u>43,436,300</u>	<u>43,436,300</u>	<u>46,723,020</u>	<u>3,286,720</u>
WATER ENTERPRISE FUNDS AVAILABLE - END OF YEAR	<u>\$ 37,826,380</u>	<u>\$ 38,201,380</u>	<u>\$ 52,720,683</u>	<u>\$ 14,519,303</u>

NOTE: This schedule is reflective of data on the Schedule of Revenues, Expenditures and Funds Available - Budget and Actual (Budgetary Basis) on page 38, but is presented in a manner that is consistent with the schedule presented in the original offering document.