

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of South Adams County Water and Sanitation District (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2019 and 2018, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
May 8, 2020

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

The Management's Discussion and Analysis for South Adams County Water and Sanitation District (District) offers readers an overview of the District's financial activities for the fiscal years ended December 31, 2019 and 2018. Readers are encouraged to consider this information in conjunction with the District's financial statements, and notes to the basic financial statements.

**Financial Highlights for 2019**

- Net position increased by \$38,840,610 in 2019 or 7.9%, primarily due to capital contributions of \$29,289,844
- Capital contributions consist of the following:

Tap fees	\$	2,332,049
Developer contributions (cash)		4,965,686
System development fees		14,011,348
- Income before capital contributions is \$9,550,766, an increase of \$1,814,281 or 23.5% from 2018.
- The income from operations is \$7,919,889 for 2019, compared to \$7,075,133 in 2018.
- The District currently has 19,962 active customer accounts.
- Unrestricted net position increased by \$21,400,580 which is a 29.1% increase from the prior fiscal year.

**Overview of the Financial Statements**

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

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

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

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**Summary and Financial Analysis**

**NET POSITION**

	2019	2018
<b>ASSETS</b>		
Current Assets	\$ 99,575,234	\$ 79,870,386
Restricted Cash and Investments	44,427,143	57,423,537
Capital Assets, Net of Accumulated Depreciation	506,030,786	482,166,476
Total Assets	\$ 650,033,163	\$ 619,460,399
<b>LIABILITIES</b>		
Current Liabilities	\$ 10,013,577	\$ 13,257,605
Other Liabilities	203,116	142,379
Long-Term Liabilities	104,517,388	109,824,727
Total Liabilities	114,734,081	123,224,711
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	2,578,701	2,355,917
Total Deferred Inflows of Resources	2,578,701	2,355,917
<b>NET POSITION</b>		
Net Investment in Capital Assets	435,202,727	417,762,697
Restricted	2,500,000	2,500,000
Unrestricted	95,017,654	73,617,074
Total Net Position	532,720,381	493,879,771
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 650,033,163	\$ 619,460,399

The District increased its net position by \$38,840,610 during 2019. Capital assets net of depreciation increased by \$23,864,310. This increase is funded by the application of capital contributions in the amount of \$12,946,447. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$89,495,908, which is available for repayment of debt and future capital outlays funded by operations as well as sustaining current operations. This amount does not include \$2,500,000 of available funds shown as restricted cash and investments for debt service reserves specified in the Colorado Water and Power Authority loan documents.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

	2018	2017
<b>ASSETS</b>		
Current Assets	\$ 79,870,386	\$ 66,266,004
Restricted Cash and Investments	57,423,537	2,611,806
Capital Assets, Net of Accumulated Depreciation	482,166,476	461,231,404
Total Assets	\$ 619,460,399	\$ 530,109,214
<b>LIABILITIES</b>		
Current Liabilities	\$ 13,257,605	\$ 7,633,776
Other Liabilities	142,379	111,806
Long-Term Liabilities	109,824,727	54,944,630
Total Liabilities	123,224,711	62,690,212
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	2,355,917	2,128,218
Total Deferred Inflows of Resources	2,355,917	2,128,218
<b>NET POSITION</b>		
Net Investment in Capital Assets	417,762,697	402,195,552
Restricted	2,500,000	2,500,000
Unrestricted	73,617,074	60,595,232
Total Net Position (Restated)	493,879,771	465,290,784
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 619,460,399	\$ 530,109,214

The District increased its net position by \$28,588,987 during 2018. Capital assets net of depreciation increased by \$20,935,072. This increase is funded by the application of capital contributions in the amount of \$18,002,096. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$66,612,781, which is available for repayment of debt and future capital outlays funded by operations as well as sustaining current operations. This amount does not include \$2,500,000 of available funds shown as restricted cash and investments for debt service reserves specified in the Colorado Water and Power Authority loan documents.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**CHANGES IN NET POSITION**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUE</b>		
Water	\$ 21,588,389	\$ 21,540,951
Sanitation	13,767,728	12,944,086
Total Operating Revenue	<u>35,356,117</u>	<u>34,485,037</u>
<b>NONOPERATING REVENUE</b>		
Taxes	2,630,599	2,507,258
Net Investment Income	2,618,218	1,813,772
Other	212,737	212,869
Total Nonoperating Revenue	<u>5,461,554</u>	<u>4,533,899</u>
Total Revenue	40,817,671	39,018,936
<b>OPERATING EXPENSES</b>		
Direct Expenses:		
Water	13,290,278	13,150,199
Sanitation	9,076,413	9,538,761
Total Direct Expenses	<u>22,366,691</u>	<u>22,688,960</u>
General and Administrative Expenses	5,069,537	4,720,944
Total Operating Expenses	<u>27,436,228</u>	<u>27,409,904</u>
<b>NONOPERATING EXPENSES</b>		
Interest	3,793,330	3,324,385
(Gain) Loss on Sale of Capital Asset	(15,000)	-
Other	52,347	49,166
Total Nonoperating Expenses	<u>3,830,677</u>	<u>3,373,551</u>
Total Expenses	31,266,905	30,783,455
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	9,550,766	7,736,485
<b>CAPITAL CONTRIBUTIONS</b>	29,289,844	20,852,502
<b>CHANGE IN NET POSITION</b>	38,840,610	28,588,987
Net Position - Beginning of Year	493,879,771	465,290,784
<b>NET POSITION - END OF YEAR</b>	<u>\$ 532,720,381</u>	<u>\$ 493,879,771</u>

**Revenue:**

Operating revenue for fiscal year 2019 generated from water operations totaled \$21,588,389, an increase of \$47,438 or .2% compared to fiscal year 2018. Rates for metered water increased by 4.0% for 2019 and water consumption (sales) increased by 1.4% compared to the preceding year. These increases were offset by decreases in revenues generated from leased water, tap-in fees and hydrant water during the fiscal year. Sewer operating revenues increased from \$12,944,086 to \$13,767,728 representing a 6.4% increase. Sewer service fee rates also increased 3.0% for 2019.

Non-operating revenue increased from \$4,533,899 in 2018 to \$5,462,276, representing a 20.5% increase. The increase is related to better performance on investments.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**Expenses:**

Total operating expenses for 2019, which include direct, general and administrative expenses, were \$27,436,228, an increase of \$26,324 or .1% more than the preceding year. Expenses for water increased by \$140,079 in relation to the increased demand of more consumption. This increase was offset by a \$462,348 decrease in sewer expenses as a result of an increase in depreciation expense compared to the prior year.

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**Revenue:**

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

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

**Expenses:**

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

**Capital Assets**

	December 31, 2018	Net Changes	December 31, 2019
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Water System</b>			
Land and Land Rights	\$ 4,061,733	\$ -	\$ 4,061,733
Water Rights	163,658,049	4,814,179	168,472,228
Construction in Progress	83,469,042	11,834,285	95,303,327
Plant and Equipment	<u>171,700,455</u>	<u>7,129,687</u>	<u>178,830,142</u>
Total Water System	422,889,279	23,778,151	446,667,430
<b>Sanitation System</b>			
Land and Land Rights	367,424	-	367,424
Construction in Progress	64,322	(582,125)	(517,803)
Plant and Equipment	<u>142,397,643</u>	<u>7,333,783</u>	<u>149,731,426</u>
Total Sanitation System	142,829,389	6,751,658	149,581,047
<b>Accumulated Depreciation</b>	<u>83,552,192</u>	<u>6,665,499</u>	<u>90,217,691</u>
<b>Total Capital Assets - Net</b>	<u><u>\$ 482,166,476</u></u>	<u><u>\$ 23,864,310</u></u>	<u><u>\$ 506,030,786</u></u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**2019**

Gross capital assets increased in excess of \$30.6 million during 2019. Significant components of that increase are as follows:

- Increase in construction in progress by \$22.3 million related to largely to purchase of water rights not yet in use.
- Payment for the acquisition of permanent water supplies \$4.8 million related to the FRICO Water Stock Purchase Agreement.
- Increase in water and sewer plant of \$8.3 million.
- Transfer from construction in progress to depreciable assets of \$6.2 million.

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

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

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

- Increase in construction in progress by \$24.7 million related to largely to purchase of water rights not yet in use.
- Payment for the acquisition of permanent water supplies \$4.8 million related to the FRICO Water Stock Purchase Agreement.
- Increase in water and sewer plant of \$3.2 million.
- Transfer from construction in progress to depreciable assets of \$36.8 million

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

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

**Debt Administration:**

At December 31, 2019, the District has six outstanding debt obligations, two loans from the Colorado Water Resource and Power Development Authority (2002 and 2014) in the amounts of \$1,275,000 and \$19,269,743, the Series 2010, 2014, and 2018 Revenue Bonds in the amount of \$7,830,000, \$10,740,000, and \$57,220,000, and the Denver Storage Agreement in the amount of \$10,782,283

At December 31, 2018, the District has six outstanding debt obligations, two loans from the Colorado Water Resource and Power Development Authority (2002 and 2014) in the amounts of \$1,747,500 and \$20,242,864, the Series 2010, 2014 and 2018 Revenue Bonds in the amount of \$8,420,000 and \$11,190,000, and \$57,220,000, and the Denver Storage Agreement in the amount of \$12,307,532.

**Economic Environment:**

The current economic environment for the District can be characterized as steady in the sale of water taps associated with residential and commercial development. The Denver metropolitan area, and in particular the Adams County area has maintained its growth and the expectation is for that to continue. However, with the onset of COVID-19, the District as well as the city, state and nation will experience some financial downturn. At this time we believe through reserves and proactive management the impact will have minimal impact on the District's long-term financial health. The District estimates that it has current developed water resources to meet demand for the next 30 years. The District is well along in developing water and wastewater treatment capacity for the same time horizon.

**Requests for Information:**

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

## **BASIC FINANCIAL STATEMENTS**

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 40,009,708	\$ 37,012,195
Cash and Investments - Designated	53,568,668	37,227,909
Accounts Receivable:		
Customers	2,403,821	2,363,954
Taxes	2,639,074	2,417,125
Other	444,976	438,545
Inventories, Supplies, and Materials	436,646	309,386
Prepaid Expenses	72,341	101,272
Total Current Assets	99,575,234	79,870,386
 <b>RESTRICTED CASH AND INVESTMENTS</b>		
Operating Reserve	2,500,000	2,500,000
2018 Bond Project	41,724,027	53,659,786
Capitalized Interest Fund	-	1,121,372
Employee Flexible Spending Accounts	24,741	32,019
Customer Deposits	178,375	110,360
Total Restricted Cash and Investments	44,427,143	57,423,537
 <b>CAPITAL ASSETS</b>		
Capital Assets Not Being Depreciated	267,686,909	251,620,570
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	238,343,877	230,545,906
Total Capital Assets	506,030,786	482,166,476
 Total Assets	<b>\$ 650,033,163</b>	<b>\$ 619,460,399</b>

See accompanying Notes to Financial Statements.

	<u>2019</u>	<u>2018</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,146,525	\$ 7,538,764
Retainage Payable	550,855	439,402
Accrued Interest	397,116	425,447
Current Portion of Bonds and Loan Payable	5,299,568	4,153,259
Current Portion of Accrued Benefits Payable	619,513	700,733
Total Current Liabilities	<u>10,013,577</u>	<u>13,257,605</u>
<b>RESTRICTED LIABILITIES</b>		
Customer Deposits	178,375	110,360
Employee Flexible Spending Accounts	24,741	32,019
Total Restricted Liabilities	<u>203,116</u>	<u>142,379</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Portion of Bonds and Loan Payable	104,517,388	109,811,679
Long-Term Portion of Accrued Benefits Payable	-	13,048
Total Long-Term Liabilities	<u>104,517,388</u>	<u>109,824,727</u>
Total Liabilities	<u>114,734,081</u>	<u>123,224,711</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>2,578,701</u>	<u>2,355,917</u>
Total Deferred Inflows of Resources	<u>2,578,701</u>	<u>2,355,917</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	435,202,727	417,762,697
Restricted	2,500,000	2,500,000
Unrestricted	95,017,654	73,617,074
Total Net Position	<u>532,720,381</u>	<u>493,879,771</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 650,033,163</u>	<u>\$ 619,460,399</u>

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>WATER OPERATIONS</b>		
Operating Revenue	\$ 21,588,389	\$ 21,540,951
Direct Water Expenses	13,290,278	13,150,199
Gross Income from Water Operations	8,298,111	8,390,752
<b>SANITATION OPERATIONS</b>		
Operating Revenue	13,767,728	12,944,086
Direct Sanitation Expenses	9,076,413	9,538,761
Gross Income from Sanitation Operations	4,691,315	3,405,325
<b>GROSS INCOME FROM OPERATIONS</b>	12,989,426	11,796,077
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	5,069,537	4,720,944
<b>NET INCOME FROM OPERATIONS</b>	7,919,889	7,075,133
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
General Property Tax	2,432,218	2,302,973
Other Taxes	198,381	204,285
Net Investment Income	2,618,218	1,813,772
Gain on Sale of Capital Asset	15,000	-
Miscellaneous	212,737	212,869
Interest Expense	(3,793,330)	(3,324,385)
Cost of Debt Issuance	-	(498,996)
Treasurer's Fees	(52,347)	(49,166)
Total Nonoperating Revenues and (Expenses)	1,630,877	661,352
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	9,550,766	7,736,485
<b>CAPITAL CONTRIBUTIONS</b>		
Tap Fees	2,332,049	3,316,471
Developer Contributions	12,946,447	9,289,076
System Development Fees	14,011,348	8,246,955
Total Capital Contributions	29,289,844	20,852,502
<b>CHANGE IN NET POSITION</b>	38,840,610	28,588,987
Net Position - Beginning of Year	493,879,771	465,290,784
<b>NET POSITION - END OF YEAR</b>	\$ 532,720,381	\$ 493,879,771

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 35,377,834	\$ 34,652,791
Cash Payments for Goods and Services	(15,491,628)	(6,508,390)
Cash Payments to Employees	(9,818,101)	(9,207,936)
Net Cash Provided by Operating Activities	10,068,105	18,936,465
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Tax Receipts Collected by Other Governmental Agencies, Net of Treasurer's Fee	2,579,087	2,480,034
Miscellaneous Receipts	212,737	212,869
Net Cash Provided by Noncapital Financing Activities	2,791,824	2,692,903
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for Capital Acquisitions	(22,518,382)	(24,690,038)
Proceeds from Debt Issuance	-	59,184,645
Interest Paid	(3,959,134)	(3,262,858)
Debt Issuance Costs Paid	-	(498,996)
Cash Received from Sale of Assets	42,673	34,905
Principal Payments on Debt	(4,010,509)	(3,903,304)
System Development Fees	14,011,348	8,246,955
Tap Fees	2,332,049	3,316,471
Developer Cash Contributions	4,965,686	6,311,612
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,136,269)	44,739,392
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts of Interest	2,618,218	1,813,772
Net Cash Provided by Investing Activities	2,618,218	1,813,772

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 6,341,878	\$ 68,182,532
Cash and Cash Equivalents - Beginning of Year	131,663,641	63,481,109
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 138,005,519</b>	<b>\$ 131,663,641</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 7,919,889	\$ 7,075,133
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	6,718,613	6,899,955
Effect of Changes in Operating Assets and Liabilities:		
Customer Receivables	(39,867)	101,311
Other Receivables	(6,431)	46,184
Inventory	(127,260)	(128,649)
Prepaid Expenses	28,931	(46,670)
Accounts Payable	(4,392,239)	5,033,215
Accrued Benefits	(101,546)	(64,273)
Customer Deposits	68,015	20,259
Net Cash Provided by Operating Activities	<b>\$ 10,068,105</b>	<b>\$ 18,936,465</b>

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Developer infrastructure contributions were \$7,980,761 and \$2,977,464 for 2019 and 2018, respectively. Bond premium amortization was \$137,112 and \$115,283 for 2019 and 2018. Capital-related retainage and accounts payable was \$2,735,130 and \$5,219,999 for 2019 and 2018.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

**Basis of Accounting**

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees, system development fees, and developer contributions (capital assets and contributions in aid of construction) are recorded as capital contributions when received.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating Revenues and Expenses**

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Budgets**

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

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

**Cash and Investments**

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

Investments are valued at amortized cost.

**Designated Cash and Investments**

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Cash and Investments**

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

Under the District's Loan agreements with the Colorado Water Resources and Power Development Authority (CWPA), the District is required to maintain an operating reserve of \$2,500,000, which is shown as restricted cash on the statement of net position. Customer deposits are held by the District and will eventually be refunded to the customers. Proceeds from the 2018 revenue bonds are restricted for capital projects, and the unspent amount is shown as restricted cash on the statement of net position. Historically the District has had a number of parties that are permitted to use a fire hydrant to draw water for construction purposes. The hydrant policy was changed so that new construction water users whose business is located within the District's service area have sufficient space on their property to install the necessary infrastructure and will make a permanent connection to the District's water distribution system in lieu of utilizing District hydrants. The party will install infrastructure as approved by the District and will pay the hydrant water rate for a period of 10 years to adequately reimburse the District for the water resources it uses for construction purposes. Amounts held in employee flexible spending accounts are contributions by employees to a flexible spending account which is restricted to be used at the employee's discretion on allowable costs under the plan.

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

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

**Accounts Receivable**

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

**Inventories**

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

**Capital Assets**

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

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

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

**Property Taxes**

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

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

**Compensated Absences**

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amortization**

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

**Reclassifications**

Reclassifications of certain prior year balances have been made to conform to the current year's financial statement presentation.

**Use of Estimates in Preparation of Financial Statements**

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

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments are reflected on the December 31, 2019 and 2018 statements of net position as follows:

	<u>2019</u>	<u>2018</u>
Cash and Investments	\$ 40,009,708	\$ 37,012,195
Cash and Investments - Designated	53,568,668	37,227,909
Restricted Cash and Investments:		
Operating Reserve	2,500,000	2,500,000
2018 Bond Project	41,724,027	53,659,786
Capitalized Interest Fund	-	1,121,372
Employee Flexible Spending Accounts	24,741	32,019
Customer Deposits	178,375	110,360
Total Cash and Investments	<u>\$ 138,005,519</u>	<u>\$ 131,663,641</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

	2019	2018
Cash on Hand	\$ 3,480	\$ 3,480
Deposits with Financial Institutions	24,741,460	22,058,460
Investments	113,260,579	109,601,701
Total Cash and Investments	\$ 138,005,519	\$ 131,663,641

**Deposits**

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

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

**Investments**

**Credit Risk**

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

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

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Interest Rate Risk

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

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

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

<u>Investment</u>	<u>Maturity Less than One Year</u>	<u>Standard &amp; Poor's Rating</u>	<u>Total Amortized Cost</u>	<u>Concentration</u>
CSAFE	<u>\$ 113,260,579</u>	AAAm	<u>\$ 113,260,579</u>	<u>100.0%</u>

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

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

**CSAFE**

At December 31, 2019 and 2018, the District had \$113,260,579 and \$109,601,701 respectively, invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE is valued at amortized cost.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 4 CAPITAL ASSETS**

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

	2019				Balance at December 31, 2019
	Balance at January 1, 2019	Increases	Transfers	Decreases	
<b>Capital Assets, Not Being Depreciated:</b>					
Land and Land Rights	\$ 4,429,157	\$ -	\$ -	\$ -	\$ 4,429,157
Water Rights	163,658,049	4,813,283	896	-	168,472,228
Construction in Progress	83,533,364	17,461,584	(6,181,751)	27,673	94,785,524
Total Capital Assets, Not Being Depreciated	251,620,570	22,274,867	(6,180,855)	27,673	267,686,909
<b>Capital Assets, Being Depreciated:</b>					
Buildings	5,461,533	11,180	2,045,752	-	7,518,465
Water System Plant	162,853,373	4,588,177	131,717	-	167,573,267
Sanitation System Plant	137,036,336	3,434,730	2,463,391	-	142,934,457
Furniture and Equipment	8,746,856	301,642	1,539,995	53,114	10,535,379
Total Capital Assets, Being Depreciated	314,098,098	8,335,729	6,180,855	53,114	328,561,568
<b>Less Accumulated Depreciation for:</b>					
Buildings	1,100,842	223,725	-	-	1,324,567
Water System Plant	44,088,713	2,829,439	-	-	46,918,152
Sanitation System Plant	33,486,712	3,483,965	-	-	36,970,677
Furniture and Equipment	4,875,925	181,484	-	53,114	5,004,295
Total Accumulated Depreciation	83,552,192	6,718,613	-	53,114	90,217,691
Total Capital Assets, Being Depreciated, Net	230,545,906	1,617,116	6,180,855	-	238,343,877
Capital Assets, Net	<u>\$ 482,166,476</u>	<u>\$ 23,891,983</u>	<u>\$ -</u>	<u>\$ 27,673</u>	<u>\$ 506,030,786</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

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

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

	2019	2018
Direct Water Expenses	\$ 3,087,327	\$ 2,559,304
Direct Sewer Expenses	3,631,286	4,340,651
Total	<u>\$ 6,718,613</u>	<u>\$ 6,899,955</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 LONG-TERM LIABILITIES**

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2019:

	Balance January 1, 2019	New Issues	Retirements	Balance December 31, 2019	Due Within One Year
Colorado Water and Power Authority Loan - 2002	\$ 1,747,500	\$ -	\$ 472,500	\$ 1,275,000	\$ 487,500
Colorado Water and Power Authority Loan - 2014	20,242,864	-	972,760	19,270,104	997,588
Series 2010 Bond	8,420,000	-	590,000	7,830,000	605,000
Series 2014 Bond	11,190,000	-	450,000	10,740,000	470,000
Denver Water	12,307,532	-	1,525,249	10,782,283	1,597,007
Series 2018 Bond	57,220,000	-	-	57,220,000	1,005,000
Bond Premium	2,837,042	-	137,473	2,699,569	137,473
Total Long-Term Obligations	<u>113,964,938</u>	<u>\$ -</u>	<u>\$ 4,147,982</u>	109,816,956	<u>\$ 5,299,568</u>
Less Current Portion	<u>4,153,259</u>			<u>5,299,568</u>	
Long-Term Portion	<u>\$ 109,811,679</u>			<u>\$ 104,517,388</u>	

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

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

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

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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

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

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

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

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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

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

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

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

**Water and Wastewater Revenue Bonds, Series 2018.** In April 2018, the District issued Bonds for the purpose of funding the costs of water resources and capital improvements to the District's joint water and wastewater system. The Series 2018 Bonds were issued in the amount of \$57,220,000. The bonds constitute special limited revenue obligations of the District payable solely from and to the extent of the revenue, net of operations and maintenance expenses, derived by the District from the operations of its joint water and wastewater system, and under certain circumstances from moneys held in the Series 2018 Bond Reserve Account. The bonds mature annually beginning in 2020 with final payment in 2048. Interest with rates from 3.00% to 5.50% is payable semi-annually.

**Mandatory Sinking Fund Redemption.** The Series 2018 Bonds maturing on December 1, 2046 (the Term Bonds), are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount of the Term Bonds so redeemed plus accrued interest to the redemption date, without redemption premium, on the dates and in the principal amounts specified in the following table.

<u>Redemption Date (December 1)</u>	<u>Principal Amount</u>
2045	\$ 2,825,000
2046 (Maturity)	2,925,000
Total	<u>\$ 5,750,000</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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

The Series 2018 Bonds maturing on or after December 1, 2028, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or in part, maturities are determined by the District, on December 1, 2027, and on any date thereafter, upon payment of the principal amount of the Series 2018 Bonds are redeemed plus accrued interest to the redemption date without redemption premium.

**Denver Storage Agreement**

The District has entered into an agreement with Denver Water for the construction of 4,000-acre foot of water storage. This storage is in addition to the 8,000-acre foot of storage contemplated by the "1998 Water Storage Purchase Agreement." Under the terms of that agreement, the District had the option to purchase up to 4,897 additional acre feet of storage. The initial 8,000-acre feet of storage has been completed and paid for. Terms for the construction, payment and operation of the remaining 4,000-acre feet were finalized in April 2014. The District has an outstanding obligation, to Denver Water, of \$10,782,283. The District began paying off this obligation in June 2015 and anticipates making the final payment in December 2025. The accreted obligation consists of construction costs, mutually agreed to, and accrued interest currently shown at the rate of 4.651% per annum.

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,162,095	\$ 3,674,640	\$ 8,836,735
2021	5,376,708	3,450,834	8,827,542
2022	5,316,428	3,234,548	8,550,976
2023	5,244,676	3,047,239	8,291,915
2024	6,726,799	3,289,575	10,016,374
2025-2029	20,322,678	10,986,204	31,308,882
2030-2034	19,267,562	8,388,644	27,656,206
2035-2048	39,700,441	10,233,169	49,933,610
Total	<u>\$ 107,117,387</u>	<u>\$ 46,304,853</u>	<u>\$ 153,422,240</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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

	Balance January 1, 2019	Incurred	Retired	Balance December 31, 2019	Current Portion
Accrued Benefits Payable	\$ 745,800	\$ 584,077	\$ 685,623	\$ 644,254	\$ 619,513

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

**NOTE 6 NET POSITION**

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2019 and 2018, the District had a net investment in capital assets calculated as follows:

	2019	2018
Net Investment in Capital Assets:		
Capital Assets - Net of Accumulated Depreciation	\$ 506,030,786	\$ 482,166,476
Unspent Bond Proceeds	41,724,027	53,659,786
Capitalized Interest Fund	-	1,121,372
Capital-Related Retainage and Accounts Payable	(2,735,130)	(5,219,999)
Current Portion of Bonds and Loan Payable	(5,299,568)	(4,153,259)
Long-Term Portion of Bonds and Loan Payable	(104,517,388)	(109,811,679)
Total	<u>\$ 435,202,727</u>	<u>\$ 417,762,697</u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position as of December 31, 2019 and 2018 are as follows:

	2019	2018
Restricted Net Position:		
Operating Reserve	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 7 RETIREMENT AND DEFERRED COMPENSATION PLAN**

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

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

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

Pension contributions were \$316,896 and \$290,407 for 2019 and 2018, respectively.

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

**NOTE 8 BOND AND LOAN COMPLIANCE**

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

As noted in the bond resolution for the 2010, 2014, and 2018 Water and Wastewater Revenue Bonds, the District will provide net revenues in each fiscal year sufficient to equal at least 125% of the aggregate amount of principal and interest payable in the following year of the bond issues.

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

At December 31, 2019, management believes it has met these covenants.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 9 RISK MANAGEMENT**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. The District is only covered by the Pool for workers compensation. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the year under coverage. The District has had no significant reductions in insurance coverage from coverage in prior years. The District retains a certain level of all liability losses. For the year ended December 31, 2019, the District retains commercial general liability up to \$0 and a limit of \$1,000,000 per occurrence. The District retains liability losses for buildings up to \$5,000 with a limit of \$1,000,000 per occurrence. The District retains liability losses for earthquakes up to \$50,000 with a limit of \$5,000,000 per occurrence.

The District retains liability losses for Flood up to \$50,000 with a limit of \$5,000,000 per occurrence for buildings 1-44, 57-67, 73, 74, 78, 79, 84, 88, 90-94, 107-112; retains liability losses for Flood up to \$100,000 for buildings and a limit of \$2,500,000 per occurrence for buildings 68, 69, 75, 76, 85-87; and retains liability losses for Flood up to \$100,000 for buildings and a limit of \$1,000,000 per occurrence for buildings 45-56, 70-72, 77, 80-83, 89, 95-106. The District retains liability losses for Utility Services up to \$5,000 with a limit of \$100,000 per occurrence. The District retains liability losses for Cause of Loss – Equipment Breakdown up to \$10,000 with a limit of \$250,000 per occurrence. The District retains liability losses for governmental crime \$1,000 with a limit of \$300,000 per occurrence. The District retains liability losses for public entity management liability \$10,000 with a limit of \$1,000,000 per occurrence. The District retains liability losses for public entity employment-related practices liability up to \$15,000 with a limit of \$1,000,000 per occurrence. The District retains liability losses for cyberfirst liability with a limit of \$50,000 per occurrence. The District retains liability losses for automobiles up to \$500 with a limit of \$1,000,000. The District retains umbrella excess liability up to \$10,000 with a limit of \$5,000,000 per occurrence.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualify for this exclusion.

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

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

As of December 31, 2019, the District had unexpended construction related contract commitments and contingencies on other projects of \$40,165,119.

**Water Rights Cases**

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

**NOTE 12 AGREEMENTS**

The District has entered into the agreements described below.

**Water Storage Agreement - Westminster**

In 2001, the District entered into a water storage agreement with the City of Westminster. Under the conditions of this agreement, the City agrees to sell 1,200 acre-feet of storage space, inlet and outlet capacity and the right to carry 1,200 acre-feet of water to the District. The District paid an initial payment of \$336,000 in 2001 and has made annual payments from 2002 through 2007. The District agreed to pay total costs of \$3,767,459. As of December 31, 2019, the District has a remaining cost of \$877,718 to be paid once the project is complete. The project is in the process of being renegotiated between the City of Westminster and the District.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 12 AGREEMENTS (CONTINUED)**

**Water Stock Purchase Agreement - FRICO**

On November 2, 2001, the District entered into a water resources agreement with Farmers Reservoir and Irrigation Company (FRICO), Burlington Ditch and Land Company, and Henrylyn Irrigation District to purchase water. Under this agreement, the District agrees to purchase 5,000 acre-feet of water subject to the satisfaction of certain conditions. The initial payment required was \$3,500,000, with principal payments totaling \$60,000,000, which will be funded through contributions from 11 developments. Participants' annual option payments will total \$1,200,000 per year with annual increases of 3.5% (see Water Resources Agreements section below). The District held \$13,358,370 and \$13,138,912 of developer contributions related to this agreement in escrow at December 31, 2019 and 2018, respectively.

**Water Resource Agreements**

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

**Prospect Valley Intergovernmental Agreement**

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

**Metro Wastewater Reclamation District Agreement**

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

**SUPPLEMENTARY INFORMATION**

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)**

	Water	Sanitation	Totals	
			2019	2018
Metered Water Fees	\$ 19,489,826	\$ -	\$ 19,489,826	\$ 18,500,028
Sewer Service Fees	-	13,431,063	13,431,063	12,585,030
Pretreatment Fees	-	134,958	134,958	127,888
Fireline Fees	262,137	-	262,137	248,667
Inclusion Fees	45,875	5,360	51,235	72,356
Leased Water	181,322	-	181,322	754,952
Turn on Charge	253,373	119,235	372,608	348,835
Tap-in Fees	531,104	77,112	608,216	769,215
Hydrant Water	824,752	-	824,752	1,078,066
<b>Total Operating Revenue</b>	<b>\$ 21,588,389</b>	<b>\$ 13,767,728</b>	<b>\$ 35,356,117</b>	<b>\$ 34,485,037</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER  
(NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)**

	Annual Budget	Source of Supply	Treatment	Actual		Total 2019	Actual Over (Under) Budget	Total 2018
				Distribution and Collection Allocated	Administration and General Allocated			
Power	\$ 1,080,640	\$ 744,301	\$ 227,559	\$ 17,563	\$ 12,643	\$ 1,002,066	\$ (78,574)	\$ 989,422
Purchased Water	3,366,784	3,310,918	-	-	-	3,310,918	(55,866)	3,996,177
Repair and Maintenance - Equipment	226,080	47,738	33,294	72,506	8,354	161,892	(64,188)	158,511
Repair and Maintenance - Fire and Mains	303,840	19,186	-	120,889	123,312	263,387	(40,453)	258,933
Repair and Maintenance Existing Service	265,760	-	27,375	146,285	5,484	179,144	(86,616)	170,414
Collection System Repairs	52,000	57	-	7,007	-	7,064	(44,936)	37,770
Safety Equipment	8,320	-	-	-	-	-	(8,320)	(263)
Customer Service Materials	176,000	58,895	25,219	181,069	-	265,183	89,183	356,510
Small Tools and Equipment	9,600	-	-	16,909	-	16,909	7,309	9,012
Operating Supplies - Chemicals	170,512	12,943	7,576	39,930	91,020	151,469	(19,043)	174,270
Office Supplies	22,976	-	4,815	1,225	8,685	14,725	(8,251)	23,082
Leased Equipment	24,000	-	-	-	17,936	17,936	(6,064)	17,360
Shop Supplies	25,920	3,209	7,314	8,350	-	18,873	(7,047)	18,678
Carbon Replacement	500,000	-	356,139	-	-	356,139	(143,861)	230,765
Chemical Supplies	77,200	38,934	65,831	-	-	104,765	27,565	66,135
Lab Supplies	55,000	42,309	58,361	-	-	100,670	45,670	55,778
Uniforms	17,427	2,406	4,896	8,267	1,308	16,877	(550)	11,054
Telecommunications	160,000	-	-	-	198,256	198,256	38,256	184,704
Utility - Gas	36,000	-	22,892	3,029	3,985	29,906	(6,094)	26,005
Salaries	4,126,542	292,793	999,995	1,521,991	1,085,466	3,900,245	(226,297)	3,722,053
Employee Benefits	1,467,460	125,698	313,069	553,066	363,797	1,355,630	(111,830)	1,242,503
Taxes - Payroll	311,748	22,482	82,158	115,941	81,418	301,999	(9,749)	284,049
Fuel Expense	73,520	15,634	4,811	58,604	496	79,545	6,025	86,257
Truck Expense	55,040	5	11	62,251	7	62,274	7,234	59,012
Water Supply	250,000	-	-	-	200,947	200,947	(49,053)	272,563
Quality Control	62,000	83,748	40,353	-	-	124,101	62,101	118,005
Audit	32,000	-	-	-	33,694	33,694	1,694	32,708
Management Services	262,080	-	-	30,307	206,466	236,773	(25,307)	226,054
Postage	59,200	-	-	11	69,000	69,011	9,811	70,295
Legal	225,000	-	-	-	216,748	216,748	(8,252)	253,665
Engineering	351,200	-	-	-	350,786	350,786	(414)	183,810
Insurance	188,800	-	-	-	188,837	188,837	37	182,151
Miscellaneous	325,744	8,198	16,223	26,717	229,369	280,507	(45,237)	239,839
Publications	8,128	-	-	-	8,603	8,603	475	7,181
Dues and Subscriptions	48,200	579	9,861	-	22,505	32,945	(15,255)	48,047
Water Rights Assessments	110,000	-	-	-	68,966	68,966	(41,034)	68,089
Conservation	19,200	-	-	-	15,229	15,229	(3,971)	9,900
Janitor	39,720	-	12,076	7,102	12,842	32,020	(7,700)	34,111
Landscape Maintenance	71,160	44,856	6,583	2,139	1,346	54,924	(16,236)	54,446
Board of Directors	5,760	-	-	-	5,134	5,134	(626)	4,386
Education	50,724	2,762	5,082	12,245	25,944	46,033	(4,691)	64,942
<b>Total Operating Expenses - Water</b>	<b>14,721,285</b>	<b>\$ 4,877,651</b>	<b>\$ 2,331,493</b>	<b>\$ 3,013,403</b>	<b>\$ 3,658,583</b>	<b>13,881,130</b>	<b>(840,155)</b>	<b>14,048,383</b>
<b>Total Operating Expenses - Sanitation (Page 37)</b>	<b>6,941,451</b>					<b>6,836,485</b>	<b>(104,966)</b>	<b>6,345,695</b>
<b>Total Operating Expenses</b>	<b>\$ 21,662,736</b>					<b>\$ 20,717,615</b>	<b>\$ (945,121)</b>	<b>\$ 20,394,078</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)**

	Actual					Total 2019	Actual Over (Under) Budget	Total 2018
	Annual Budget	Transmission and Collection	Sewage Treatment	Distribution and Collection Allocated	Administration and General Allocation		Actual Over (Under) Budget	
Power	\$ 415,360	\$ 95,065	\$ 354,776	\$ 8,265	\$ 5,949	\$ 464,055	\$ 48,695	\$ 429,172
Repair and Maintenance - Equipment	398,920	58,181	255,062	34,120	3,932	351,295	(47,625)	291,340
Repair and Maintenance - Fire and Mains	163,660	-	35,545	56,889	58,029	150,463	(13,197)	178,241
Repair and Maintenance Existing Service	193,240	-	98,059	68,840	2,581	169,480	(23,760)	223,634
Collection System Repairs	18,000	40,224.00	-	3,297	-	43,521	25,521	16,924
Safety Equipment	4,680	-	-	-	-	-	(4,680)	(124)
Customer Service Materials	99,000	39,868	-	85,209	-	125,077	26,077	153,042
Small Tools and Equipment	5,400	-	-	7,957	-	7,957	2,557	4,241
Operating Supplies - Chemicals	510,338	17,221	363,982	18,791	42,833	442,827	(67,511)	431,254
Office Supplies	10,924	-	2,627	577	4,087	7,291	(3,633)	10,827
Leased Equipment	13,500	-	-	-	8,440	8,440	(5,060)	8,169
Shop Supplies	14,080	-	4,104	3,930	-	8,034	(6,046)	12,754
Uniforms	13,103	3,041	5,152	3,891	615	12,699	(404)	9,758
Telecommunications	90,000	-	-	-	93,297	93,297	3,297	86,920
Utility - Gas	49,000	3,558	48,437	1,425	1,875	55,295	6,295	52,081
Salaries	2,805,544	428,058	1,247,169	716,231	510,807	2,902,265	96,721	2,714,704
Employee Benefits	1,014,364	174,001	429,035	260,266	171,199	1,034,501	20,137	968,890
Taxes - Payroll	213,564	32,446	96,594	54,561	38,314	221,915	8,351	211,464
Fuel Expense	48,980	-	25,981	27,578	233	53,792	4,812	50,938
Truck Expense	31,960	-	4,193	29,295	3	33,491	1,531	28,602
Quality Control	80,000	-	57,990	-	-	57,990	(22,010)	57,495
Audit	18,000	-	-	-	15,856	15,856	(2,144)	15,392
Management Services	147,420	-	-	14,262	97,160	111,422	(35,998)	106,379
Postage	37,300	-	9,930	5	32,471	42,406	5,106	36,701
Legal	-	-	-	-	-	-	-	18
Engineering	70,800	-	-	-	42,924	42,924	(27,876)	33,953
Insurance	106,200	-	-	-	88,865	88,865	(17,335)	85,718
Miscellaneous	198,206	2,967	30,500	12,571	104,403	150,441	(47,765)	129,415
Publications	7,572	-	-	-	4,048	4,048	(3,524)	3,379
Dues and Subscriptions	77,300	-	-	-	54,564	54,564	(22,736)	23,968
Conservation	10,800	-	-	-	7,167	7,167	(3,633)	4,659
Janitor	27,280	-	14,809	3,342	6,044	24,195	(3,085)	24,530
Landscape Maintenance	12,340	-	9,621	1,007	633	11,261	(1,079)	9,856
Board of Directors	3,240	-	-	-	2,416	2,416	(824)	2,064
Education	31,376	8,275	10,988	5,763	12,209	37,235	5,859	45,208
<b>Total Operating Expenses - Sanitation</b>	<b>\$ 6,941,451</b>	<b>\$ 902,905</b>	<b>\$ 3,104,554</b>	<b>\$ 1,418,072</b>	<b>\$ 1,410,954</b>	<b>\$ 6,836,485</b>	<b>\$ (104,966)</b>	<b>\$ 6,461,566</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – DISTRIBUTION AND COLLECTION**  
**(NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)**

	Annual Budget	Actual				Total 2019	Actual Over (Under) Budget	Total 2018
		Distribution and Collection	Development	Meter Reading	Fleet			
Power	\$ 100,000	25,828	\$ -	\$ -	\$ -	\$ 25,828	\$ (74,172)	\$ 14,302
Repair and Maintenance - Equipment	164,000	12,689	13,059	3,712	77,166	106,626	(57,374)	92,692
Repair and Maintenance - Fire and Mains	175,000	177,778	-	-	-	177,778	2,778	167,088
Repair and Maintenance Existing Service	245,000	63,945	-	151,180	-	215,125	(29,875)	195,905
Collection System Repairs	50,000	10,304	-	-	-	10,304	(39,696)	52,886
Safety Equipment	13,000	-	-	-	-	-	(13,000)	(387)
Customer Service Materials	275,000	-	-	266,278	-	266,278	(8,722)	422,354
Small Tools and Equipment	15,000	7,847	-	-	17,019	24,866	9,866	13,253
Operating Supplies - Chemicals	87,500	36,886	10,325	9,015	2,495	58,721	(28,779)	83,650
Office Supplies	4,000	-	1,802	-	-	1,802	(2,198)	12,013
Shop Supplies	15,500	5,272	-	-	7,008	12,280	(3,220)	13,001
Uniforms	17,000	4,703	4,472	1,665	1,318	12,158	(4,842)	10,332
Utility - Gas	11,500	4,454	-	-	-	4,454	(7,046)	3,976
Salaries	2,698,609	789,980	905,420	344,705	198,117	2,238,222	(460,387)	2,171,886
Employee Benefits	1,034,300	311,420	305,588	114,546	81,778	813,332	(220,968)	754,054
Taxes - Payroll	206,439	60,581	68,700	26,331	14,890	170,502	(35,937)	162,583
Fuel Expense	80,000	-	-	-	86,182	86,182	6,182	94,947
Truck Expense	85,000	-	-	-	91,546	91,546	6,546	86,758
Management Services	60,000	-	44,569	-	-	44,569	(15,431)	49,080
Postage	-	-	16	-	-	16	16	1
Engineering	80,000	-	-	-	-	-	(80,000)	-
Miscellaneous	42,400	38,449	-	558	281	39,288	(3,112)	29,607
Publications	500	-	-	-	-	-	(500)	-
Dues and Subscriptions	4,500	-	-	-	-	-	(4,500)	-
Janitor	18,000	10,444	-	-	-	10,444	(7,556)	15,076
Landscape Maintenance	3,000	3,146	-	-	-	3,146	146	2,450
Education	14,500	2,654	10,238	4,153	963	18,008	3,508	12,994
<b>Total Operating Expenses - Distribution and Collection</b>	<b>\$ 5,499,748</b>	<b>\$ 1,566,380</b>	<b>\$ 1,364,189</b>	<b>\$ 922,143</b>	<b>\$ 578,763</b>	<b>\$ 4,431,475</b>	<b>\$ (1,068,273)</b>	<b>\$ 4,460,501</b>
<b>Total Allocated to Water</b>	<b>\$ 3,739,829</b>	<b>\$ 1,065,138</b>	<b>\$ 927,649</b>	<b>\$ 627,057</b>	<b>\$ 393,559</b>	<b>\$ 3,013,403</b>	<b>\$ (726,426)</b>	<b>\$ 2,564,015</b>
<b>Total Allocated to Sanitation</b>	<b>1,759,919</b>	<b>501,242</b>	<b>436,540</b>	<b>295,086</b>	<b>185,204</b>	<b>1,418,072</b>	<b>(341,847)</b>	<b>1,206,595</b>
<b>Total</b>	<b>\$ 5,499,748</b>	<b>\$ 1,566,380</b>	<b>\$ 1,364,189</b>	<b>\$ 922,143</b>	<b>\$ 578,763</b>	<b>\$ 4,431,475</b>	<b>\$ (1,068,273)</b>	<b>\$ 3,770,610</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – ADMINISTRATION AND GENERAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)**

	Actual						Total 2019	Over (Under) Budget	Total 2018
	Budget	Management	Accounting and Finance	Information Technology	Environmental	General			
Power	\$ 26,000	\$ -	\$ -	\$ -	\$ -	\$ 18,592	\$ 18,592	\$ (7,408)	\$ 25,153
Repair and Maintenance - Equipment	33,000	-	10,820	1,466	-	-	12,286	(20,714)	14,082
Repair and Maintenance - Fire and Mains	168,500	-	2,992	178,349	-	-	181,341	12,841	170,888
Repair and Maintenance Existing Service	14,000	-	91	7,974	-	-	8,065	(5,935)	795
Operating Supplies - Chemicals	149,550	12,567	93,792	27,494	-	-	133,853	(15,697)	149,495
Office Supplies	19,400	1,636	10,556	580	-	-	12,772	(6,628)	15,225
Leased Equipment	37,500	-	-	26,376	-	-	26,376	(11,124)	25,529
Uniforms	2,730	78	1,273	572	-	-	1,923	(807)	862
Telecommunications	250,000	-	-	291,553	-	-	291,553	41,553	271,624
Utility - Gas	13,500	-	-	-	-	5,860	5,860	(7,640)	6,226
Salaries	1,595,927	496,388	928,934	170,951	-	-	1,596,273	346	1,469,184
Employee Benefits	526,904	133,484	322,276	68,740	-	10,496	534,996	8,092	476,803
Taxes - Payroll	119,740	36,574	70,229	12,929	-	-	119,732	(8)	116,175
Fuel Expense	500	0	729	-	-	-	729	229	1,245
Truck Expense	1,000	-	10	-	-	-	10	(990)	5
Quality Control	-	-	-	-	-	-	-	-	-
Water Supply	-	-	-	-	-	200,947	200,947	200,947	272,563
Audit	50,000	-	49,550	-	-	-	49,550	(450)	48,100
Management Services	349,500	117,992.00	13,432	172,202	-	-	303,626	(45,874)	283,353
Postage	92,500	-	101,471	-	-	-	101,471	8,971	103,373
Legal	-	-	-	-	-	216,748	216,748	216,748	253,683
Engineering	-	-	-	-	-	393,710	393,710	393,710	217,763
Insurance	295,000	-	-	-	-	277,702	277,702	(17,298)	267,869
Miscellaneous	410,950	-	2,207	-	-	331,565	333,772	(77,178)	275,274
Publications	12,200	-	-	-	-	12,651	12,651	451	10,560
Dues and Subscriptions	63,000	1,266	-	-	-	75,803	77,069	14,069	70,697
Water Rights Assessments	-	-	-	-	-	68,966	68,966	68,966	68,089
Conservation	30,000	-	-	-	-	22,396	22,396	(7,604)	14,559
Janitor	17,500	-	-	-	-	18,886	18,886	1,386	17,429
Landscape Maintenance	3,500	-	-	-	-	1,979	1,979	(1,521)	1,950
Board of Directors	9,000	7,550	-	-	-	-	7,550	(1,450)	6,450
Education	42,100	8,997	2,508	6,365	-	20,283	38,153	(3,947)	65,221
<b>Total</b>	<b>\$ 4,333,501</b>	<b>\$ 816,532</b>	<b>\$ 1,610,870</b>	<b>\$ 965,551</b>	<b>\$ -</b>	<b>\$ 1,676,584</b>	<b>\$ 5,069,537</b>	<b>\$ 736,036</b>	<b>\$ 4,720,224</b>
Total Allocated to Water	\$ 2,946,781	\$ 555,242	\$ 1,095,392	\$ 656,575	\$ -	\$ 588,534	\$ 3,658,583	\$ 711,802	\$ 3,436,753
Total Allocated to Sanitation	1,386,720	261,290	515,478	308,976	-	276,957	1,410,954	24,234	1,284,191
<b>Total</b>	<b>\$ 4,333,501</b>	<b>\$ 816,532</b>	<b>\$ 1,610,870</b>	<b>\$ 965,551</b>	<b>\$ -</b>	<b>\$ 865,491</b>	<b>\$ 5,069,537</b>	<b>\$ 736,036</b>	<b>\$ 4,720,944</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2019**

	Water		Sanitation		General		Total Budget	Total Actual	Actual (Under) Over Budget
	Budget	Actual	Budget	Actual	Budget	Actual			
<b>REVENUES AND RECEIPTS</b>									
Service Fees	\$ 17,741,913	\$ 19,489,826	\$ 12,053,493	\$ 13,431,063	\$ -	\$ -	\$ 29,795,406	\$ 32,920,889	\$ 3,125,483
Pretreatment Rees	-	-	126,300	134,958	-	-	126,300	134,958	8,658
Hydrant Water	698,076	824,752	-	-	-	-	698,076	824,752	126,676
Fireline Fees	256,346	262,137	-	-	-	-	256,346	262,137	5,791
Inclusion Fees	15,000	45,875	84,726	5,360	-	-	99,726	51,235	(48,491)
Leased Water	250,000	181,322	-	-	-	-	250,000	181,322	(68,678)
Turn on Charge	246,052	253,373	113,820	119,235	-	-	359,872	372,608	12,736
Operation and Maintenance Funds Interest	-	-	-	-	-	-	-	-	-
Tap-In Fees	426,025	531,104	2,625	77,112	-	-	428,650	608,216	179,566
Contributions:									
Customers and Contractors	4,813,283	12,946,447	-	-	-	-	4,813,283	12,946,447	8,133,164
Connection Fees	4,761,589	14,024,090	4,653,810	2,319,307	-	-	9,415,399	16,343,397	6,927,998
Taxes:									
Property	-	-	-	-	2,416,741	2,432,218	2,416,741	2,432,218	15,477
Other	-	-	-	-	160,000	198,381	160,000	198,381	38,381
Interest Income	460,000	1,924,618	460,000	693,600	80,000	-	1,000,000	2,618,218	1,618,218
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-
Gain on Sale of Capital Asset	-	15,000	-	-	-	-	-	15,000	15,000
Miscellaneous	35,500	55,460	42,000	21,857	40,000	135,420	117,500	212,737	95,237
Total Revenue and Receipts	<u>\$ 29,703,784</u>	<u>\$ 50,554,004</u>	<u>\$ 17,536,774</u>	<u>\$ 16,802,492</u>	<u>\$ 2,696,741</u>	<u>\$ 2,766,019</u>	<u>\$ 49,937,299</u>	<u>\$ 70,122,515</u>	<u>\$ 20,185,216</u>
<b>EXPENDITURES, DISBURSEMENTS AND TRANSFERS</b>									
Operating Expenses	\$ 14,721,285	\$ 13,881,130	\$ 6,941,451	\$ 6,836,485	\$ -	\$ -	\$ 21,662,736	\$ 20,717,615	\$ (945,121)
Nonoperating Expenses	144,273	-	84,731	-	105,000	52,347	334,004	52,347	(281,657)
Debt Service Principal and Interest	8,436,190	4,965,858	6,303,800	2,975,454	-	-	14,739,990	7,941,312	(6,798,678)
Capital Expenditures	14,223,784	19,829,010	5,475,075	2,825,848	399,145	-	20,098,004	22,654,858	2,556,854
Transfers	-	(1,845,297)	-	(868,375)	-	2,713,672	-	-	-
Total Expenditures, Disbursements, and Transfers	<u>\$ 37,525,532</u>	<u>\$ 36,830,701</u>	<u>\$ 18,805,057</u>	<u>\$ 11,769,412</u>	<u>\$ 504,145</u>	<u>\$ 2,766,019</u>	<u>\$ 56,834,734</u>	<u>\$ 51,366,132</u>	<u>\$ (5,468,602)</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF BUDGET RECONCILIATION  
YEAR ENDED DECEMBER 31, 2019**

	<u>Water</u>	<u>Sanitation</u>	<u>General</u>
<b>Revenues and Receipts</b>			
Budget Basis Revenues and Receipts	\$ 50,554,004	\$ 16,802,492	\$ 2,766,019
Allocate:			
General Fund Revenues	<u>1,880,893</u>	<u>885,126</u>	<u>(2,766,019)</u>
<b>Budget Basis Revenues and Receipts</b>	<u>52,434,897</u>	<u>17,687,618</u>	<u>-</u>
<b>GAAP Basis Revenue and Receipts</b>	<u>\$ 52,434,897</u>	<u>\$ 17,687,618</u>	<u>\$ -</u>
 <b>GAAP Basis</b>			
Operating Revenues	\$ 21,588,389	\$ 13,767,728	\$ -
Nonoperating Revenues	<u>30,846,508</u>	<u>3,919,890</u>	<u>-</u>
<b>Budget Basis Revenues and Receipts</b>	<u>\$ 52,434,897</u>	<u>\$ 17,687,618</u>	<u>\$ -</u>
 <b>Expenditures and Disbursements</b>			
Budget Basis Expenditures and Disbursements	\$ 36,830,701	\$ 11,769,412	\$ 2,766,019
Plus:			
Amortization Expense - Bonds	(93,482)	(43,991)	-
Depreciation Expense	3,087,327	3,631,286	-
Transfers	1,845,297	868,375	(2,713,672)
General Fund Treasurer's Fees	35,596	16,751	(52,347)
Less:			
Capital Expenditures	19,829,010	2,825,848	-
Principal payments on Debt	<u>1,744,369</u>	<u>2,266,140</u>	<u>-</u>
<b>GAAP Basis Expenditures and Disbursements</b>	<u>\$ 20,132,060</u>	<u>\$ 11,149,845</u>	<u>\$ -</u>
 <b>GAAP Basis</b>			
Operating Expenses	\$ 13,290,278	\$ 9,076,413	\$ -
Allocated Administrative and General Expenses	3,658,583	1,410,954	-
Nonoperating Expenses	<u>3,183,199</u>	<u>662,478</u>	<u>-</u>
<b>Total Expenses</b>	<u>\$ 20,132,060</u>	<u>\$ 11,149,845</u>	<u>\$ -</u>

## **SECONDARY MARKET INFORMATION**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Budget 2020</u>
Gross Revenues	\$ 24,455	\$ 41,776	\$ 30,071	\$ 31,273	\$ 36,382	\$ 38,067	\$ 35,029
Operating and Maintenance Expenses (Excluding Depreciation)	<u>18,699</u>	<u>17,685</u>	<u>19,387</u>	<u>19,618</u>	<u>20,510</u>	<u>20,718</u>	<u>21,282</u>
Net Revenue	<u>\$ 5,756</u>	<u>\$ 24,091</u>	<u>\$ 10,684</u>	<u>\$ 11,655</u>	<u>\$ 15,872</u>	<u>\$ 17,349</u>	<u>\$ 13,747</u>
Pro forma coverage of the combined maximum annual debt service requirements for the series 2010, 2014 and 2018 Bonds and the SWRPDA Loans	1.55	6.50	2.88	3.15	3.09	2.93	1.98

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

	2013	2014 (Restated)	2015	2016	2017	2018	2019
<b>WATER OPERATIONS</b>							
Operating Revenue	\$ 12,837,426	\$ 14,131,190	\$ 15,134,210	\$ 18,484,806	\$ 18,751,898	\$ 21,540,951	\$ 21,588,389
Direct Water Expenses	10,535,335	11,681,955	10,680,146	12,089,993	12,196,976	13,150,199	13,290,278
Gross Income from Water Operations	<u>2,302,091</u>	<u>2,449,235</u>	<u>4,454,064</u>	<u>6,394,813</u>	<u>6,554,922</u>	<u>8,390,752</u>	<u>8,298,111</u>
<b>SANITATION OPERATIONS</b>							
Operating Revenue	8,907,160	9,833,619	10,644,409	11,310,429	12,041,784	12,944,086	13,767,728
Direct Sanitation Expenses	6,268,101	7,028,853	6,937,215	6,177,307	7,281,585	9,538,761	9,076,413
Gross Income from Sanitation Operations	<u>2,639,059</u>	<u>2,804,766</u>	<u>3,707,194</u>	<u>5,133,122</u>	<u>4,760,199</u>	<u>3,405,325</u>	<u>4,691,315</u>
<b>GROSS INCOME FROM OPERATIONS</b>	4,941,150	5,254,001	8,161,258	11,527,935	11,315,121	11,796,077	12,989,426
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>4,858,265</u>	<u>4,849,927</u>	<u>4,804,740</u>	<u>4,858,265</u>	<u>5,009,797</u>	<u>4,720,944</u>	<u>5,069,537</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	82,885	404,074	3,356,518	6,669,670	6,305,324	7,075,133	7,919,889
<b>NONOPERATING REVENUES AND (EXPENSES)</b>							
General Property Tax	1,842,959	2,018,751	1,957,413	2,173,347	2,296,299	2,302,973	2,432,218
Other Taxes	137,390	156,257	158,370	180,920	213,384	204,285	198,381
Net Investment Income	27,025	25,043	54,125	195,440	415,955	1,813,772	2,618,218
Intergovernmental Revenue	-	400,000	600,000	-	-	-	-
Gain (Loss) on Dissolution of Joint Venture	923	(7,407)	8,530	88,335	-	-	15,000
Miscellaneous	136,820	157,683	164,356	183,493	172,994	212,869	212,737
Interest Expense	(507,006)	(1,407,186)	(2,233,251)	(1,494,773)	(1,488,392)	(3,324,385)	(3,793,330)
Cost of Debt Issuance	-	-	-	-	-	(498,996)	-
Treasurer's Fees	(75,217)	(93,502)	(60,407)	(56,870)	(52,449)	(49,166)	(52,347)
Total Nonoperating Revenues and (Expenses)	<u>1,562,894</u>	<u>1,249,639</u>	<u>649,136</u>	<u>1,269,892</u>	<u>1,557,791</u>	<u>661,352</u>	<u>1,630,877</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<u>1,645,779</u>	<u>1,653,713</u>	<u>4,005,654</u>	<u>7,939,562</u>	<u>7,863,115</u>	<u>7,736,485</u>	<u>9,550,766</u>
<b>CAPITAL CONTRIBUTIONS</b>							
Tap Fees	3,305,099	2,815,086	2,949,511	1,501,933	2,204,371	3,316,471	2,332,049
Developer Contributions	4,475,107	6,054,357	5,973,576	6,896,271	10,705,728	9,289,076	12,946,447
System Development Fees	2,521,342	2,601,087	2,733,702	6,358,473	13,965,225	8,246,955	14,011,348
Total Capital Contributions	<u>10,301,548</u>	<u>11,470,530</u>	<u>11,656,789</u>	<u>14,756,677</u>	<u>26,875,324</u>	<u>20,852,502</u>	<u>29,289,844</u>
<b>CHANGE IN NET POSITION</b>	11,947,327	13,124,243	15,662,443	22,696,239	34,738,439	28,588,987	38,840,610
Net Position - Beginning of Year (Restated)	357,952,538	379,069,420	392,193,663	407,856,106	430,552,345	465,290,784	493,879,771
<b>NET POSITION - END OF YEAR</b>	<u>\$ 369,899,865</u>	<u>\$ 392,193,663</u>	<u>\$ 407,856,106</u>	<u>\$ 430,552,345</u>	<u>\$ 465,290,784</u>	<u>\$ 493,879,771</u>	<u>\$ 532,720,381</u>

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

**Revenues from Water Service Charges**

Year	Consumption (Thousands of Gallons)	Revenues from Metered Water Service Charges
2013	2,455,137	\$ 11,785,100
2014	2,621,609	13,207,911
2015	2,619,007	14,112,055
2016	2,650,240	16,372,854
2017	2,929,562	16,865,244
2018	3,130,000	18,500,028
2019	3,173,847	19,489,826

**Revenues from Sewer Service Charges**

Year	Consumption (Thousands of Gallons)	Revenues from Metered Sewer Service Charges
2013	2,455,137	\$ 8,664,629
2014	2,621,609	14,112,055
2015	2,619,007	10,342,187
2016	2,650,240	11,069,156
2017	2,929,562	11,773,385
2018	3,130,000	12,585,030
2019	3,173,847	13,431,063

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
COMPARISON OF FISCAL YEAR 2019 AND 2020 BUDGET TO  
FISCAL YEAR 2019 ACTUAL RESULTS OF OPERATIONS  
BUDGETARY BASIS**

	2019		Over (Under) Budget	2020
	Adopted Budget	Actual		Adopted Budget
<b>WATER OPERATIONS</b>				
Operating Revenue	\$ 19,633,412	\$ 21,588,389	\$ 1,954,977	\$ 21,114,414
Direct Water Expenses	11,774,504	10,222,547	(1,551,957)	11,303,124
Gross Income from Water Operations	7,858,908	11,365,842	3,506,934	9,811,290
<b>SANITATION OPERATIONS</b>				
Operating Revenue	12,380,964	13,767,728	1,386,764	13,914,768
Direct Sanitation Expenses	5,554,731	5,425,531	(129,200)	6,012,401
Gross Income from Sanitation Operations	6,826,233	8,342,197	1,515,964	7,902,367
<b>GROSS INCOME FROM OPERATIONS</b>	14,685,141	19,708,039	5,022,898	17,713,657
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	4,333,501	5,069,537	736,036	3,966,715
<b>NET INCOME FROM OPERATIONS</b>	10,351,640	14,638,502	4,286,862	13,746,942
<b>NONOPERATING REVENUES</b>				
General Property Tax	2,416,741	2,432,218	15,477	2,639,436
Other Taxes	160,000	198,381	38,381	160,000
Net Investment Income	1,000,000	2,618,218	1,618,218	1,250,000
Gain on Sale of Capital Asset	-	15,000	15,000	-
Miscellaneous	117,500	212,737	95,237	100,000
Total Nonoperating Revenue	3,694,241	5,476,554	1,782,313	4,149,436
<b>NONOPERATING EXPENSES</b>				
Interest Expense	3,211,509	3,793,330	581,821	3,150,000
Treasurer's Fees	229,004	52,347	(176,657)	82,000
Nonoperating Expenses	105,000	-	(105,000)	-
Total Nonoperating Expenses	3,545,513	3,845,677	300,164	3,232,000
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	10,500,368	16,269,379	5,769,011	14,664,378
<b>CAPITAL CONTRIBUTIONS</b>				
Tap Fees	4,653,810	2,332,049	(2,321,761)	4,584,657
Developer Contributions	4,813,283	12,946,447	8,133,164	2,909,345
System Development Fees	4,761,589	14,011,348	9,249,759	4,823,889
Total Capital Contributions	14,228,682	29,289,844	15,061,162	12,317,891
Capital Expenditures	20,098,005	9,708,411	(10,389,594)	25,171,370
Capital Expenditures/Bond Fund	-	-	-	37,750,000
FRICO Payments	4,813,283	12,946,447	8,133,164	8,745,831
Intergovernmental Payments	4,176,060	-	(4,176,060)	4,244,520
Debt Service	2,539,137	4,147,982	1,608,845	6,941,753
<b>NET INCREASE (DECREASE) IN FUNDS</b>	(6,897,435)	18,756,383	25,653,818	(55,871,205)
Funds Available - Beginning of Year	39,800,000	39,800,000	-	58,556,383
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 32,902,565</u>	<u>\$ 58,556,383</u>	<u>\$ 25,653,818</u>	<u>\$ 2,685,178</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
GOVERNMENTAL AND ENTERPRISE ACTIVITY  
FISCAL YEAR 2019 ACTUAL RESULTS OF OPERATIONS  
BUDGETARY BASIS**

	General Government Fund	Enterprise Fund	Total
<b>OPERATING REVENUES</b>			
General Property Tax	\$ 2,432,218	\$ -	\$ 2,432,218
Other Taxes	198,381	-	198,381
Metered Water Fees	-	19,489,826	19,489,826
Sewer Service Fees	-	13,431,063	13,431,063
Pretreatment Fees	-	134,958	134,958
Fireline Fees	-	262,137	262,137
Inclusion Fees	-	51,235	51,235
Leased Water	-	181,322	181,322
Turn on Charge	-	372,608	372,608
Tap-In Fees	-	608,216	608,216
Hydrant Water	-	824,752	824,752
Total Operating Revenue	<u>2,630,599</u>	<u>35,356,117</u>	<u>37,986,716</u>
<b>OPERATING EXPENSES</b>			
Source of Supply	-	4,877,651	4,877,651
Treatment	-	2,331,493	2,331,493
Transmission	-	902,905	902,905
Treatment	-	3,104,554	3,104,554
Distribution and Collection	-	1,566,380	1,566,380
Development	-	1,364,189	1,364,189
Meter Readers	-	922,143	922,143
Management	261,290	555,242	816,532
Administration	515,478	1,095,392	1,610,870
Information Technology	308,976	656,575	965,551
General	578,763	1,676,584	2,255,347
Total Operating Expenses	<u>1,664,507</u>	<u>19,053,108</u>	<u>20,717,615</u>
<b>TOTAL OPERATING REVENUE (LOSS)</b>	966,092	16,303,009	17,269,101
<b>OTHER REVENUES</b>			
Developer Contributions	-	12,946,447	12,946,447
System Development Fees	-	16,343,397	16,343,397
Bond Proceeds	-	-	-
Intergovernmental Revenue	-	-	-
Interest Income	837,830	1,780,388	2,618,218
Miscellaneous	72,876	154,860	227,737
Total Other Revenues	<u>910,706</u>	<u>31,225,092</u>	<u>32,135,799</u>
<b>TOTAL NET REVENUES</b>	1,876,798	47,528,101	49,404,900
<b>OTHER EXPENDITURES</b>			
Nonoperating Expenses	52,347	-	52,347
Bonded Indebtedness	-	4,010,509	4,010,509
Capital Outlay	-	9,708,411	9,708,411
Intergovernmental Payments	-	-	-
FRICO	-	12,946,447	12,946,447
Total Other Expenses	<u>52,347</u>	<u>26,665,367</u>	<u>26,717,714</u>
<b>BALANCE (DEFICIT)</b>	<u>\$ 1,824,451</u>	<u>\$ 20,862,734</u>	<u>\$ 22,687,186</u>