

SOUTH METRO WISE AUTHORITY
Arapahoe and Douglas Counties, Colorado

FINANCIAL STATEMENTS
Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the South Metro WISE Authority, as of and for the year ended December 31, 2019, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial position of the business-type activities of the South Metro WISE Authority as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Correction of an error

As discussed in Note 11 to the financial statements, South Metro WISE Authority restated its net position as of January 1, 2019 due to a correction of an error for funds received for operations deposit. A summary of the restatement is presented in Note 11. Our opinion on the basic financial statements was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

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



CliftonLarsonAllen LLP

Greenwood Village, Colorado
May 26, 2020

BASIC FINANCIAL STATEMENTS

**SOUTH METRO WISE AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	2019
ASSETS	
Cash and Investments	\$ 14,614,604
Accounts Receivable	3,327,982
Prepaid items	32,918
Capital Assets, Not Being Depreciated	2,572,826
Capital Assets, Net	41,050,916
Total assets	61,599,246
LIABILITIES	
Accounts Payable	1,020,110
Due to SMWSA	68,857
Unearned Revenue	1,066,883
Operations Deposit	5,036,846
Total liabilities	7,192,696
NET POSITION	
Investment in Capital Assets	43,107,949
Unrestricted	11,298,601
Total net position	\$ 54,406,550

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019**

	2019
OPERATING REVENUES	
Members Fees	\$ 500,000
Operations & Maintenance	1,099,998
Reimbursed Costs	213,345
Water Sales	6,592,676
DIA Connection	1,146,668
CWCB Grant	175,407
Douglas Co Reservation Fee	485,625
Total operating revenues	10,213,719
OPERATING EXPENSES	
Accounting & Audit	7,827
Engineering	153,653
Insurance & Bonds	33,320
Legal	39,148
Supplies / Meetings/Dues	1,365
Public Relations	17,669
SMWSA staffing/office	648,209
System Operations & Operations Split	100,782
Water Purchase	6,597,531
General 3-Party	1,030
WISE Pipeline Operations	125,107
DIA Connection	1,146,668
Douglas County Reservation Fee	479,173
Depreciation	974,763
Total operating expenses	10,326,245
OPERATING INCOME (LOSS)	(112,526)
NONOPERATING REVENUE AND EXPENSES	
Investment Income	172,203
Total nonoperating revenue and expenses	172,203
CAPITAL CONTRIBUTIONS	
Contributions from members - Binney Connection	6,008,455
Total capital contributions	6,008,455
CHANGE IN NET POSITION	6,068,132
NET POSITION - BEGINNING OF YEAR, (as restated)	48,338,418
NET POSITION - END OF YEAR	\$ 54,406,550

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from members and others	\$ 9,027,271
Payments to suppliers	(9,940,494)
Net cash (used) by operating activities	(913,223)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	6,008,455
Payments related to acquisition of capital assets	(1,766,012)
Net cash provided by capital and related financing activities	4,242,443
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	172,203
Net cash provided by investing activities	172,203
NET INCREASE IN CASH AND INVESTMENTS	3,501,423
CASH AND INVESTMENTS - BEGINNING OF YEAR	11,113,181
CASH AND INVESTMENTS - END OF YEAR	\$ 14,614,604

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ (112,526)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	974,763
(Increase) decrease in assets:	
Accounts receivable	(2,013,811)
Prepaid expenses	(32,918)
Increase (decrease) in liabilities:	
Accounts payable	(492,732)
Due to SMWSA	(63,362)
Unearned Revenue	737,969
Operations Deposit	89,394
Net cash (used) by operating activities	\$ (913,223)

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

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

As of December 31, 2019, the Authority consisted of ten members who pay annual dues to operate the Authority based on the percentage defined in the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement. The members and their respective allocation of annual dues at December 31, 2019, were as follows:

Centennial Water and Sanitation District	12.94%
Cottonwood Water and Sanitation District	5.18%
Dominion Water & Sanitation District	17.15%
Inverness Water and Sanitation District	6.47%
Meridian Metropolitan District	3.91%
Parker Water and Sanitation District	15.53%
Pinery Water and Wastewater District	6.47%
Rangeview Metropolitan District	6.47%
Stonegate Village Metropolitan District	12.94%
Town of Castle Rock	12.94%
	100.00%

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

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Accounting

The Authority's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Membership fees billed as capital will be recorded as capital contributions at the time they become due. Capital grants from the State of Colorado are recognized as capital contributions when received.

Operating Revenues and Expenses

The Authority distinguishes between operating revenues and expenses and nonoperating items in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's purpose of providing water services to its members. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

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

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Any construction in process that will be dedicated to another entity is not depreciated. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of 15-65 years.

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and Investments	\$ 14,614,604
	<u>\$ 14,614,604</u>

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

Deposits with Financial Institutions	\$ 194,788
Investments	14,419,816
Total Cash and Investments	<u>\$ 14,614,604</u>

Deposits with Financial Institutions

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

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

At December 31, 2019, the Authority's cash deposits had a bank balance of \$194,788 and a carrying balance of \$194,788.

Investments

The Authority makes investments pursuant to its investment policy and relevant State of Colorado Statutes.

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

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

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

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

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

Investments	Maturity	Amount
Colorado Surpluse Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 9,382,751
Colorado Statewide Investment Pool (CSIP)	Weighted average under 60 days	5,037,065
		<u>\$ 14,419,816</u>

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Colorado Statewide Investment Program (CSIP)

As of December 31, 2019, the Authority invested in the Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing CSIP. CSIP operates similarly to a money market fund and each share is equal in value to \$1.00. CSIP is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

Colorado Surplus Asset Fund Trust (CSAFE)

As of December 31, 2019, the Authority invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similar to a money market fund, with each share valued at \$1.00. CSAFE is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

NOTE 4 – CAPITAL ASSETS

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

	Balance at December 31, 2018	Additions	Deletions	Balance at December 31, 2019
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 326,520	\$ 2,246,306	\$ -	\$ 2,572,826
Total Capital Assets, Not Being Depreciated	326,520	2,246,306	-	2,572,826
Infrastructure	42,384,255	-	-	42,384,255
Vehicles and Equipment	1,056,236	35,499	-	1,091,735
Total Capital Assets, Being Depreciated	43,440,491	35,499	-	43,475,990
Infrastructure	(1,344,687)	(900,799)	-	(2,245,486)
Vehicles and Equipment	(105,624)	(73,964)	-	(179,588)
Total Accumulated Depreciation	(1,450,311)	(974,763)	-	(2,425,074)
Total Capital Assets, Being Depreciated, Net	41,990,180	(939,264)	-	41,050,916
Total Capital Assets, Net	\$ 42,316,700	\$ 1,307,042	\$ -	\$ 43,623,742

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 - NET POSITION

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

Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the Authority had investment in capital assets of \$43,107,949.

The unrestricted component of net position as of December 31, 2019, totaled \$11,298,601.

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS

Personnel and Cost Sharing Agreement

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

NOTE 7 - RISK MANAGEMENT

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

The Authority is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

NOTE 9 - CREDIT TOWARD PIPELINE INFRASTRUCTURE

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

Cottonwood used the entire \$1.2 million credit in 2014 for Pipeline Infrastructure. Meridian used \$660,000 of the credit in 2014 for Pipeline Infrastructure and will use the remaining \$488,800 toward a future capital project called Binney Connection that began in 2019.

**NOTE 10 - AGREEMENT REGARDING MODIFICATIONS TO SHARED INFRASTRUCTURE
(Modifications Agreement)**

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

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

**SOUTH METRO WISE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 – PRIOR PERIOD ADJUSTMENT

During year ended December 31, 2019, it was determined that operational deposits received through an Intergovernmental Agreement with Members of the Authority in 2018 should have been recorded as a liability or customer deposits, but were inadvertently recorded as revenue. As a result, a prior period adjustment was made to correct beginning fund balance. The details of the adjustment are as follows:

	<u>Net Position</u>
Beginning Net Position, as previously reported, at January 1, 2019	\$ 49,730,429
Prior Period Adjustment	<u>(1,392,011)</u>
Net Position, January 1, 2019, as restated	<u><u>\$ 48,338,418</u></u>

NOTE 12 – SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2020 operations and financial results, but the effects are currently unknown. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

SUPPLEMENTARY INFORMATION

**SOUTH METRO WISE AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Subscription Member Fees	\$ 500,000	\$ 500,000	\$ -
CWCB Grant	127,500	175,407	47,907
Operations and Maintenance	1,100,000	1,099,998	(2)
DIA Connection	1,146,668	1,146,668	-
Investment Income	44,000	172,203	128,203
Water Sales	6,695,000	6,592,676	(102,324)
Water Sales - Contingency	2,870,000	-	(2,870,000)
Binney Connection	6,709,343	6,008,455	(700,888)
Meridian Title Cleanup	290,657	-	(290,657)
Douglas Co Reservation	-	485,625	485,625
Reimbursed - DW & ECCV	-	213,345	213,345
Transfers In	1,160,000	-	(1,160,000)
Total revenues	<u>20,643,168</u>	<u>16,394,377</u>	<u>(4,248,791)</u>
EXPENDITURES			
Operations			
Accounting	20,000	327	19,673
Audit	7,000	7,500	(500)
Dues and Subscriptions	2,000	1,007	993
Engineering	280,650	153,653	126,997
Insurance and Bonds	39,500	33,320	6,180
Legal	125,000	39,148	85,852
Public Relations	35,000	17,669	17,331
Supplies / Meetings	5,000	358	4,642
SMWSA staffing/office	781,000	648,209	132,791
Contingency	195,000	-	195,000
System Operations	112,000	68,714	43,286
WISE Pipeline Operations	320,000	125,107	194,893
Easement & Pipeline Protection	40,000	-	40,000
QSWTP Operations	200,000	32,068	167,932
Douglas Co Reservation	-	479,173	(479,173)
General Operations - 3 Party	-	1,030	(1,030)
Reimbursed Expenditures form ECCV & DW	280,000	-	280,000
DIA Connection Cost	1,146,668	1,146,668	-
Water Purchase	6,695,000	6,597,531	97,469
Water Purchase Contingent	2,870,000	-	2,870,000
Capital projects			
Binney Connection	9,455,000	2,219,429	7,235,571
Other project Costs - Infrastructure	61,000	35,499	25,501
Other Project Costs 3-Party	700,000	26,877	673,123
Reimbursed from ECCV & DW	(375,800)	-	(375,800)
Reimbursed from ECCV & DW for Binney Con	(1,794,050)	-	(1,794,050)
Transfers out	1,160,000	-	1,160,000
Total expenditures	<u>22,359,968</u>	<u>11,633,287</u>	<u>10,726,681</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,716,800)	4,761,090	6,477,890
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>3,122,291</u>	<u>10,969,170</u>	<u>7,846,879</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 1,405,491</u>	<u>\$ 15,730,260</u>	<u>14,324,769</u>

**SOUTH METRO WISE AUTHORITY
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2019**

	Actual
Funds available are defined as follows:	
Current assets	\$ 17,975,504
Less current liabilities	(2,245,244)
Funds available	\$ 15,730,260
Reconciliation of budgetary basis (actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (budgetary basis)	\$ 16,394,377
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	16,394,377
Expenditures (budgetary basis)	11,633,287
Capital outlay	(2,281,805)
Depreciation	974,763
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	10,326,245
Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position	\$ 6,068,132