

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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**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 Audit of the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Adams County Water and Sanitation District as of December 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of operating revenue, budgetary comparison schedules and schedule of budget reconciliation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the schedule of operating revenue, budgetary comparison schedules and schedule of budget reconciliation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the secondary market information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Denver, Colorado
May 10, 2023

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021. 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 2022

- Net position increased by \$46,133,825 in 2022 or 2.1%, primarily due to capital contributions of \$35,293,939.
- Capital contributions consist of the following:

Tap fees	\$ 1,104,498
Developer contributions	14,767,662
System development fees	19,421,779
- Income before capital contributions is \$10,839,886, a decrease of \$107,726 or 1.0% from 2021.
- The income from operations is \$7,668,151 for 2022, compared to \$10,478,149 in 2021.
- The District currently has 22,677 active customer accounts.
- Unrestricted net position increased by \$20,001,845 which is a 18.4% increase from the prior fiscal year.

Overview of the Financial Statements

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

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

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

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

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

Summary and Financial Analysis

NET POSITION

	2022	2021
ASSETS		
Current Assets	\$ 136,213,348	\$ 117,965,509
Restricted Cash and Investments	1,487,289	2,751,388
Capital Assets, Net of Accumulated Depreciation	628,453,638	605,811,350
Total Assets	\$ 766,154,275	\$ 726,528,247
LIABILITIES		
Current Liabilities	\$ 11,360,521	\$ 12,864,735
Other Liabilities	237,289	251,388
Long-Term Liabilities	87,550,686	92,894,005
Total Liabilities	99,148,496	106,010,128
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	3,306,115	2,925,002
2020B Bond Deferred Gain on Refunding	218,219	245,497
Total Deferred Inflows of Resources	3,524,334	3,170,499
NET POSITION		
Net Investment in Capital Assets	533,403,138	506,021,158
Restricted	1,250,000	2,500,000
Unrestricted	128,828,307	108,826,462
Total Net Position	663,481,445	617,347,620
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 766,154,275	\$ 726,528,247

The District increased its net position by \$46,133,825 during 2022. Capital assets net of depreciation increased by \$22,642,288. This increase is funded by the application of capital contributions in the amount of \$35,293,939. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$124,882,789, 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 \$1,250,000 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, 2022 AND 2021**

	2021	2020
ASSETS		
Current Assets	\$ 117,965,509	\$ 114,633,493
Restricted Cash and Investments	2,751,388	11,829,406
Capital Assets, Net of Accumulated Depreciation	605,811,350	564,708,015
Total Assets	\$ 726,528,247	\$ 691,170,914
LIABILITIES		
Current Liabilities	\$ 12,864,735	\$ 17,455,268
Other Liabilities	251,388	246,276
Long-Term Liabilities	92,894,005	98,324,544
Total Liabilities	106,010,128	116,026,088
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	2,925,002	2,704,995
2020B Bond Deferred Gain on Refunding	245,497	272,774
Total Deferred Inflows of Resources	3,170,499	2,977,769
NET POSITION		
Net Investment in Capital Assets	506,021,158	464,979,434
Restricted	2,500,000	2,500,000
Unrestricted	108,826,462	104,687,623
Total Net Position	617,347,620	572,167,057
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 726,528,247	\$ 691,170,914

The District increased its net position by \$45,180,563 during 2021. Capital assets net of depreciation increased by \$41,103,335. This increase is funded by the application of capital contributions in the amount of \$34,232,951. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$105,100,774, 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, 2022 AND 2021**

CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE		
Water	\$ 29,626,149	\$ 26,622,018
Sanitation	<u>15,783,006</u>	<u>15,020,914</u>
Total Operating Revenue	45,409,155	41,642,932
NONOPERATING REVENUE		
Taxes	3,222,808	2,969,535
Net Investment Income	1,796,915	283,149
Gain on Sale of Capital Asset	74,688	13,575
Other	<u>1,023,541</u>	<u>313,409</u>
Total Nonoperating Revenue	<u>6,117,952</u>	<u>3,579,668</u>
Total Revenue	51,527,107	45,222,600
OPERATING EXPENSES		
Direct Expenses:		
Water	21,274,265	16,124,557
Sanitation	<u>9,613,159</u>	<u>9,655,731</u>
Total Direct Expenses	30,887,424	25,780,288
General and Administrative Expenses	<u>6,853,580</u>	<u>5,384,495</u>
Total Operating Expenses	<u>37,741,004</u>	<u>31,164,783</u>
NONOPERATING EXPENSES		
Interest	2,915,816	3,065,767
Other	<u>30,401</u>	<u>44,438</u>
Total Nonoperating Expenses	<u>2,946,217</u>	<u>3,110,205</u>
Total Expenses	40,687,221	34,274,988
INCOME BEFORE CAPITAL CONTRIBUTIONS	10,839,886	10,947,612
CAPITAL CONTRIBUTIONS	<u>35,293,939</u>	<u>34,232,951</u>
CHANGE IN NET POSITION	46,133,825	45,180,563
Net Position - Beginning of Year	<u>617,347,620</u>	<u>572,167,057</u>
NET POSITION - END OF YEAR	<u>\$ 663,481,445</u>	<u>\$ 617,347,620</u>

Revenue:

Operating revenue for fiscal year 2022 generated from water operations totaled \$29,626,149, an increase of \$3,004,131 or 11.3% compared to fiscal year 2021. This increase was the result of the District increasing the rate charged to customers of 3.0% during 2022, an increase in the overall water consumption during 2022 of 1.8% as compared to 2021, and an increase in the District's customers of 5.8%. Sewer operating revenues increased from \$15,020,914 to \$15,783,006 due to an increase in the rate charged to customers of 3.0% during 2022.

Non-operating revenue increased from \$3,579,668 in 2021 to \$6,117,952 in 2022, representing a 70.9% increase. This increase was driven by increased interest rates on the District's cash and cash equivalents and the District receiving a grant from the Colorado Department of Public Health and Environment.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

Expenses:

Total operating expenses for 2022, which include direct, general and administrative expenses, were \$37,741,004, an increase of \$6,576,221 or 21.1% more than the preceding year. Expenses for water increased by \$5,149,708 in relation to the increased chemical supplies expense for water treatment and an increase in purchased water. Expenses for sewer remained consistent with the preceding year. Expenses for general and administrative expenses increased by \$1,469,085 or 27.3% in relation to increased payroll and benefit expenses in addition to increases in various expenses related to management services.

	2021	2020
OPERATING REVENUE		
Water	\$ 26,622,018	\$ 24,547,116
Sanitation	15,020,914	14,581,422
Total Operating Revenue	41,642,932	39,128,538
NONOPERATING REVENUE		
Taxes	2,969,535	2,807,372
Net Investment Income	283,149	886,517
Gain on Sale of Capital Asset	13,575	57,084
Other	313,409	248,214
Total Nonoperating Revenue	3,579,668	3,999,187
Total Revenue	45,222,600	43,127,725
OPERATING EXPENSES		
Direct Expenses:		
Water	16,124,557	13,856,641
Sanitation	9,655,731	9,560,740
Total Direct Expenses	25,780,288	23,417,381
General and Administrative Expenses	5,384,495	5,337,270
Total Operating Expenses	31,164,783	28,754,651
NONOPERATING EXPENSES		
Interest	3,065,767	3,073,029
Cost of Debt Issuance	-	75,300
Other	44,438	34,728
Total Nonoperating Expenses	3,110,205	3,183,057
Total Expenses	34,274,988	31,937,708
INCOME BEFORE CAPITAL CONTRIBUTIONS	10,947,612	11,190,017
CAPITAL CONTRIBUTIONS	34,232,951	28,256,659
CHANGE IN NET POSITION	45,180,563	39,446,676
Net Position - Beginning of Year	572,167,057	532,720,381
NET POSITION - END OF YEAR	\$ 617,347,620	\$ 572,167,057

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

Revenue:

Operating revenue for fiscal year 2021 generated from water operations totaled \$26,622,018, an increase of \$2,074,902 or 8.5% compared to fiscal year 2020. This increase was the result of the District beginning to collect an additional Softening Fee in fiscal year 2021 that amounted to \$1,601,456 as well as increases in revenues generated from Leased Water and Inclusion Fees. The increase was offset by decreases in water consumption (sales) by 4.9% compared to the preceding year. Sewer operating revenues increased from \$14,581,422 to \$15,020,914 due to increased sewer service fee revenues, representing a 3.0% increase.

Non-operating revenue decreased from \$3,999,187 in 2020 to \$3,579,688 representing a 10.5% decrease. The decrease is related to worse performance on investments.

Expenses:

Total operating expenses for 2021, which include direct, general and administrative expenses, were \$31,164,783, an increase of \$2,410,132 or 8.4% more than the preceding year. Expenses for water increased by \$2,267,916 in relation to the increased chemical supplies expense for water treatment. This increase was supplemented by a \$94,991 increase in sewer expenses as a result of an increase in depreciation expense compared to the prior year.

Capital Assets

	December 31, 2021	Net Changes	December 31, 2022
	<u> </u>	<u> </u>	<u> </u>
Water System			
Land and Land Rights	\$ 4,061,733	\$ 479,271	\$ 4,541,004
Water Rights	207,504,736	(1,800,000)	205,704,736
Construction in Progress	82,859,048	13,003,008	95,862,056
Plant and Equipment	249,780,547	9,571,059	259,351,606
Total Water System	<u>544,206,064</u>	<u>21,253,338</u>	<u>565,459,402</u>
Sanitation System			
Land and Land Rights	367,424	225,539	592,963
Construction in Progress	6,311,797	4,436,666	10,748,463
Plant and Equipment	159,200,017	5,766,089	164,966,106
Total Sanitation System	<u>165,879,238</u>	<u>10,428,294</u>	<u>176,307,532</u>
Accumulated Depreciation	<u>104,273,952</u>	<u>9,039,344</u>	<u>113,313,296</u>
Total Capital Assets - Net	<u><u>\$ 605,811,350</u></u>	<u><u>\$ 22,642,288</u></u>	<u><u>\$ 628,453,638</u></u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

2022

Gross capital assets increased in excess of \$31.7 million during 2022. Significant components of that increase are as follows:

- Increase in various construction in progress projects totaling \$17.4 million.
- Water and Sanitation acceptances totaling in excess of \$14 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.

	December 31, 2020	Net Changes	December 31, 2021
	<u> </u>	<u> </u>	<u> </u>
Water System			
Land and Land Rights	\$ 4,061,733	\$ -	\$ 4,061,733
Water Rights	177,674,535	29,830,201	207,504,736
Construction in Progress	135,840,532	(52,981,484)	82,859,048
Plant and Equipment	186,305,545	63,475,002	249,780,547
Total Water System	<u>503,882,345</u>	<u>40,323,719</u>	<u>544,206,064</u>
Sanitation System			
Land and Land Rights	367,424	-	367,424
Construction in Progress	3,246,430	3,065,367	6,311,797
Plant and Equipment	154,149,347	5,050,670	159,200,017
Total Sanitation System	<u>157,763,201</u>	<u>8,116,037</u>	<u>165,879,238</u>
Accumulated Depreciation	<u>96,937,531</u>	<u>7,336,421</u>	<u>104,273,952</u>
Total Capital Assets - Net	<u>\$ 564,708,015</u>	<u>\$ 41,103,335</u>	<u>\$ 605,811,350</u>

Gross capital assets increased in excess of \$48.4 million during 2021. Significant components of that increase are as follows:

- Payment for the acquisition of permanent water supplies of \$29.8 million.
- Water and Sanitation acceptances totaling in excess of \$11 million.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

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, 2022, the District has five outstanding debt obligations, one loan from the Colorado Water Resource and Power Development Authority Series 2014 in the amount of \$16,234,831, the Series 2014, 2018, 2020A and 2020B Revenue Bonds in the amount of \$9,270,000, \$54,035,000, \$5,400,000 and \$5,875,000.

At December 31, 2021, 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 \$270,000 and \$17,260,450, the Series 2014, 2018, 2020A and 2020B Revenue Bonds in the amount of \$9,780,000, \$55,155,000, \$7,150,000 and \$6,555,000.

Economic Environment:

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

Requests for Information:

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

FINANCIAL STATEMENTS

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Investments	\$ 32,546,003	\$ 32,616,451
Cash and Investments - Designated	95,209,929	77,919,918
Accounts Receivable:		
Customers	3,514,996	3,627,578
Taxes	3,366,489	2,985,376
Other	775,747	129,777
Inventories, Supplies, and Materials	556,571	594,189
Prepaid Expenses	243,613	92,220
Total Current Assets	136,213,348	117,965,509
 RESTRICTED CASH AND INVESTMENTS		
Operating Reserve	1,250,000	2,500,000
Employee Flexible Spending Accounts	25,532	26,618
Customer Deposits	211,757	224,770
Total Restricted Cash and Investments	1,487,289	2,751,388
 CAPITAL ASSETS		
Capital Assets Not Being Depreciated	317,449,222	301,104,738
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	311,004,416	304,706,612
Total Capital Assets	628,453,638	605,811,350
 Total Assets	 \$ 766,154,275	 \$ 726,528,247

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2022 AND 2021**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2022	2021
CURRENT LIABILITIES		
Accounts Payable	\$ 4,277,002	\$ 6,010,081
Retainage Payable	448,056	237,793
Accrued Interest	343,222	353,099
Current Portion of Bonds and Loan Payable	5,372,584	5,465,942
Current Portion of Accrued Benefits Payable	919,657	797,820
Total Current Liabilities	11,360,521	12,864,735
RESTRICTED LIABILITIES		
Customer Deposits	211,757	224,770
Employee Flexible Spending Accounts	25,532	26,618
Total Restricted Liabilities	237,289	251,388
LONG-TERM LIABILITIES		
Long-Term Portion of Bonds and Loan Payable	87,550,686	92,894,005
Total Liabilities	99,148,496	106,010,128
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	3,306,115	2,925,002
2020B Bond Deferred Gain on Refunding	218,219	245,497
Total Deferred Inflows of Resources	3,524,334	3,170,499
NET POSITION		
Net Investment in Capital Assets	533,403,138	506,021,158
Restricted for Operating Reserve	1,250,000	2,500,000
Unrestricted	128,828,307	108,826,462
Total Net Position	663,481,445	617,347,620
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 766,154,275	\$ 726,528,247

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, 2022 AND 2021**

	2022	2021
WATER OPERATIONS		
Operating Revenue	\$ 29,626,149	\$ 26,622,018
Direct Water Expenses	21,274,265	16,124,557
Gross Income from Water Operations	8,351,884	10,497,461
SANITATION OPERATIONS		
Operating Revenue	15,783,006	15,020,914
Direct Sanitation Expenses	9,613,159	9,655,731
Gross Income from Sanitation Operations	6,169,847	5,365,183
GROSS INCOME FROM OPERATIONS	14,521,731	15,862,644
GENERAL AND ADMINISTRATIVE EXPENSES	6,853,580	5,384,495
NET INCOME FROM OPERATIONS	7,668,151	10,478,149
NONOPERATING REVENUES AND (EXPENSES)		
General Property Tax	3,014,287	2,750,272
Other Taxes	208,521	219,263
Net Investment Income	1,796,915	283,149
Gain on Sale of Capital Asset	74,688	13,575
Miscellaneous	1,023,541	313,409
Interest Expense	(2,915,816)	(3,065,767)
Treasurer's Fees	(30,401)	(44,438)
Total Nonoperating Revenues and (Expenses)	3,171,735	469,463
INCOME BEFORE CAPITAL CONTRIBUTIONS	10,839,886	10,947,612
CAPITAL CONTRIBUTIONS		
Tap Fees	1,104,498	1,723,287
Developer Contributions	14,767,662	17,483,641
System Development Fees	19,421,779	15,026,023
Total Capital Contributions	35,293,939	34,232,951
CHANGE IN NET POSITION	46,133,825	45,180,563
Net Position - Beginning of Year	617,347,620	572,167,057
NET POSITION - END OF YEAR	\$ 663,481,445	\$ 617,347,620

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 44,862,754	\$ 41,842,051
Cash Payments for Goods and Services	(21,706,135)	(17,537,935)
Cash Payments to Employees	(10,390,760)	(10,121,083)
Net Cash Provided by Operating Activities	12,765,859	14,183,033
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax Receipts Collected by Other Governmental Agencies, Net of Treasurer's Fee	3,192,407	2,925,096
Miscellaneous Receipts	1,023,541	313,411
Net Cash Provided by Noncapital Financing Activities	4,215,948	3,238,507
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(16,835,456)	(37,928,767)
Interest Paid	(3,034,029)	(3,202,527)
Cash Received from Sale of Assets	1,875,569	13,575
Principal Payments on Debt	(5,355,619)	(5,474,567)
System Development Fees	19,421,779	15,026,023
Tap Fees	1,104,498	1,723,287
Developer Cash Contributions	-	6,372,060
Net Cash Used by Capital and Related Financing Activities	(2,823,258)	(23,470,916)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Interest	1,796,915	283,149
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,955,464	(5,766,227)
Cash and Cash Equivalents - Beginning of Year	113,287,757	119,053,984
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 129,243,221	\$ 113,287,757
	2022	2021
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR TO STATEMENTS OF NET POSITION		
Unrestricted Cash and Cash Equivalents	\$ 127,755,932	\$ 107,224,578
Restricted Cash and Cash Equivalents	1,487,289	11,829,406
Total Cash and Cash Equivalents	\$ 129,243,221	\$ 119,053,984

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 7,668,151	\$ 10,478,149
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	9,279,223	7,511,419
Effect of Changes in Operating Assets and Liabilities:		
Customer Receivables	112,582	(115,985)
Other Receivables	(645,970)	307,054
Inventory	37,618	(38,441)
Prepaid Expenses	(151,393)	47,155
Accounts Payable	(3,642,090)	(3,963,745)
Accrued Benefits	120,751	(50,623)
Customer Deposits	(13,013)	8,050
Net Cash Provided by Operating Activities	\$ 12,765,859	\$ 14,183,033

**SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND
RELATED FINANCING ACTIVITIES**

Developer infrastructure contributions were \$14,767,662 and \$11,111,581 for 2022 and 2021, respectively.
Bond premium amortization was \$81,058 and \$102,070 for 2022 and 2021, respectively.
Amortization of deferred gain on refunding was \$27,278 and \$27,277 for 2022 and 2021, respectively.
Capital-related retainage and accounts payable was \$1,909,011 and \$1,184,748 for 2022 and 2021,
respectively.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

South Adams County Water and Sanitation District (the 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 accounting principles generally accepted in the United States of America 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. Expenses 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, 2022 AND 2021**

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 statements 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, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments (Continued)

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 \$1,250,000, which is shown as restricted cash on the statements 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 statements 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, 2022 AND 2021**

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 to 30 Years
Water and Sanitation Plant	40 to 99 Years
Furniture and Equipment	5 to 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 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, 2022 AND 2021**

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.

Deferred Inflows of Resources

The Series 2020B Water and Wastewater Refunding bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$272,774. This difference is reported as a deferred inflow of resources as of December 31, 2022. See Note 5 for additional information.

Implementation of GASB Statement No. 87 Leases

During the fiscal year ended December 31, 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*. This statement was evaluated and deemed to have no impact.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2022 and 2021 statements of net position as follows:

	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ 32,546,003	\$ 32,616,451
Cash and Investments - Designated	95,209,929	77,919,918
Restricted Cash and Investments:		
Operating Reserve	1,250,000	2,500,000
Employee Flexible Spending Accounts	25,532	26,618
Customer Deposits	211,757	224,770
Total Cash and Investments	<u>\$ 129,243,221</u>	<u>\$ 113,287,757</u>

Cash and investments as of December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Cash on Hand	\$ 3,480	\$ 3,480
Deposits with Financial Institutions	23,194,541	13,539,169
Investments	106,045,200	99,745,108
Total Cash and Investments	<u>\$ 129,243,221</u>	<u>\$ 113,287,757</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits

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

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

Investments

Credit Risk

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

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

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

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

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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk (Continued)

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity Less Than One Year</u>	<u>Standard & Poor's Rating</u>	<u>Total Amortized Cost</u>	<u>Concentration</u>
CSAFE	<u>\$ 106,045,200</u>	AAAm	<u>\$ 106,045,200</u>	<u>100.0%</u>

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity Less Than One Year</u>	<u>Standard & Poor's Rating</u>	<u>Total Amortized Cost</u>	<u>Concentration</u>
CSAFE	<u>\$ 99,745,108</u>	AAAm	<u>\$ 99,745,108</u>	<u>100.0%</u>

CSAFE

At December 31, 2022 and 2021, the District had \$106,045,200 and \$99,745,108 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. There are no limitations or restrictions on withdrawals from 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, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at January 1, 2022	Increases	Transfers	Decreases	Balance at December 31, 2022
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 4,429,157	\$ 704,810	\$ -	\$ -	\$ 5,133,967
Water Rights	207,504,736	-	-	1,800,000	205,704,736
Construction in Progress	89,170,845	17,953,353	(512,798)	881	106,610,519
Total Capital Assets, Not Being Depreciated	301,104,738	18,658,163	(512,798)	1,800,881	317,449,222
Capital Assets, Being Depreciated:					
Buildings	7,552,018	7,657			7,559,675
Water System Plant	238,509,117	9,443,287	24,252		247,976,656
Sanitation System Plant	151,897,063	5,324,374	104,088		157,325,525
Furniture and Equipment	11,022,366	288,911	384,458	239,879	11,455,856
Total Capital Assets, Being Depreciated	408,980,564	15,064,229	512,798	239,879	424,317,712
Less Accumulated Depreciation for:					
Buildings	1,964,116	408,282	-		2,372,398
Water System Plant	52,973,351	4,758,420	-		57,731,771
Sanitation System Plant	44,255,296	3,971,957	-		48,227,253
Furniture and Equipment	5,081,189	140,564	-	239,879	4,981,874
Total Accumulated Depreciation	104,273,952	9,279,223	-	239,879	113,313,296
Total Capital Assets, Being Depreciated, Net	304,706,612	5,785,006	512,798	-	311,004,416
Capital Assets, Net	<u>\$ 605,811,350</u>	<u>\$ 24,443,169</u>	<u>\$ -</u>	<u>\$ 1,800,881</u>	<u>\$ 628,453,638</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance at January 1, 2021	Increases	Transfers	Decreases	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 4,429,157	\$ -	\$ -	\$ -	\$ 4,429,157
Water Rights	177,674,535	16,600,303	13,229,898	-	207,504,736
Construction in Progress	139,086,962	20,404,641	(70,320,758)	-	89,170,845
Total Capital Assets, Not Being Depreciated	321,190,654	37,004,944	(57,090,860)	-	301,104,738
Capital Assets, Being Depreciated:					
Buildings	7,522,453	29,565	-	-	7,552,018
Water System Plant	175,178,846	6,597,684	56,907,585	174,998	238,509,117
Sanitation System Plant	147,124,175	4,772,888	-	-	151,897,063
Furniture and Equipment	10,629,418	209,673	183,275	-	11,022,366
Total Capital Assets, Being Depreciated	340,454,892	11,609,810	57,090,860	174,998	408,980,564
Less Accumulated Depreciation for:					
Buildings	1,621,864	342,252	-	-	1,964,116
Water System Plant	49,847,002	3,301,347	-	174,998	52,973,351
Sanitation System Plant	40,522,225	3,733,071	-	-	44,255,296
Furniture and Equipment	4,946,440	134,749	-	-	5,081,189
Total Accumulated Depreciation	96,937,531	7,511,419	-	174,998	104,273,952
Total Capital Assets, Being Depreciated, Net	243,517,361	4,098,391	57,090,860	-	304,706,612
Capital Assets, Net	<u>\$ 564,708,015</u>	<u>\$ 41,103,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,811,350</u>

Depreciation expense for the years ended December 31, 2022 and 2021 as charged to the following operations:

	2022	2021
Direct Water Expenses	\$ 5,106,370	\$ 3,609,001
Direct Sewer Expenses	4,172,853	3,902,418
Total	<u>\$ 9,279,223</u>	<u>\$ 7,511,419</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM LIABILITIES

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2022:

	Balance January 1, 2022	New Issues	Retirements	Balance December 31, 2022	Due Within One Year
Direct Borrowing -					
Colorado Water and Power Authority Loan - 2002	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -
Colorado Water and Power Authority Loan - 2014	17,260,450	-	1,025,619	16,234,831	1,071,459
Direct Placement -					
Series 2020A Refunding Bond	7,150,000	-	1,750,000	5,400,000	1,775,000
Series 2020B Refunding Bond	6,555,000	-	680,000	5,875,000	690,000
Series 2014 Bond	9,780,000	-	510,000	9,270,000	530,000
Series 2018 Bond	55,155,000	-	1,120,000	54,035,000	1,180,000
Bond Premium	2,189,497	-	81,058	2,108,439	126,125
Total Long-Term Obligations	<u>98,359,947</u>	<u>\$ -</u>	<u>\$ 5,436,677</u>	<u>92,923,270</u>	<u>\$ 5,372,584</u>
Less Current Portion	5,465,942			5,372,584	
Long-Term Portion	<u>\$ 92,894,005</u>			<u>\$ 87,550,686</u>	

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2021:

	Balance January 1, 2021	New Issues	Retirements	Balance December 31, 2021	Due Within One Year
Direct Borrowing -					
Colorado Water and Power Authority Loan - 2002	\$ 787,500	\$ -	\$ 517,500	\$ 270,000	\$ 270,000
Colorado Water and Power Authority Loan - 2014	18,272,517	-	1,012,067	\$ 17,260,450	1,034,081
Direct Placement-					
Series 2020A Refunding Bond	8,875,000	-	1,725,000	\$ 7,150,000	1,750,000
Series 2020B Refunding Bond	7,225,000	-	670,000	\$ 6,555,000	680,000
Series 2014 Bond	10,270,000	-	490,000	\$ 9,780,000	510,000
Series 2018 Bond	56,215,000	-	1,060,000	\$ 55,155,000	1,120,000
Bond premium	2,291,567	-	102,070	2,189,497	101,861
Total Long-Term Obligations	<u>103,936,584</u>	<u>\$ -</u>	<u>\$ 5,576,637</u>	<u>98,359,947</u>	<u>\$ 5,465,942</u>
Less Current Portion	5,612,040			5,465,942	
Long-Term Portion	<u>\$ 98,324,544</u>			<u>\$ 92,894,005</u>	

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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

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. The loan contains a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

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. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

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

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

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)	<u>2,925,000</u>
Total	<u><u>\$ 5,750,000</u></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 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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Water and Wastewater Revenue Bonds, Series 2020A. In June 2020, the District issued Bonds for the purpose of refunding the Denver Water Storage Agreement outstanding in the amount of \$10,569,277. As a result, the refunded Denver Water Storage Agreement debt was defeased and the liability for that debt was removed from the District's statement of net position.

The current refunding resulted in the District reducing its debt service payments by \$573,127 and obtained an economic gain of \$540,243. The 2020A bonds mature annually beginning in 2020 with a final payment in 2025. Interest with a rate of 1.43% is payable semi-annually. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

Water and Wastewater Revenue Bonds, Series 2020B. In November 2020, the District issued Bonds for the purpose of refunding the Water and Wastewater Revenue Bonds, Series 2010 outstanding in the amount of \$7,225,000. As a result, the refunded Water and Wastewater Revenue Bonds, Series 2010 bonds were defeased and the liability for those bonds was removed from the District's statement of net position.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$272,774. This difference, reported in the accompanying financial statements as a deferred inflow of resources of \$218,219 as of December 31, 2022, is being amortized as a component of interest expense through the life of the 2020B bonds. The current refunding resulted in the District reducing its debt service payments by \$980,155 and obtained an economic gain of \$895,542. The 2020B bonds mature annually beginning in 2021 with a final payment in 2030. Interest with a rate of 1.69% is payable semi-annually. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

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:

Years	Revenue Bonds		Bonds and Loans from Direct		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,710,000	\$ 2,382,250	\$ 3,506,497	\$ 356,183	\$ 7,954,930
2024	1,795,000	2,296,150	3,562,375	303,939	7,957,464
2025	1,885,000	2,205,675	3,606,685	250,885	7,948,245
2026	1,975,000	2,116,250	1,810,649	203,079	6,104,978
2027	2,070,000	2,022,375	1,832,286	179,192	6,103,853
2028-2032	11,630,000	8,824,506	7,986,439	544,844	28,985,789
2033-2037	13,050,000	6,570,781	5,204,900	147,650	24,973,331
2038-2048	29,190,000	6,557,863	-	-	35,747,863
Total	<u>\$ 63,305,000</u>	<u>\$ 32,975,850</u>	<u>\$ 27,509,831</u>	<u>\$ 1,985,772</u>	<u>\$ 125,776,453</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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

	Balance January 1, 2022	Incurred	Retired	Balance December 31, 2022	Current Portion
Accrued Benefits Payable	<u>\$ 797,820</u>	<u>\$ 624,959</u>	<u>\$ 503,122</u>	<u>\$ 919,657</u>	<u>\$ 919,657</u>

	Balance January 1, 2021	Incurred	Retired	Balance December 31, 2021	Current Portion
Accrued Benefits Payable	<u>\$ 845,505</u>	<u>\$ 697,683</u>	<u>\$ 745,368</u>	<u>\$ 797,820</u>	<u>\$ 797,820</u>

NOTE 6 NET POSITION

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

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

As of December 31, 2022 and 2021, the District had a net investment in capital assets calculated as follows:

	2022	2021
Net Investment in Capital Assets:		
Capital Assets - Net of Accumulated Depreciation	\$ 628,453,638	\$ 605,811,350
Deferred Inflow from Debt Refunding	(218,219)	(245,497)
Capital-Related Retainage and Accounts Payable	(1,909,011)	(1,184,748)
Current Portion of Bonds and Loan Payable	(5,372,584)	(5,465,942)
Long-Term Portion of Bonds and Loan Payable	<u>(87,550,686)</u>	<u>(92,894,005)</u>
Total	<u>\$ 533,403,138</u>	<u>\$ 506,021,158</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, 2022 and 2021 are as follows:

	2022	2021
Restricted Net Position:		
Operating Reserve	<u>\$ 1,250,000</u>	<u>\$ 2,500,000</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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 nontaxable 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 21 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>Nonforfeitable Vested Percent</u>
3	60 %
4	80
5 or More	100

Pension contributions were \$341,472 and \$311,529 for 2022 and 2021, 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 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.

At December 31, 2022 and December 31, 2021, management believes it has met these covenants.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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, 2022. 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, 2022, 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, 2022 AND 2021**

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, 2022, the District had unexpended construction related contract commitments and contingencies on other projects of \$10,774,574.

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, 2022, 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, 2022 AND 2021**

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 \$6,619,174 and \$4,797,794 of developer contributions related to this agreement in escrow at December 31, 2022 and 2021, 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, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)**

	Water	Sanitation	Totals	
			2022	2021
Metered Water Fees	\$ 23,718,221	\$ -	\$ 23,718,221	\$ 21,188,256
Softening Fees	1,606,468	-	1,606,468	1,601,456
Sewer Service Fees	-	15,490,575	15,490,575	14,738,399
Pretreatment Fees	-	151,867	151,867	151,029
Fireline Fees	307,694	-	307,694	286,801
Inclusion Fees	302,934	5,000	307,934	229,432
Leased Water	1,266,692	-	1,266,692	1,148,697
Turn on Charge	119,769	-	119,769	238,134
Tap-in Fees	848,024	135,564	983,588	914,882
Hydrant Water	1,456,347	-	1,456,347	1,145,846
Total Operating Revenue	\$ 29,626,149	\$ 15,783,006	\$ 45,409,155	\$ 41,642,932

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)**

	Annual Budget	Source of Supply	Treatment	Actual		Total 2022	Actual Over (Under) Budget	Total 2021
				Distribution and Collection Allocated	Administration and General Allocated			
Power	\$ 1,295,000	\$ 801,226	\$ 383,156	\$ 20,384	\$ -	\$ 1,204,766	\$ (90,234)	\$ 1,148,961
Purchased Water	3,471,197	5,604,238	-	-	-	5,604,238	2,133,041	3,404,328
Repair and Maintenance	1,370,750	283,401	269,094	381,342	107,442	1,041,279	(329,471)	775,567
Safety Equipment	120,000	-	-	4,703	-	4,703	(115,297)	4,306
Customer Service Materials	275,000	-	-	492,397	-	492,397	217,397	372,176
Small Tools and Equipment	20,000	-	-	15,732	-	15,732	(4,268)	17,086
Operating Supplies	323,100	4,001	8,028	111,810	123,132	246,971	(76,129)	176,958
Office Supplies	21,500	-	11,405	2,712	35,359	49,476	27,976	26,922
Leased Equipment	40,000	-	-	-	17,020	17,020	(22,980)	33,631
Shop Supplies	36,000	1,029	11,838	8,084	-	20,951	(15,049)	28,887
Carbon Replacement	450,000	-	567,139	-	-	567,139	117,139	271,464
Chemical Supplies	1,749,000	40,825	2,202,534	-	-	2,243,359	494,359	1,531,038
Lab Supplies	90,000	45,888	66,694	-	-	112,582	22,582	98,583
Uniforms	20,905	732	5,623	8,639	1,300	16,294	(4,611)	13,803
Telecommunications	350,000	-	-	-	247,636	247,636	(102,364)	233,689
Utility - Gas	66,000	36,794	73,862	4,706	22,904	138,266	72,266	85,520
Salaries	6,393,329	403,955	1,151,654	1,585,345	1,439,859	4,580,813	(1,812,516)	4,121,438
Employee Benefits	2,455,005	138,900	331,685	561,692	401,856	1,434,133	(1,020,872)	1,516,335
Taxes - Payroll	483,579	29,566	80,905	115,342	116,101	341,914	(141,665)	317,181
Fuel Expense	128,000	-	3,680	102,628	323	106,631	(21,369)	92,275
Truck Expense	85,000	1,815	-	65,264	-	67,079	(17,921)	80,575
Water Supply	300,000	-	-	-	182,414	182,414	(117,586)	178,211
Quality Control	60,000	36,772	2,785	-	-	39,557	(20,443)	31,563
Audit	56,825	-	-	-	40,460	40,460	(16,365)	36,794
Management Services	624,500	-	-	27,886	399,827	427,713	(196,787)	296,519
Postage	200,250	-	-	254	104,660	104,914	(95,336)	87,401
Legal	200,000	-	-	-	213,045	213,045	13,045	184,800
Engineering	520,000	-	-	-	643,577	643,577	123,577	314,376
Insurance	341,000	-	-	-	269,568	269,568	(71,432)	239,040
Miscellaneous	479,050	6,730	18,398	24,144	287,837	337,109	(141,941)	324,058
Publications	7,750	-	-	-	4,336	4,336	(3,414)	8,459
Dues and Subscriptions	48,400	6,085	8,008	-	53,070	67,163	18,763	77,013
Water Rights Assessments	80,000	-	-	-	71,756	71,756	(8,244)	109,647
Conservation	45,000	-	-	-	63,281	63,281	18,281	12,277
Janitor	76,500	-	-	-	59,270	59,270	(17,230)	57,109
Landscape Maintenance	138,500	-	-	-	95,460	95,460	(43,040)	120,510
Board of Directors	10,500	-	-	-	4,828	4,828	(5,672)	6,222
Education	60,250	1,785	6,948	3,443	9,564	21,740	(38,510)	15,828
Total Operating Expenses - Water	22,491,890	\$ 7,443,742	\$ 5,203,436	\$ 3,536,507	\$ 5,015,885	21,199,570	(1,292,320)	16,450,550
Total Operating Expenses - Sanitation (Page 40)	15,552,169					7,262,211	(8,289,958)	7,202,816
Total Operating Expenses	\$ 38,044,059					\$ 28,461,781	\$ (9,582,278)	\$ 23,653,366

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)

	Annual Budget	Actual				Total 2022	Actual Over (Under) Budget	Total 2021
		Transmission and Collection	Sewage Treatment	Distribution and Collection Allocated	Administration and General Allocation			
Power	\$ 525,000	\$ 124,384	\$ 456,187	\$ 9,593	\$ -	\$ 590,164	\$ 65,164	\$ 515,999
Repair and Maintenance	1,490,750	86,009	291,604	179,455	50,561	607,629	(883,121)	804,252
Safety Equipment	120,000	-	-	2,213	-	2,213	(117,787)	2,027
Customer Service Materials	275,000	-	-	231,716	-	231,716	(43,284)	175,142
Small Tools and Equipment	20,000	-	-	7,404	-	7,404	(12,596)	8,041
Operating Supplies	830,600	5,529	394,559	52,616	57,944	510,648	(319,952)	580,288
Office Supplies	17,500	-	4,159	1,276	16,639	22,074	4,574	11,469
Leased Equipment	40,000	-	-	-	8,009	8,009	(31,991)	15,827
Shop Supplies	27,500	-	3,343	3,804	-	7,147	(20,353)	6,496
Uniforms	20,905	2,277	6,666	4,065	612	13,620	(7,285)	9,605
Telecommunications	350,000	-	-	-	116,535	116,535	(233,465)	109,971
Utility - Gas	65,000	6,214	56,317	2,215	10,779	75,525	10,525	52,978
Salaries	6,260,971	424,081	1,136,209	746,045	677,581	2,983,916	(3,277,055)	2,860,282
Employee Benefits	2,399,843	135,671	352,474	264,326	189,108	941,579	(1,458,264)	1,036,154
Taxes - Payroll	472,075	29,348	90,894	54,278	54,636	229,156	(242,919)	219,070
Fuel Expense	135,000	-	42,725	48,296	152	91,173	(43,827)	71,540
Truck Expense	86,000	-	3,625	30,712	-	34,337	(51,663)	38,694
Quality Control	100,000	-	50,753	-	-	50,753	(49,247)	83,370
Audit	56,825	-	-	-	19,040	19,040	(37,785)	17,315
Management Services	624,500	-	-	13,123	188,154	201,277	(423,223)	139,537
Postage	225,250	-	9,005	119	49,252	58,376	(166,874)	54,925
Engineering	165,000	-	-	-	-	-	(165,000)	-
Insurance	341,000	-	-	-	126,856	126,856	(214,144)	112,489
Miscellaneous	478,350	-	29,025	11,363	135,456	175,844	(302,506)	165,670
Publications	10,750	-	-	-	2,040	2,040	(8,710)	3,981
Dues and Subscriptions	91,600	-	-	-	24,974	24,974	(66,626)	29,917
Conservation	45,000	-	-	-	29,780	29,780	(15,220)	5,777
Janitor	76,500	-	-	-	27,892	27,892	(48,608)	34,086
Landscape Maintenance	138,500	-	-	-	44,922	44,922	(93,578)	22,647
Board of Directors	10,500	-	-	-	2,272	2,272	(8,228)	2,928
Education	52,250	8,255	10,964	1,620	4,501	25,340	(26,910)	12,839
Total Operating Expenses - Sanitation	\$ 15,552,169	\$ 821,768	\$ 2,938,509	\$ 1,664,239	\$ 1,837,695	\$ 7,262,211	\$ (8,289,958)	\$ 7,202,816

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, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)

	Annual Budget	Actual				Total 2022	Actual Over (Under) Budget	Total 2021
		Distribution and Collection	Development	Meter Reading	Fleet			
Power	\$ 125,000	\$ 29,977	\$ -	\$ -	\$ -	\$ 29,977	\$ (95,023)	\$ 27,687
Repair and Maintenance	692,000	264,317	8,587	184,144	103,749	560,797	(131,203)	567,017
Safety Equipment	120,000	-	-	-	6,916	6,916	(113,084)	6,333
Customer Service Materials	275,000	-	-	724,113	-	724,113	449,113	547,318
Small Tools and Equipment	20,000	9,985	-	-	13,151	23,136	3,136	25,127
Operating Supplies	90,000	24,364	18,937	18,427	102,698	164,426	74,426	94,797
Office Supplies	4,000	-	3,988	-	0	3,988	(12)	4,540
Shop Supplies	20,000	1,952	-	-	9,936	11,888	(8,112)	11,191
Uniforms	15,000	5,954	2,571	2,174	2,005	12,704	(2,296)	8,995
Utility - Gas	11,500	6,921	-	-	-	6,921	(4,579)	4,394
Salaries	2,809,013	816,690	755,273	405,673	353,754	2,331,390	(477,623)	2,356,211
Employee Benefits	1,190,278	295,691	261,517	129,231	139,579	826,018	(364,260)	933,687
Taxes - Payroll	214,042	61,061	55,085	28,563	24,911	169,620	(44,422)	181,371
Fuel Expense	108,000	-	-	-	150,924	150,924	42,924	123,500
Truck Expense	85,000	-	-	-	95,976	95,976	10,976	118,492
Management Services	75,000	-	41,009	-	-	41,009	(33,991)	40,542
Postage	250	-	373	-	-	373	123	276
Engineering	120,000	-	-	-	-	-	(120,000)	-
Miscellaneous	58,750	34,997	375	-	135	35,507	(23,243)	32,358
Publications	1,000	-	-	-	-	-	(1,000)	-
Dues and Subscriptions	4,500	-	-	-	-	-	(4,500)	-
Janitor	76,500	-	-	-	-	-	(76,500)	21,006
Landscape Maintenance	138,500	-	-	-	-	-	(138,500)	2,112
Education	12,500	1,608	1,654	-	1,801	5,063	(7,437)	4,674
Total Operating Expenses - Distribution and Collection	\$ 6,265,833	\$ 1,553,517	\$ 1,149,369	\$ 1,492,325	\$ 1,005,535	\$ 5,200,746	\$ (1,065,087)	\$ 5,111,628
Total Allocated to Water	\$ 4,260,766	\$ 1,056,392	\$ 781,571	\$ 1,014,781	\$ 683,764	\$ 3,536,507	\$ (724,259)	\$ 3,475,907
Total Allocated to Sanitation	2,005,067	497,125	367,798	477,544	321,771	1,664,239	(340,828)	1,635,721
Total	\$ 6,265,833	\$ 1,553,517	\$ 1,149,369	\$ 1,492,325	\$ 1,005,535	\$ 5,200,746	\$ (1,065,087)	\$ 5,111,628

**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, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)**

	Actual						Total 2022	Over (Under) Budget	Total 2021
	Budget	Accounting and Management	Finance	Information Technology	Environmental	General			
Power	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	\$ -
Repair and Maintenance	308,750	-	2,843	155,160	-	-	158,003	(150,747)	185,172
Operating Supplies	220,600	875	123,433	56,768	-	-	181,076	(39,524)	152,220
Office Supplies	10,500	4,102	47,646	250	-	-	51,998	41,498	23,923
Leased Equipment	40,000	-	-	25,029	-	-	25,029	(14,971)	49,458
Uniforms	905	638	633	641	-	-	1,912	1,007	1,233
Telecommunications	350,000	-	-	364,171	-	-	364,171	14,171	343,660
Utility - Gas	8,500	-	-	-	-	33,683	33,683	25,183	24,668
Salaries	2,083,358	619,706	1,013,099	484,635	-	-	2,117,440	34,082	1,613,457
Employee Benefits	731,713	151,893	311,070	128,001	-	-	590,964	(140,749)	572,620
Taxes - Payroll	154,716	50,593	83,758	36,386	-	-	170,737	16,021	125,894
Fuel Expense	-	67	408	-	-	-	475	475	(131)
Water Supply	-	-	-	-	-	182,414	182,414	182,414	178,211
Audit	56,825	-	59,500	-	-	-	59,500	2,675	54,109
Management Services	549,500	246,128	46,532	295,321	-	-	587,981	38,481	395,514
Postage	200,000	-	153,912	-	-	-	153,912	(46,088)	128,254
Legal	-	-	-	-	-	213,045	213,045	213,045	184,800
Engineering	-	-	-	-	-	643,577	643,577	643,577	314,376
Insurance	341,000	-	-	-	-	396,424	396,424	55,424	351,529
Miscellaneous	387,300	9,944	2,785	-	-	410,564	423,293	35,993	405,319
Publications	6,750	-	-	-	-	6,376	6,376	(374)	12,440
Dues and Subscriptions	33,100	625	-	-	-	77,419	78,044	44,944	93,490
Water Rights Assessments	-	-	-	-	-	71,756	71,756	71,756	109,647
Conservation	45,000	-	-	-	-	93,061	93,061	48,061	18,054
Janitor	-	-	-	-	-	87,162	87,162	87,162	25,307
Landscape Maintenance	-	-	-	-	-	140,382	140,382	140,382	3,474
Board of Directors	10,500	7,100	-	-	-	-	7,100	(3,400)	9,150
Education	27,750	4,473	3,236	4,390	-	1,966	14,065	(13,685)	8,647
Total	\$ 5,586,767	\$ 1,096,144	\$ 1,848,855	\$ 1,550,752	\$ -	\$ 2,357,829	\$ 6,853,580	\$ 1,266,813	\$ 5,384,495
Total Allocated to Water	\$ 3,799,002	\$ 745,378	\$ 1,257,221	\$ 1,054,511	\$ -	\$ 847,985	\$ 5,015,887	\$ 1,216,885	\$ 3,913,307
Total Allocated to Sanitation	1,787,765	350,766	591,634	496,241	-	399,052	1,837,693	49,928	1,471,188
Total	\$ 5,586,767	\$ 1,096,144	\$ 1,848,855	\$ 1,550,752	\$ -	\$ 1,247,037	\$ 6,853,580	\$ 1,266,813	\$ 5,384,495

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2022**

	Water		Sanitation		General		Total Budget	Total Actual	Actual (Under) Over Budget
	Budget	Actual	Budget	Actual	Budget	Actual			
REVENUES AND RECEIPTS									
Service Fees	\$ 20,627,236	\$ 23,718,221	\$ 14,638,731	15,490,575	\$ -	\$ -	\$ 35,265,967	\$ 39,208,796	\$ 3,942,829
Pretreatment Rees	-	-	130,000	151,867	-	-	130,000	151,867	21,867
Hydrant Water	900,000	1,456,347	-	-	-	-	900,000	1,456,347	556,347
Water Softening Fee	1,624,584	1,606,468	-	-	-	-	1,624,584	1,606,468	-
Fireline Fees	275,000	307,694	-	-	-	-	275,000	307,694	32,694
Inclusion Fees	15,000	302,934	2,000	5,000	-	-	17,000	307,934	290,934
Leased Water	250,000	1,266,692	-	-	-	-	250,000	1,266,692	1,016,692
Turn on Charge	255,000	119,769	120,000	-	-	-	375,000	119,769	(255,231)
Tap-In Fees	475,000	848,024	110,000	135,564	-	-	585,000	983,588	398,588
Contributions:									
Connection Fees	7,586,271	28,865,067	3,525,557	6,428,872	-	-	11,111,828	35,293,939	24,182,111
Taxes:									
Property	-	-	-	-	2,994,323	3,014,287	2,994,323	3,014,287	19,964
Other	-	-	-	-	165,000	208,521	165,000	208,521	43,521
Interest Income	62,500	1,042,508	62,500	754,407	-	-	125,000	1,796,915	1,671,915
Gain on Sale of Capital Asset	-	51,983	-	22,705	-	-	-	74,688	74,688
Miscellaneous	82,250	791,815	82,250	20,809	10,500	210,917	175,000	1,023,541	848,541
Total Revenue and Receipts	<u>\$ 32,152,841</u>	<u>\$ 60,377,522</u>	<u>\$ 18,671,038</u>	<u>\$ 23,009,799</u>	<u>\$ 3,169,823</u>	<u>\$ 3,433,725</u>	<u>\$ 53,993,702</u>	<u>\$ 86,821,046</u>	<u>\$ 32,845,460</u>
EXPENDITURES, DISBURSEMENTS, AND TRANSFERS									
Operating Expenses	\$ 22,491,890	\$ 21,199,570	\$ 15,552,169	\$ 7,262,211	\$ -	\$ -	\$ 38,044,059	\$ 28,461,781	\$ (9,582,278)
Nonoperating Expenses	111,847	-	65,688	-	60,000	30,401	237,535	30,401	(207,134)
Debt Service Principal and Interest	5,301,141	4,823,973	7,719,748	2,897,294	-	-	13,020,889	7,721,267	(5,299,622)
Capital Expenditures	33,521,224	13,652,785	9,716,430	4,598,016	183,000	-	43,420,654	18,250,801	(25,169,853)
Transfers	-	(2,314,260)	-	(1,089,064)	-	3,403,324	-	-	-
Total Expenditures, Disbursements, and Transfers	<u>\$ 61,426,102</u>	<u>\$ 37,362,068</u>	<u>\$ 33,054,035</u>	<u>\$ 13,668,457</u>	<u>\$ 243,000</u>	<u>\$ 3,433,725</u>	<u>\$ 94,723,137</u>	<u>\$ 54,464,250</u>	<u>\$ (40,258,887)</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET RECONCILIATION
YEAR ENDED DECEMBER 31, 2022**

	<u>Water</u>	<u>Sanitation</u>	<u>General</u>
Revenues and Receipts			
Budget Basis Revenues and Receipts	\$ 60,377,522	\$ 23,009,799	\$ 3,433,725
Allocate:			
General Fund Revenues	<u>2,334,933</u>	<u>1,098,792</u>	<u>(3,433,725)</u>
Budget Basis Revenues and Receipts	<u>62,712,455</u>	<u>24,108,591</u>	<u>-</u>
GAAP Basis Revenue and Receipts	<u>\$ 62,712,455</u>	<u>\$ 24,108,591</u>	<u>\$ -</u>
 GAAP Basis			
Operating Revenues	\$ 29,626,149	\$ 15,783,006	\$ -
Nonoperating Revenues	<u>33,086,306</u>	<u>8,325,585</u>	<u>-</u>
Budget Basis Revenues and Receipts	<u>\$ 62,712,455</u>	<u>\$ 24,108,591</u>	<u>\$ -</u>
 Expenditures and Disbursements			
Budget Basis Expenditures and Disbursements	\$ 37,362,068	\$ 13,668,457	\$ 3,433,725
Plus:			
Amortization Expense - Bonds	(88,288)	(41,547)	-
Depreciation Expense	5,106,370	4,172,853	-
Transfers	2,314,260	1,089,064	(3,403,324)
Gain (Loss) on Disposal of Capital Asset			
General Fund Treasurer's Fees	20,656	9,745	(30,401)
Less:			
Capital Expenditures	13,652,785	4,598,016	-
Principal Payments on Debt	<u>2,298,400</u>	<u>2,377,219</u>	<u>-</u>
GAAP Basis Expenditures and Disbursements	<u>\$ 28,763,881</u>	<u>\$ 11,923,337</u>	<u>\$ -</u>
 GAAP Basis			
Operating Expenses	\$ 21,274,265	\$ 9,613,159	\$ -
Allocated Administrative and General Expenses	5,015,887	1,837,693	-
Nonoperating Expenses	<u>2,473,729</u>	<u>472,485</u>	<u>-</u>
Total Expenses	<u>\$ 28,763,881</u>	<u>\$ 11,923,337</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Budget 2023</u>
Gross Revenues	\$ 31,273	\$ 36,382	\$ 38,067	\$ 40,148	\$ 42,026	\$ 48,093	\$ 48,597
Operating and Maintenance Expenses (Excluding Depreciation)	19,618	20,510	20,718	21,687	23,653	28,462	31,240
Net Revenue	<u>\$ 11,655</u>	<u>\$ 15,872</u>	<u>\$ 17,349</u>	<u>\$ 18,461</u>	<u>\$ 18,373</u>	<u>\$ 19,632</u>	<u>\$ 17,356</u>
Pro Forma Coverage of the Combined Maximum Annual Debt Service Requirements for the Series 2010, 2014 and 2018 Bonds and the SWRPDA Loans	3.14	3.09	2.93	2.39	2.12	2.34	2.13

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

	2016	2017	2018	2019	2020	2021	2022
WATER OPERATIONS							
Operating Revenue	\$ 18,484,806	\$ 18,751,898	\$ 21,540,951	\$ 21,588,389	\$ 24,547,116	\$ 26,622,018	\$ 29,626,149
Direct Water Expenses	12,089,993	12,196,976	13,150,199	13,290,278	13,856,641	16,124,557	21,274,265
Gross Income from Water Operations	<u>6,394,813</u>	<u>6,554,922</u>	<u>8,390,752</u>	<u>8,298,111</u>	<u>10,690,475</u>	<u>10,497,461</u>	<u>8,351,884</u>
SANITATION OPERATIONS							
Operating Revenue	11,310,429	12,041,784	12,944,086	13,767,728	14,581,422	15,020,914	15,783,006
Direct Sanitation Expenses	6,177,307	7,281,585	9,538,761	9,076,413	9,560,740	9,655,731	9,613,159
Gross Income from Sanitation Operations	<u>5,133,122</u>	<u>4,760,199</u>	<u>3,405,325</u>	<u>4,691,315</u>	<u>5,020,682</u>	<u>5,365,183</u>	<u>6,169,847</u>
GROSS INCOME FROM OPERATIONS	11,527,935	11,315,121	11,796,077	12,989,426	15,711,157	15,862,644	14,521,731
GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,858,265</u>	<u>5,009,797</u>	<u>4,720,944</u>	<u>5,069,537</u>	<u>5,337,270</u>	<u>5,384,495</u>	<u>6,853,580</u>
NET INCOME (LOSS) FROM OPERATIONS	6,669,670	6,305,324	7,075,133	7,919,889	10,373,887	10,478,149	7,668,151
NONOPERATING REVENUES AND (EXPENSES)							
General Property Tax	2,173,347	2,296,299	2,302,973	2,432,218	2,612,013	2,750,272	3,014,287
Other Taxes	180,920	213,384	204,285	198,381	195,359	219,263	208,521
Net Investment Income	195,440	415,955	1,813,772	2,618,218	886,517	283,149	1,796,915
Gain (Loss) on Dissolution of Joint Venture	88,335	-	-	15,000	57,084	13,575	74,688
Miscellaneous	183,493	172,994	209,869	212,737	248,214	313,409	1,023,541
Interest Expense	(1,494,773)	(1,488,392)	(3,324,385)	(3,793,330)	(3,073,029)	(3,065,767)	(2,915,816)
Cost of Debt Issuance	-	-	(498,996)	-	(75,300)	-	-
Treasurer's Fees	(56,870)	(52,449)	(49,166)	(52,347)	(34,728)	(44,438)	(30,401)
Total Nonoperating Revenues and (Expenses)	<u>1,269,892</u>	<u>1,557,791</u>	<u>658,352</u>	<u>1,630,877</u>	<u>816,130</u>	<u>469,463</u>	<u>3,171,735</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>7,939,562</u>	<u>7,863,115</u>	<u>7,733,485</u>	<u>9,550,766</u>	<u>11,190,017</u>	<u>10,947,612</u>	<u>10,839,886</u>
CAPITAL CONTRIBUTIONS							
Tap Fees	1,501,933	2,204,371	3,316,471	2,332,049	2,969,296	1,723,287	1,104,498
Developer Contributions	6,896,271	10,705,728	9,289,076	12,946,447	14,159,716	17,483,641	14,767,662
System Development Fees	6,358,473	13,965,225	8,246,955	14,011,348	11,127,647	15,026,023	19,421,779
Total Capital Contributions	<u>14,756,677</u>	<u>26,875,324</u>	<u>20,852,502</u>	<u>29,289,844</u>	<u>28,256,659</u>	<u>34,232,951</u>	<u>35,293,939</u>
CHANGE IN NET POSITION	22,696,239	34,738,439	28,585,987	38,840,610	39,446,676	45,180,563	46,133,825
Net Position - Beginning of Year (Restated)	407,859,106	430,555,345	465,293,784	493,879,771	532,720,381	572,167,057	617,347,620
NET POSITION - END OF YEAR	<u>\$ 430,555,345</u>	<u>\$ 465,293,784</u>	<u>\$ 493,879,771</u>	<u>\$ 532,720,381</u>	<u>\$ 572,167,057</u>	<u>\$ 617,347,620</u>	<u>\$ 663,481,445</u>

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

Revenues from Water Service Charges

<u>Year</u>	<u>Consumption (Thousands of Gallons)</u>	<u>Revenues from Metered Water Service Charges</u>
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
2020	3,515,284	22,291,695
2021	3,342,714	21,188,256
2022	3,402,154	23,718,221

Revenues from Sewer Service Charges

<u>Year</u>	<u>Consumption (Thousands of Gallons)</u>	<u>Revenues from Metered Sewer Service Charges</u>
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
2020	3,515,284	14,320,896
2021	3,342,714	14,738,399
2022	3,402,154	15,490,575

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
COMPARISON OF FISCAL YEAR 2022 AND 2023 BUDGET TO
FISCAL YEAR 2022 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS**

	2022		Over (Under) Budget	2023
	Adopted Budget	Actual		Adopted Budget
WATER OPERATIONS				
Operating Revenue	\$ 24,421,820	\$ 29,626,149	\$ 5,204,329	\$ 28,496,875
Direct Water Expenses	18,692,888	16,183,685	(2,509,203)	22,609,348
Gross Income from Water Operations	<u>5,728,932</u>	<u>13,442,464</u>	<u>7,713,532</u>	<u>5,887,527</u>
SANITATION OPERATIONS				
Operating Revenue	15,000,731	15,783,006	782,275	16,128,819
Direct Sanitation Expenses	13,764,404	5,424,516	(8,339,888)	8,630,874
Gross Income from Sanitation Operations	<u>1,236,327</u>	<u>10,358,490</u>	<u>9,122,163</u>	<u>7,497,945</u>
GROSS INCOME FROM OPERATIONS	6,965,259	23,800,954	16,835,695	13,385,472
GENERAL AND ADMINISTRATIVE EXPENSES	<u>5,586,767</u>	<u>6,853,580</u>	<u>1,266,813</u>	<u>6,289,525</u>
NET INCOME FROM OPERATIONS	1,378,492	16,947,374	15,568,882	7,095,947
NONOPERATING REVENUES				
General Property Tax	2,994,323	3,014,287	19,964	3,365,977
Other Taxes	165,000	208,521	43,521	155,000
Net Investment Income	125,000	1,796,915	1,671,915	275,000
Gain on Sale of Capital Asset	-	74,688	74,688	-
Miscellaneous	175,000	1,023,541	848,541	175,000
Total Nonoperating Revenues	<u>3,459,323</u>	<u>6,117,952</u>	<u>2,658,629</u>	<u>3,970,977</u>
NONOPERATING EXPENSES				
Interest Expense	2,881,354	2,915,816	34,462	3,060,000
Treasurer's Fees	177,535	30,401	(147,134)	62,000
Nonoperating Expenses	237,535	-	(237,535)	-
Total Nonoperating Expenses	<u>3,296,424</u>	<u>2,946,217</u>	<u>(350,207)</u>	<u>3,122,000</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,541,391	20,119,109	18,577,718	7,944,924
CAPITAL CONTRIBUTIONS				
Tap Fees	3,525,557	1,104,498	(2,421,059)	4,676,399
Developer Contributions	-	14,767,662	14,767,662	-
System Development Fees	7,586,271	19,421,779	11,835,508	8,865,753
Total Capital Contributions	<u>11,111,828</u>	<u>35,293,939</u>	<u>24,182,111</u>	<u>13,542,152</u>
Capital Expenditures	17,696,900	3,483,139	(14,213,761)	48,365,670
Capital Expenditures/Bond Fund	25,723,754	-	(25,723,754)	-
FRICO Payments	-	14,767,662	14,767,662	-
Intergovernmental Payments	4,606,380	-	(4,606,380)	6,248,418
Debt Service	5,355,620	4,805,451	(550,169)	8,134,489
NET INCREASE (DECREASE) IN FUNDS	(40,729,435)	32,356,796	73,086,231	(41,261,501)
Funds Available - Beginning of Year	<u>93,967,160</u>	<u>93,967,160</u>	<u>-</u>	<u>126,323,956</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 53,237,725</u>	<u>\$ 126,323,956</u>	<u>\$ 73,086,231</u>	<u>\$ 85,062,455</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
GOVERNMENTAL AND ENTERPRISE ACTIVITY
FISCAL YEAR 2022 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS**

	General Government Fund	Enterprise Fund	Total
OPERATING REVENUES			
General Property Tax	\$ 3,014,287	\$ -	\$ 3,014,287
Other Taxes	208,521	-	208,521
Metered Water Fees	-	23,718,221	23,718,221
Softening Fees	-	1,606,468	1,606,468
Sewer Service Fees	-	15,490,575	15,490,575
Pretreatment Fees	-	151,867	151,867
Fireline Fees	-	307,694	307,694
Inclusion Fees	-	307,934	307,934
Leased Water	-	1,266,692	1,266,692
Turn on Charge	-	119,769	119,769
Tap-In Fees	-	983,588	983,588
Hydrant Water	-	1,456,347	1,456,347
Total Operating Revenues	<u>3,222,808</u>	<u>45,409,155</u>	<u>48,631,963</u>
OPERATING EXPENSES			
Source of Supply	-	7,443,742	7,443,742
Treatment	-	5,203,436	5,203,436
Transmission	-	821,768	821,768
Treatment	-	2,938,509	2,938,509
Distribution and Collection	-	1,553,517	1,553,517
Development	-	1,149,369	1,149,369
Meter Readers	-	1,492,325	1,492,325
Management	350,766	745,378	1,096,144
Administration	591,634	1,257,221	1,848,855
Information Technology	496,241	1,054,511	1,550,752
General	1,005,535	2,357,829	3,363,364
Total Operating Expenses	<u>2,444,176</u>	<u>26,017,605</u>	<u>28,461,781</u>
TOTAL OPERATING REVENUE (LOSS)	778,632	19,391,550	20,170,182
OTHER REVENUES			
Developer Contributions	-	14,767,662	14,767,662
System Development Fees	-	20,526,277	20,526,277
Interest Income	575,013	1,221,902	1,796,915
Miscellaneous	351,433	746,795	1,098,229
Total Other Revenues	<u>926,446</u>	<u>37,262,636</u>	<u>38,189,083</u>
TOTAL NET REVENUES	1,705,078	56,654,186	58,359,265
OTHER EXPENSES			
Nonoperating Expenses	30,401	-	30,401
Bonded Indebtedness	-	4,805,451	4,805,451
Capital Outlay	-	3,483,139	3,483,139
FRICO	-	14,767,662	14,767,662
Total Other Expenses	<u>30,401</u>	<u>23,056,252</u>	<u>23,086,653</u>
BALANCE (DEFICIT)	<u>\$ 1,674,677</u>	<u>\$ 33,597,934</u>	<u>\$ 35,272,612</u>



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