

**SOUTH METRO WISE AUTHORITY**  
**Arapahoe and Douglas Counties, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of South Metro WISE Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the entity's basic 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 the business-type activities of South Metro WISE Authority, as of December 31, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with 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 South Metro WISE Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 South Metro WISE Authority'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 South Metro WISE Authority'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Metro WISE Authority's ability to continue as a going concern for a reasonable period of time.

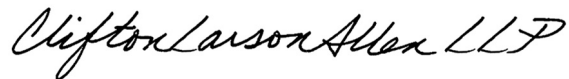
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Metro WISE Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
July 7, 2023

## **BASIC FINANCIAL STATEMENTS**

**SOUTH METRO WISE AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

**ASSETS**

Cash and Investments	\$ 10,714,095
Accounts Receivable	2,164,981
Prepaid Items	38,050
Capital Assets, Not Being Depreciated	49,573,392
Capital Assets, Net	<u>38,372,040</u>
Total Assets	<u>100,862,558</u>

**LIABILITIES**

Accounts Payable and Retainage Payable	4,083,811
Due to SMWSA	83,893
Operations Deposit	<u>2,381,176</u>
Total Liabilities	<u>6,548,880</u>

**NET POSITION**

Net Investment in Capital Assets	86,454,181
Restricted for Capital Projects	2,439,551
Unrestricted	<u>5,419,946</u>
Total Net Position	<u><u>\$ 94,313,678</u></u>

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

**OPERATING REVENUES**

Members Fees	\$ 950,000
Operations and Maintenance	700,000
Reimbursed Costs	158,753
Water Sales	<u>8,947,293</u>
Total Operating Revenues	10,756,046

**OPERATING EXPENSES**

Accounting and Audit	12,915
Engineering	27,454
Insurance and Bonds	30,827
Legal	18,105
Supplies/Meetings/Dues	7,437
Public Relations	2,100
SMWSA Staffing/Office	795,321
System Operations and Operations Split	282,719
Water Purchase	8,947,113
Easement and Pipeline Protection	4,237
Minor Repairs	62,433
General 3-Party	12,489
WISE Pipeline Operations	170,503
Depreciation	<u>984,485</u>
Total Operating Expenses	<u>11,358,138</u>

**OPERATING LOSS**

(602,092)

**NONOPERATING REVENUE AND EXPENSES**

Investment Income	123,099
Loss on Disposal	<u>(241,618)</u>
Total Nonoperating Revenue and Expenses	(118,519)

**CAPITAL CONTRIBUTIONS**

Contributions from Members - Binney Connection	<u>910,218</u>
Total Capital Contributions	<u>910,218</u>

**CHANGE IN NET POSITION**

189,607

Net Position - Beginning of Year	<u>94,124,071</u>
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**NET POSITION - END OF YEAR**

\$ 94,313,678

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Members and Others	\$ 10,671,446
Payments to Suppliers	<u>(9,013,667)</u>
Net Cash Provided by Operating Activities	1,657,779
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Contributions	675,439
Payments Related to Acquisition of Capital Assets	<u>(9,459,294)</u>
Net Cash Used by Capital and Related Financing Activities	(8,783,855)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>123,099</u>
Net Cash Provided by Investing Activities	<u>123,099</u>
 <b>NET DECREASE IN CASH AND INVESTMENTS</b>	 (7,002,977)
Cash and Investments - Beginning of Year	<u>17,717,072</u>
 <b>CASH AND INVESTMENTS - END OF YEAR</b>	 <u><u>\$ 10,714,095</u></u>

See accompanying Notes to Financial Statements.

**SOUTH METRO WISE AUTHORITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (602,092)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	984,485
(Increase) Decrease in Assets:	
Accounts Receivable	(125,439)
Prepaid Expenses	(6,593)
Increase (Decrease) in Liabilities:	
Accounts Payable	1,303,657
Due to SMWSA	62,922
Operations Deposit	40,839
Net Cash Provided by Operating Activities	\$ 1,657,779

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Capital Related Accounts Payable and Retainage	(1,828,148)
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*See accompanying Notes to Financial Statements.*

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

The Authority, on behalf of its members, participates in the WISE Partnership. The WISE Partnership provides a projected annual average total of 10,000 acre feet of renewable water. The WISE Partnership-Water Delivery Agreement (WDA) is an agreement between the City and County of Denver, acting by and through its Board of Water Commissioners (Denver), the City of Aurora, acting by and through its Utility Enterprise (Aurora), and the Authority. The WDA is the overarching agreement that defines the terms under which Denver and Aurora deliver water to the Authority for subsequent delivery to the Authority members. Engineering, design, and construction contracts required to transport water were entered into by the Authority during 2015 in order to begin taking deliveries of water in 2017.

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

As of December 31, 2022, the Authority consisted of 10 members who pay annual dues to operate the Authority based on the percentage defined in the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement. The members and their respective allocation of annual dues at December 31, 2022, were as follows:

Centennial Water and Sanitation District	10.00 %
Cottonwood Water & Sanitation District	4.00
Dominion Water & Sanitation District	13.25
Inverness Water & Sanitation District	5.00
Meridian Metropolitan District	7.75
Parker Water & Sanitation District	16.00
Pinery Water & Wastewater District	5.00
Rangeview Metropolitan District	9.00
Stonegate Village Metropolitan District	10.00
Town of Castle Rock	20.00
Total	100.00 %

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity.

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The accounting policies of the Authority conform to 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 Authority's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

**Basis of Accounting**

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

**Operating Revenues and Expenses**

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

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Budgets**

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

**Cash Equivalents**

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

**Capital Assets**

Capital assets, which include infrastructure and related construction in progress, and vehicles and equipment, are reported by the Authority. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of 5 to 65 years.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 10,714,095
Total	\$ 10,714,095

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

Deposits with Financial Institutions	\$ 2,197,501
Investments	8,516,594
Total Cash and Investments	\$ 10,714,095

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Deposits with Financial Institutions**

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

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

At December 31, 2022, the Authority's cash deposits had a bank balance of \$2,753,712 and a carrying balance of \$2,197,501.

**Investments**

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

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

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

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

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

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Investments (Continued)**

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

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 6,135,200
Colorado Statewide Investment Pool (CSIP)	Weighted average under 60 days	2,381,394
Total		<u>\$ 8,516,594</u>

**Colorado Statewide Investment Program (CSIP)**

As of December 31, 2022, the Authority invested in the Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing CSIP. CSIP operates similarly to a money market fund and each share is equal in value to \$1.00. CSIP is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72, *Fair Value Measurement and Application*.

**Colorado Surplus Asset Fund Trust (CSAFE)**

As of December 31, 2022, the Authority invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similar to a money market fund, with each share valued at \$1.00. CSAFE is rated AAAMmf by Fitch Ratings and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 CAPITAL ASSETS**

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

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 42,389,178	\$ 7,534,076	\$ (349,862)	\$ 49,573,392
Total Capital Assets, Not Being Depreciated	42,389,178	7,534,076	(349,862)	49,573,392
Infrastructure	42,384,255	205,314	-	42,589,569
Vehicles and Equipment	1,146,300	-	-	1,146,300
Total Capital Assets, Being Depreciated	43,530,555	205,314	-	43,735,869
Infrastructure	(4,059,675)	(966,472)	-	(5,026,147)
Vehicles and Equipment	(319,669)	(18,013)	-	(337,682)
Total Accumulated Depreciation	(4,379,344)	(984,485)	-	(5,363,829)
Total Capital Assets, Being Depreciated, Net	39,151,211	(779,171)	-	38,372,040
Total Capital Assets, Net	<u>\$ 81,540,389</u>	<u>\$ 6,754,905</u>	<u>\$ (349,862)</u>	<u>\$ 87,945,432</u>

**NOTE 5 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the Authority had a net investment in capital assets of \$86,454,181.

Restricted for capital projects consists of capital contributions received for the Binney Connection project, including the amounts billed for 5% contingency costs, net of amounts spent on the project through December 31, 2022. Restrictions are imposed by the individual contributors, which consist of the members outlined in Note 1, plus Denver Water, who specify the contributions are only to be spent on the Binney Connection project and are not to be used for any other purpose. As of December 31, 2022, the restricted for capital projects balance totaled \$2,439,551.

The unrestricted component of net position as of December 31, 2022 totaled \$5,419,946.

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 INTERGOVERNMENTAL AGREEMENTS**

**Personnel and Cost Sharing Agreement**

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

**NOTE 7 RISK MANAGEMENT**

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

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

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

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

**SOUTH METRO WISE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 AGREEMENT REGARDING MODIFICATIONS TO SHARED INFRASTRUCTURE  
(MODIFICATIONS AGREEMENT)**

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

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

## **SUPPLEMENTARY INFORMATION**

**SOUTH METRO WISE AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Subscription Member Fees	\$ 950,000	\$ 950,000	\$ -
Operations and Maintenance	700,000	700,000	-
DIA Connection	7,056,418	-	(7,056,418)
Investment Income	2,850	123,099	120,249
Water Sales	13,831,000	8,947,293	(4,883,707)
Water Sales - Contingency	2,000,000	-	(2,000,000)
Binney Connection	1,550,000	910,218	(639,782)
Reimbursed - DW and ECCV	-	158,753	158,753
Infrastructure Fee Salinity Management	5,750,000	-	(5,750,000)
Reimbursement for Salinity Management	100,000	-	(100,000)
Transfers In	700,000	-	(700,000)
Total Revenues	<u>32,640,268</u>	<u>11,789,363</u>	<u>(20,850,905)</u>
<b>EXPENDITURES</b>			
Operations:			
Accounting	17,000	120	16,880
Audit	10,000	12,795	(2,795)
Dues and Subscriptions	3,000	1,436	1,564
Engineering	120,000	27,454	92,546
Insurance and Bonds	128,000	30,827	97,173
Legal	100,000	18,105	81,895
Public Relations	45,000	2,100	42,900
Supplies/Meetings	10,000	6,001	3,999
SMWSA Staffing/Office	863,806	795,321	68,485
Contingency	160,000	-	160,000
System Operations	147,000	106,463	40,537
Training/Travel Expenses	7,500	-	7,500
WISE Pipeline Operations	130,000	170,503	(40,503)
Easement and Pipeline Protection	40,000	4,237	35,763
QSWTP Operations	100,000	176,255	(76,255)
Minor Repairs	50,000	62,433	(12,433)
Contract Operations	70,000	-	70,000
Chemical Costs	150,000	-	150,000
Pumping Electrical	300,000	-	300,000
General	169,000	12,489	156,511
Reimbursed Expenditures from ECCV and DW	(126,720)	-	(126,720)
DIA Connection Cost	7,056,418	-	7,056,418
Water Purchase	13,831,000	8,947,113	4,883,887
Water Purchase Contingent	2,000,000	-	2,000,000
Capital Projects:			
Binney Connection	8,980,000	7,534,077	1,445,923
Land and Easment Acquisition	5,750,000	-	5,750,000
Filter Plant 3-Party	2,000,000	-	2,000,000
Other Capital Projects	25,000	97,070	(72,070)
Other Project Costs 3-Party	520,000	-	520,000
Reimbursed from ECCV and DW	(749,100)	-	(749,100)
Transfers Out	700,000	-	700,000
Total Expenditures	<u>42,606,904</u>	<u>18,004,799</u>	<u>24,602,105</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(9,966,636)	(6,215,436)	3,751,200
Funds Available - Beginning of Year	<u>(23,785,034)</u>	<u>17,531,134</u>	<u>41,316,168</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ (33,751,670)</u>	<u>\$ 11,315,698</u>	<u>\$ 45,067,368</u>

**SOUTH METRO WISE AUTHORITY  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2022**

Actual

Funds Available are Defined as Follows:

Current Assets	\$ 12,917,126
Less: Current Liabilities	<u>(1,601,428)</u>
Funds Available	<u><u>\$ 11,315,698</u></u>

Reconciliation of Budgetary Basis (Actual) to Statement of Revenues,  
Expenses, and Changes in Net Position:

Revenues (Budgetary Basis)	<u>\$ 11,789,363</u>
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position	<u>11,789,363</u>
Expenditures (Budgetary Basis)	18,004,799
Capital Outlay	(7,631,146)
Depreciation	984,485
Loss on Disposal	<u>241,618</u>
Total Expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>11,599,756</u>
Change in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	<u><u>\$ 189,607</u></u>



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