

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>13</b>
<b>STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>15</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>16</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>18</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF OPERATING REVENUE</b>	<b>36</b>
<b>SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER (NON-GAAP BUDGETARY BASIS)</b>	<b>37</b>
<b>SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)</b>	<b>38</b>
<b>SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – DISTRIBUTION AND COLLECTION (NON-GAAP BUDGETARY BASIS)</b>	<b>39</b>
<b>SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – ADMINISTRATION AND GENERAL (NON-GAAP BUDGETARY BASIS)</b>	<b>40</b>
<b>SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)</b>	<b>41</b>
<b>SCHEDULE OF BUDGET RECONCILIATION</b>	<b>42</b>
<b>SINGLE AUDIT REPORT</b>	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>43</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>45</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>48</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>49</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>50</b>
<b>SECONDARY MARKET INFORMATION</b>	
<b>HISTORICAL AND BUDGETED NET REVENUES AND PRO FORMA DEBT SERVICE COVERAGE</b>	<b>52</b>
<b>COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (GAAP BASIS)</b>	<b>53</b>
<b>REVENUES FROM WATER AND SEWER SERVICE CHARGES</b>	<b>54</b>
<b>COMPARISON OF FISCAL YEAR 2024 AND 2025 BUDGET TO FISCAL YEAR 2024 ACTUAL RESULTS OF OPERATIONS</b>	<b>55</b>
<b>GOVERNMENTAL AND ENTERPRISE ACTIVITY</b>	<b>56</b>



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the business-type activities of South Adams County Water and Sanitation District (the District), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District'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 Adams County Water and Sanitation District as of December 31, 2024 and 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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, schedule of budget reconciliation and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, schedule of budget reconciliation and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

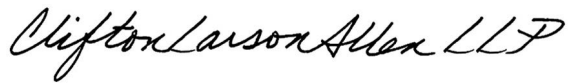
Management is responsible for the other information included in the annual report. The other information comprises the secondary market information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other 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.

Board of Directors  
South Adams County Water and Sanitation District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Denver, Colorado  
April 30, 2025

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024 AND 2023**

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, 2024 and 2023. 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 2024**

- Net position increased by \$58,560,346 in 2024 or 8.2%, primarily due to capital contributions of \$28,814,434.
- Capital contributions consist of the following:

Tap fees	\$ 1,307,563
Developer contributions	14,126,264
System development fees	13,380,607
- Income before capital contributions is \$29,745,912, an increase of \$21,062,684 or 242.6% from 2023.
- The income from operations is \$2,337,926 for 2024, compared to a loss from operations of (\$940,021) in 2023.
- The District currently has 24,077 active water and 23,464 active sewer customer accounts.
- Unrestricted net position increased by \$39,634,750 which is a 26.9% 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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024 AND 2023**

**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 18-35.

**Summary and Financial Analysis  
NET POSITION**

	2024	2023
<b>ASSETS</b>		
Current Assets	\$ 195,603,609	\$ 154,131,712
Restricted Cash and Investments	1,513,910	1,468,278
Capital Assets, Net of Accumulated Depreciation	685,508,898	651,549,250
Total Assets	\$ 882,626,417	\$ 807,149,240
<b>LIABILITIES</b>		
Current Liabilities	\$ 16,268,943	\$ 10,357,596
Other Liabilities	263,910	218,278
Long-Term Liabilities	92,968,809	82,156,375
Total Liabilities	109,501,662	92,732,249
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	3,631,703	3,457,007
2020B Bond Deferred Gain on Refunding	163,664	190,942
Total Deferred Inflows of Resources	3,795,367	3,647,949
<b>NET POSITION</b>		
Net Investment in Capital Assets	581,339,999	562,414,403
Restricted	1,250,000	1,250,000
Unrestricted	186,739,389	147,104,639
Total Net Position	769,329,388	710,769,042
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 882,626,417	\$ 807,149,240

The District increased its net position by \$58,560,346 during 2024. Capital assets net of depreciation increased by \$33,959,648. This increase is funded by the application of capital contributions in the amount of \$28,814,434. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$179,334,666, 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, 2024 AND 2023**

	2023	2022
<b>ASSETS</b>		
Current Assets	\$ 154,131,712	\$ 136,213,348
Restricted Cash and Investments	1,468,278	1,487,289
Capital Assets, Net of Accumulated Depreciation	651,549,250	628,453,638
Total Assets	\$ 807,149,240	\$ 766,154,275
<b>LIABILITIES</b>		
Current Liabilities	\$ 10,357,596	\$ 11,360,521
Other Liabilities	218,278	237,289
Long-Term Liabilities	82,156,375	87,550,686
Total Liabilities	92,732,249	99,148,496
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	3,457,007	3,306,115
2020B Bond Deferred Gain on Refunding	190,942	218,219
Total Deferred Inflows of Resources	3,647,949	3,524,334
<b>NET POSITION</b>		
Net Investment in Capital Assets	562,414,403	533,403,138
Restricted	1,250,000	1,250,000
Unrestricted	147,104,639	128,828,307
Total Net Position	710,769,042	663,481,445
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 807,149,240	\$ 766,154,275

The District increased its net position by \$47,287,597 during 2023. Capital assets net of depreciation increased by \$23,095,612. This increase is funded by the application of capital contributions in the amount of \$38,604,369. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of \$143,774,116, 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, 2024 AND 2023**

**CHANGES IN NET POSITION**

	2024	2023
<b>OPERATING REVENUE</b>		
Water	\$ 31,298,227	\$ 24,828,316
Sanitation	19,167,508	17,245,147
Total Operating Revenue	50,465,735	42,073,463
<b>NONOPERATING REVENUE</b>		
Taxes	3,941,339	3,627,434
Net Investment Income	7,082,841	6,024,529
Grants	19,148,434	-
Gain on Sale of Capital Asset	8,182	27,927
Other	283,037	2,836,362
Total Nonoperating Revenue	30,463,833	12,516,252
Total Revenue	80,929,568	54,589,715
<b>OPERATING EXPENSES</b>		
Direct Expenses:		
Water	28,550,742	24,102,319
Sanitation	11,072,237	10,794,373
Total Direct Expenses	39,622,979	34,896,692
General and Administrative Expenses	8,504,830	8,116,792
Total Operating Expenses	48,127,809	43,013,484
<b>NONOPERATING EXPENSES</b>		
Interest	2,984,090	2,796,277
Other	71,757	96,726
Total Nonoperating Expenses	3,055,847	2,893,003
Total Expenses	51,183,656	45,906,487
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	29,745,912	8,683,228
<b>CAPITAL CONTRIBUTIONS</b>	28,814,434	38,604,369
<b>CHANGE IN NET POSITION</b>	58,560,346	47,287,597
Net Position - Beginning of Year	710,769,042	663,481,445
<b>NET POSITION - END OF YEAR</b>	\$ 769,329,388	\$ 710,769,042

**Revenue:**

Operating revenue for fiscal year 2024 generated from water operations totaled \$31,298,227, an increase of \$6,469,911 or 26.1% compared to fiscal year 2023. This increase was the result of an increase in overall water consumption of 22.0% from the prior year. Sewer operating revenues increased from \$17,245,147 in fiscal year 2023 to \$19,167,508 in fiscal year 2024 due to an increase in the rate charged to customers of 4% and increase in customers of 2.9% as compared to 2023.

Non-operating revenue increased from \$12,516,252 in 2023 to \$30,463,833 in 2024, representing a 143.4% increase. This increase was driven by an increase of \$19,148,434 in revenues recognized for government grants.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024 AND 2023**

**Expenses:**

Total operating expenses for 2024, which include direct, general and administrative expenses, were \$48,127,809, an increase of \$5,114,325 or 11.9% more than the preceding year. Expenses for water increased by \$4,448,423 in relation to increased payroll and benefit expenses and water treatment expenses. Expenses for sewer increased by \$277,864 in relation to increase payroll and benefit expenses. Expenses for general and administrative expenses increased by \$388,038 or 4.8% in relation to increased payroll and benefit expenses in addition to increases in various expenses related to management services.

**CHANGES IN NET POSITION**

	2023	2022
<b>OPERATING REVENUE</b>		
Water	\$ 24,828,316	\$ 29,626,149
Sanitation	17,245,147	15,783,006
Total Operating Revenue	42,073,463	45,409,155
<b>NONOPERATING REVENUE</b>		
Taxes	3,627,434	3,222,808
Net Investment Income	6,024,529	1,796,915
Gain on Sale of Capital Asset	27,927	13,575
Other	2,836,362	1,023,541
Total Nonoperating Revenue	12,516,252	6,056,839
Total Revenue	54,589,715	51,465,994
<b>OPERATING EXPENSES</b>		
Direct Expenses:		
Water	24,102,319	21,274,265
Sanitation	10,794,373	9,613,159
Total Direct Expenses	34,896,692	30,887,424
General and Administrative Expenses	8,116,792	6,853,580
Total Operating Expenses	43,013,484	37,741,004
<b>NONOPERATING EXPENSES</b>		
Interest	2,796,277	2,915,816
Other	96,726	30,401
Total Nonoperating Expenses	2,893,003	2,946,217
Total Expenses	45,906,487	40,687,221
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	8,683,228	10,839,886
<b>CAPITAL CONTRIBUTIONS</b>	38,604,369	35,293,939
<b>CHANGE IN NET POSITION</b>	47,287,597	46,133,825
Net Position - Beginning of Year	663,481,445	617,347,620
<b>NET POSITION - END OF YEAR</b>	\$ 710,769,042	\$ 663,481,445

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024 AND 2023**

**Revenue:**

Operating revenue for fiscal year 2023 generated from water operations totaled \$24,828,316, a decrease of \$4,797,833 or 16.2% compared to fiscal year 2022. This decrease was the result of a decrease in overall water consumption of 10.0% from the prior year. Sewer operating revenues increased from \$15,783,006 in fiscal year 2022 to \$17,245,147 in fiscal year 2023 due to an increase in the rate charged to customers of 4% and increase in customers of 19.5% as compared to 2022.

Non-operating revenue increased from \$6,117,952 in 2022 to \$12,516,252 in 2023, representing a 104.6% increase. This increase was driven by an increase of \$4,227,614 in net investment income generated from increased interest rates on the District's cash and cash equivalents as well as an increase in grant revenue of \$1,821,984 from the Colorado Department of Public Health and Environment.

**Expenses:**

Total operating expenses for 2023, which include direct, general and administrative expenses, were \$43,013,484, an increase of \$5,272,480 or 14.0% more than the preceding year. Expenses for water increased by \$2,828,054 in relation to increased payroll and benefit expenses and water treatment expenses. Expenses for sewer increased by \$1,181,214 in relation to increase payroll and benefit expenses. Expenses for general and administrative expenses increased by \$1,263,212 or 18.4% in relation to increased payroll and benefit expenses in addition to increases in various expenses related to management services.

**Capital Assets**

	December 31, 2023	Net Changes	December 31, 2024
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Water System</b>			
Land and Land Rights	\$ 6,731,260	\$ -	\$ 6,731,260
Water Rights	233,678,859	-	233,678,859
Construction in Progress	37,395,959	23,789,078	61,185,037
Plant and Equipment	311,421,369	13,364,586	324,785,954
Total Water System	<u>589,227,447</u>	<u>37,153,664</u>	<u>626,381,110</u>
<b>Sanitation System</b>			
Land and Land Rights	1,362,512	-	1,362,512
Construction in Progress	2,925,173	5,466,747	8,391,920
Plant and Equipment	183,775,651	7,381,767	191,157,418
Total Sanitation System	<u>188,063,336</u>	<u>12,848,514</u>	<u>200,911,850</u>
<b>Accumulated Depreciation</b>	<u>125,741,533</u>	<u>16,042,529</u>	<u>141,784,062</u>
<b>Total Capital Assets - Net</b>	<u>\$ 651,549,250</u>	<u>\$ 33,959,649</u>	<u>\$ 685,508,898</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024 AND 2023**

**2024**

Gross capital assets increased in excess of \$50.0 million during 2024. Significant components of that increase are as follows:

- Current year acquisitions totaling \$14.3 million for distribution mains, sewer mains and transportation equipment.
- Water and Sanitation acceptances totaling in excess of \$14.1 million.
- Current year activity totaling \$19.7 million for designing and constructing the PFAS Treatment Plant.

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

	<u>December 31, 2022</u>	<u>Net Changes</u>	<u>December 31, 2023</u>
<b>Water System</b>			
Land and Land Rights	\$ 4,541,004	\$ 2,190,256	\$ 6,731,260
Water Rights	205,704,736	27,974,123	233,678,859
Construction in Progress	95,862,056	(58,466,097)	37,395,959
Plant and Equipment	<u>259,351,606</u>	<u>52,069,763</u>	<u>311,421,369</u>
Total Water System	565,459,402	23,768,045	589,227,447
<b>Sanitation System</b>			
Land and Land Rights	592,963	769,549	1,362,512
Construction in Progress	10,748,463	(7,823,290)	2,925,173
Plant and Equipment	<u>164,966,106</u>	<u>18,809,545</u>	<u>183,775,651</u>
Total Sanitation System	176,307,532	11,755,804	188,063,336
<b>Accumulated Depreciation</b>	<u>113,313,296</u>	<u>12,428,237</u>	<u>125,741,533</u>
<b>Total Capital Assets - Net</b>	<u><u>\$ 628,453,638</u></u>	<u><u>\$ 23,095,612</u></u>	<u><u>\$ 651,549,250</u></u>

**2023**

Gross capital assets increased in excess of \$35.5 million during 2023. Significant components of that increase are as follows:

- Current year acquisitions totaling \$14.3 million for distribution mains.
- Water and Sanitation acceptances totaling in excess of \$22 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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024 AND 2023**

**Debt Administration:**

At December 31, 2024, the District has four outstanding debt obligations, the Series 2014, 2018, 2020A and 2020B Revenue Bonds in the amount of \$8,190,000, \$51,610,000, \$1,825,000 and \$4,480,000, respectively. At December 31, 2024, the District has two loans from the Colorado Water Resource and Power Development Authority, the Series 2014 and 2024A in the amount of \$14,165,921 and \$16,142,516, respectively.

At December 31, 2023, the District has five outstanding debt obligations, one loan from the Colorado Water Resource and Power Development Authority Series 2014 in the amount of \$15,193,334, the Series 2014, 2018, 2020A and 2020B Revenue Bonds in the amount of \$8,740,000, \$52,855,000, \$3,625,000 and \$5,185,000, respectively.

**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 (CONTINUED)  
DECEMBER 31, 2024 AND 2023**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	2024	2023
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,443,780	\$ 3,469,258
Retainage Payable	1,002,229	314,336
Accrued Interest	545,872	345,472
Accrued Benefits Payable	117,153	105,551
Current Portion of Bonds and Loan Payable	6,239,913	5,453,538
Current Portion of Compensated Absences	919,996	669,441
Total Current Liabilities	16,268,943	10,357,596
<b>RESTRICTED LIABILITIES</b>		
Customer Deposits	228,966	188,885
Employee Flexible Spending Accounts	34,944	29,393
Total Restricted Liabilities	263,910	218,278
<b>LONG-TERM LIABILITIES</b>		
Long-Term Portion of Bonds and Loan Payable	92,968,809	82,156,375
Total Long-Term Liabilities	92,968,809	82,156,375
Total Liabilities	109,501,662	92,732,249
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	3,631,703	3,457,007
2020B Bond Deferred Gain on Refunding	163,664	190,942
Total Deferred Inflows of Resources	3,795,367	3,647,949
<b>NET POSITION</b>		
Net Investment in Capital Assets	581,339,999	562,414,403
Restricted for Operating Reserve	1,250,000	1,250,000
Unrestricted	186,739,389	147,104,639
Total Net Position	769,329,388	710,769,042
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 882,626,417	\$ 807,149,240

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, 2024 AND 2023**

	2024	2023
<b>WATER OPERATIONS</b>		
Operating Revenue	\$ 31,298,227	\$ 24,828,316
Direct Water Expenses	28,550,742	24,102,319
Gross Income from Water Operations	2,747,485	725,997
<b>SANITATION OPERATIONS</b>		
Operating Revenue	19,167,508	17,245,147
Direct Sanitation Expenses	11,072,237	10,794,373
Gross Income from Sanitation Operations	8,095,271	6,450,774
<b>GROSS INCOME FROM OPERATIONS</b>	10,842,756	7,176,771
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	8,504,830	8,116,792
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	2,337,926	(940,021)
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
General Property Tax	3,756,734	3,372,247
Other Taxes	184,605	255,187
Net Investment Income	7,082,841	6,024,529
Gain on Sale of Capital Asset	8,182	27,927
Miscellaneous	283,037	2,836,362
Grants	19,148,434	-
Interest Expense	(2,984,090)	(2,796,277)
Treasurer's Fees	(71,757)	(96,726)
Total Nonoperating Revenues and (Expenses)	27,407,986	9,623,249
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	29,745,912	8,683,228
<b>CAPITAL CONTRIBUTIONS</b>		
Tap Fees	1,307,563	979,161
Developer Contributions	14,126,264	22,257,129
System Development Fees	13,380,607	15,368,079
Total Capital Contributions	28,814,434	38,604,369
<b>CHANGE IN NET POSITION</b>	58,560,346	47,287,597
Net Position - Beginning of Year	710,769,042	663,481,445
<b>NET POSITION - END OF YEAR</b>	\$ 769,329,388	\$ 710,769,042

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 49,530,382	\$ 42,216,036
Cash Payments for Goods and Services	(19,460,194)	(20,723,960)
Cash Payments to Employees	<u>(12,097,199)</u>	<u>(11,858,708)</u>
Net Cash Provided by Operating Activities	17,972,989	9,633,368
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Tax Receipts Collected by Other Governmental Agencies, Net of Treasurer's Fee	3,869,582	3,530,708
Grants	12,798,974	-
Miscellaneous Receipts	<u>283,037</u>	<u>2,836,362</u>
Net Cash Provided by Noncapital Financing Activities	16,951,593	6,367,070
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for Capital Acquisitions	(31,408,763)	(12,125,997)
Interest Paid	(2,957,166)	(2,918,164)
Cash Received from Sale of Assets	8,182	52,862
Principal Payments on Debt	(5,358,513)	(5,216,497)
System Development Fees	13,380,607	15,368,079
Tap Fees	<u>1,307,563</u>	<u>979,161</u>
Net Cash Used by Capital and Related Financing Activities	(25,028,090)	(3,860,556)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts of Interest	<u>7,082,841</u>	<u>6,024,529</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	16,979,333	18,164,411
 Cash and Cash Equivalents - Beginning of Year	<u>147,407,632</u>	<u>129,243,221</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 164,386,965</u></u>	<u><u>\$ 147,407,632</u></u>

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 2,337,926	\$ (940,021)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	16,057,556	12,462,851
Effect of Changes in Operating Assets and Liabilities:		
Customer Receivables	(1,106,185)	(391,076)
Other Receivables	130,751	556,521
Inventory	138,356	195,719
Prepaid Expenses	(73,442)	54,786
Accounts Payable	180,238	(2,141,736)
Accrued Benefits	267,708	(140,804)
Customer Deposits	40,081	(22,872)
Net Cash Provided by Operating Activities	\$ 17,972,989	\$ 9,633,368

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

Developer infrastructure contributions were \$14,126,264 and \$22,257,129 for 2024 and 2023, respectively.  
Bond premium amortization was \$146,198 and \$96,860 for 2024 and 2023, respectively.  
Amortization of deferred gain on refunding was \$27,278 and \$27,277 for 2024 and 2023, respectively.  
Capital-related retainage and accounts payable was \$4,796,513 and \$1,333,992 for 2024 and 2023, respectively.

	2024	2023
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR TO STATEMENTS OF NET POSITION</b>		
Unrestricted Cash and Cash Equivalents	\$ 162,873,055	\$ 145,939,354
Restricted Cash and Cash Equivalents	1,513,910	1,468,278
Total Cash and Cash Equivalents	\$ 164,386,965	\$ 147,407,632

See accompanying Notes to Financial Statements.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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, 2024 AND 2023**

**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, 2024 AND 2023**

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

**Restricted Cash and Investments**

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

Under the District's Loan agreements with the Colorado Water Resources and Power Development Authority (CWPA), the District is required to maintain an operating reserve of \$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, 2024 AND 2023**

**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 liability under compensated absences. 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, 2024 AND 2023**

**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, 2024. See Note 5 for additional information.

**Implementation of GASB Statement No. 101 Compensated Absences**

During the fiscal year ended December 31, 2024, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences*. See schedule located at Note 5.

**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 statements of net position as follows:

	2024	2023
Cash and Investments	\$ 22,436,316	\$ 30,723,297
Cash and Investments - Designated	140,436,739	115,216,057
Restricted Cash and Investments:		
Operating Reserve	1,250,000	1,250,000
Employee Flexible Spending Accounts	34,944	29,393
Customer Deposits	228,966	188,885
Total Cash and Investments	<u>\$ 164,386,965</u>	<u>\$ 147,407,632</u>

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

	2024	2023
Cash on Hand	\$ 3,480	\$ 3,480
Deposits with Financial Institutions	17,988,642	23,685,979
Investments	146,394,843	123,718,173
Total Cash and Investments	<u>\$ 164,386,965</u>	<u>\$ 147,407,632</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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, 2024 AND 2023**

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

**Investments (Continued)**

Interest Rate Risk (Continued)

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity Less Than One Year</u>	<u>Standard &amp; Poor's Rating</u>	<u>Total Amortized Cost</u>	<u>Concentration</u>
CSAFE	<u>\$ 146,394,843</u>	AAAm	<u>\$ 146,394,843</u>	<u>100.0%</u>

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity Less Than One Year</u>	<u>Standard &amp; Poor's Rating</u>	<u>Total Amortized Cost</u>	<u>Concentration</u>
CSAFE	<u>\$ 123,718,173</u>	AAAm	<u>\$ 123,718,173</u>	<u>100.0%</u>

**CSAFE**

At December 31, 2024 and 2023, the District had \$146,394,843 and \$123,718,173, 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, 2024 AND 2023**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at January 1, 2024	Increases	Transfers	Decreases	Balance at December 31, 2024
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 8,093,772	\$ -	\$ -	\$ -	\$ 8,093,772
Water Rights	233,678,859	-	-	-	233,678,859
Construction in Progress	40,321,132	35,636,672	(6,380,847)	-	69,576,957
Total Capital Assets, Not Being Depreciated	282,093,763	35,636,672	(6,380,847)	-	311,349,588
Capital Assets, Being Depreciated:					
Buildings	7,699,379	-	195,352	-	7,894,731
Water System Plant	299,515,579	9,604,565	3,335,148	-	312,455,292
Sanitation System Plant	175,578,038	4,521,700	2,456,521	-	182,556,259
Furniture and Equipment	12,404,024	254,267	393,826	15,027	13,037,090
Total Capital Assets, Being Depreciated	495,197,020	14,380,532	6,380,847	15,027	515,943,372
Less Accumulated Depreciation for:					
Buildings	2,818,188	485,556	-	-	3,303,744
Water System Plant	65,148,568	10,390,832	-	15,027	75,524,373
Sanitation System Plant	52,673,936	5,007,345	-	-	57,681,281
Furniture and Equipment	5,100,841	173,823	-	-	5,274,664
Total Accumulated Depreciation	125,741,533	16,057,556	-	15,027	141,784,062
Total Capital Assets, Being Depreciated, Net	369,455,487	(1,677,024)	6,380,847	-	374,159,310
Capital Assets, Net	\$ 651,549,250	\$ 33,959,648	\$ -	\$ -	\$ 685,508,898

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at January 1, 2023	Increases	Transfers	Decreases	Balance at December 31, 2023
<b>Capital Assets, Not Being Depreciated:</b>					
Land and Land Rights	\$ 5,133,967	\$ -	\$ 2,959,805	\$ -	\$ 8,093,772
Water Rights	205,704,736	-	27,974,123	-	233,678,859
Construction in Progress	106,610,519	12,889,722	(79,154,174)	24,935	40,321,132
Total Capital Assets, Not Being Depreciated	317,449,222	12,889,722	(48,220,246)	24,935	282,093,763
<b>Capital Assets, Being Depreciated:</b>					
Buildings	7,559,675	66,026	73,678	-	7,699,379
Water System Plant	247,976,656	14,314,726	37,224,197	-	299,515,579
Sanitation System Plant	157,325,525	7,942,403	10,310,110	-	175,578,038
Furniture and Equipment	11,455,856	370,521	612,261	34,614	12,404,024
Total Capital Assets, Being Depreciated	424,317,712	22,693,676	48,220,246	34,614	495,197,020
<b>Less Accumulated Depreciation for:</b>					
Buildings	2,372,398	445,790	-	-	2,818,188
Water System Plant	57,731,771	7,416,797	-	-	65,148,568
Sanitation System Plant	48,227,253	4,446,683	-	-	52,673,936
Furniture and Equipment	4,981,874	153,581	-	34,614	5,100,841
Total Accumulated Depreciation	113,313,296	12,462,851	-	34,614	125,741,533
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>311,004,416</b>	<b>10,230,825</b>	<b>48,220,246</b>	<b>-</b>	<b>369,455,487</b>
<b>Capital Assets, Net</b>	<b>\$ 628,453,638</b>	<b>\$ 23,120,547</b>	<b>\$ -</b>	<b>\$ 24,935</b>	<b>\$ 651,549,250</b>

Depreciation expense for the years ended December 31 as charged to the following operations:

	2024	2023
Direct Water Expenses	\$ 10,810,719	\$ 7,797,496
Direct Sewer Expenses	5,246,837	4,665,355
Total	<u>\$ 16,057,556</u>	<u>\$ 12,462,851</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 5 LONG-TERM LIABILITIES**

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2024:

	Balance January 1, 2024	New Issues	Retirements	Balance December 31, 2024	Due Within One Year
Direct Borrowing -					
Colorado Water and Power Authority Loan - 2014	\$ 15,193,334	\$ -	\$ 1,027,413	\$ 14,165,921	\$ 1,066,685
Colorado Water Resources and Power Development Authority DWRP Leverage Loan Program - 2024	-	16,173,616	31,100	16,142,516	605,569
Direct Placement -					
Series 2020A Refunding Bond	3,625,000	-	1,800,000	1,825,000	1,825,000
Series 2020B Refunding Bond	5,185,000	-	705,000	4,480,000	715,000
Revenue Bonds -					
Series 2014 Bond	8,740,000	-	550,000	8,190,000	570,000
Series 2018 Bond	52,855,000	-	1,245,000	51,610,000	1,315,000
Bond Premium	2,011,579	929,904	146,198	2,795,285	142,659
Total Long-Term Obligations	<u>87,609,913</u>	<u>\$ 17,103,520</u>	<u>\$ 5,504,711</u>	<u>99,208,722</u>	<u>\$ 6,239,913</u>
Less Current Portion	5,453,538			6,239,913	
Long-Term Portion	<u>\$ 82,156,375</u>			<u>\$ 92,968,809</u>	

The following is an analysis of changes in long-term liabilities for the year ended December 31, 2023:

	Balance January 1, 2023	New Issues	Retirements	Balance December 31, 2023	Due Within One Year
Direct Borrowing -					
Colorado Water and Power Authority Loan - 2014	\$ 16,234,831	\$ -	\$ 1,041,497	\$ 15,193,334	\$ 1,057,375
Direct Placement -					
Series 2020A Refunding Bond	5,400,000	-	1,775,000	3,625,000	1,800,000
Series 2020B Refunding Bond	5,875,000	-	690,000	5,185,000	705,000
Revenue Bonds -					
Series 2014 Bond	9,270,000	-	530,000	8,740,000	550,000
Series 2018 Bond	54,035,000	-	1,180,000	52,855,000	1,245,000
Bond premium	2,108,439	-	96,860	2,011,579	96,163
Total Long-Term Obligations	<u>92,923,270</u>	<u>\$ -</u>	<u>\$ 5,313,357</u>	<u>87,609,913</u>	<u>\$ 5,453,538</u>
Less Current Portion	5,372,584			5,453,538	
Long-Term Portion	<u>\$ 87,550,686</u>			<u>\$ 82,156,375</u>	

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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 payment of the principal amount of the Series 2014 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, 2024 AND 2023**

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

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

**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 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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

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

**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 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.

**Colorado Water Resources and Power Development Authority State Revolving Fund Revenue Bond, Series 2024A.** The Bipartisan Infrastructure Law established federal funding administered through the Drinking Water State Revolving Fund which can be used to finance water infrastructure projects. In May 2024, the District executed a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$46,173,616. The bond is a direct borrowing bond and includes both bond and principal forgiveness components. The bond amount of \$16,173,616 is being amortized over 20 years at a fixed interest rate of 2.98%, and the remaining \$30,000,000 was principal forgiveness. The bond matures annually beginning in 2024 with a final payment in 2044. The loan contains a provision that in the event of default, the authority may take any or all of the following actions: (1) withhold disbursement of remaining loan funds or (2) pursue any other remedies to which it is entitled under the loan agreement, at law or in equity.

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 Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2025	\$ 1,885,000	\$ 2,205,675	\$ 4,212,254	\$ 303,939	\$ 8,606,868
2026	1,975,000	2,116,250	2,436,675	250,885	6,778,810
2027	2,070,000	2,022,375	2,480,548	203,079	6,776,002
2028	2,165,000	1,927,313	2,517,260	179,192	6,788,765
2029	2,260,000	1,830,781	2,565,201	155,136	6,811,118
2030-2034	12,450,000	8,008,438	10,490,147	446,718	31,395,303
2035-2039	12,330,000	5,606,800	6,955,001	90,681	24,982,482
2040-2044	12,755,000	3,492,650	4,956,351	-	21,204,001
2045-2049	11,910,000	1,087,169	-	-	12,997,169
Total	\$ 59,800,000	\$ 28,297,451	\$ 36,613,437	\$ 1,629,630	\$ 126,340,518

Changes in the District's compensated absences are as follows:

	Balance January 1, 2024		Additions	Reductions	Balance December 31, 2024		Current Portion
Compensated Absences	\$ 669,441	\$ 250,555*	\$ -	\$ 919,996	\$ 919,996		

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

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

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Current Portion
Compensated Absences	\$ 652,702	\$ 16,739*	\$ -	\$ 669,441	\$ 669,441

\*The change in the compensated absences liability is presented as a net change.

**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, the District had a net investment in capital assets calculated as follows:

	2024	2023
Net Investment in Capital Assets:		
Capital Assets - Net of Accumulated Depreciation	\$ 685,508,898	\$ 651,549,250
Deferred Inflow from Debt Refunding	(163,664)	(190,942)
Capital-Related Retainage and Accounts Payable	(4,796,513)	(1,333,992)
Current Portion of Bonds and Loan Payable	(6,239,913)	(5,453,538)
Long-Term Portion of Bonds and Loan Payable	(92,968,809)	(82,156,375)
Total	<u>\$ 581,339,999</u>	<u>\$ 562,414,403</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 are as follows:

	2024	2023
Restricted Net Position:		
Operating Reserve	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2024 AND 2023**

**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 \$365,739 and \$333,282 for 2024 and 2023, 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, 2024 and 2023, management believes it has met these covenants.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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, 2024. 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, 2024, 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.

**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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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, 2024, the District had unexpended construction related contract commitments and contingencies on other projects of \$44,663,881.

**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, 2024, 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.

**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.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 12 AGREEMENTS (CONTINUED)**

**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 Water Recovery (MWR) to purchase Single Family Residential Equivalents (SFRE) for existing customers in its Northern Service Area to divert a portion of its wastewater flow to MWR for sanitation. From 2009 to 2025 the District has agreed to purchase a total of 8,910.2 SFREs, and will divert approximately 50% of the flow to the Northern Treatment Plant (NTP) beginning in May 2025.

## **SUPPLEMENTARY INFORMATION**

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2023)**

	Water	Sanitation	Totals	
			2024	2023
Metered Water Fees	\$ 26,866,739	\$ -	\$ 26,866,739	\$ 21,029,350
Softening Fees	1,529,908	-	1,529,908	1,558,025
Sewer Service Fees	-	18,877,632	18,877,632	17,021,031
Pretreatment Fees	-	162,567	162,567	125,742
Fireline Fees	389,825	-	389,825	344,373
Inclusion Fees	264,983	5,000	269,983	222,034
Leased Water	285,376	-	285,376	239,326
Turn on Charge	319,013	-	319,013	292,590
Tap-in Fees	824,832	122,309	947,141	789,683
Hydrant Water	817,551	-	817,551	451,309
<b>Total Operating Revenue</b>	<b>\$ 31,298,227</b>	<b>\$ 19,167,508</b>	<b>\$ 50,465,735</b>	<b>\$ 42,073,463</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER  
(NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2023)**

	Annual Budget	Actual				Total 2024	Actual Over (Under) Budget	Total 2023
		Source of Supply	Treatment	Distribution and Collection Allocated	Administration and General Allocated			
Power	\$ 1,243,000	\$ 871,640	\$ 312,870	\$ 23,520	\$ -	\$ 1,208,030	\$ (34,970)	\$ 1,110,069
Purchased Water	7,089,230	5,769,881	-	-	-	5,769,881	(1,319,349)	5,107,773
Repair and Maintenance	1,603,000	253,688	333,078	476,803	186,874	1,250,443	(352,557)	1,131,075
Safety Equipment	150,000	-	-	1,715	-	1,715	(148,285)	6,852
Customer Service Materials	725,000	-	-	662,051	-	662,051	(62,949)	783,727
Small Tools and Equipment	30,000	-	-	20,904	-	20,904	(9,096)	23,543
Operating Supplies	316,600	6,716	39,912	141,393	136,373	324,394	7,794	379,380
Office Supplies	53,300	-	9,578	-	11,964	21,542	(31,758)	37,111
Leased Equipment	25,000	-	-	-	17,840	17,840	(7,160)	15,536
Shop Supplies	47,000	4,337	28,457	6,619	-	39,413	(7,587)	24,014
Carbon Replacement	920,000	-	1,035,000	-	-	1,035,000	115,000	861,687
Chemical Supplies	1,660,000	95,695	1,651,878	-	-	1,747,573	87,573	1,714,899
Lab Supplies	144,000	86,583	90,953	-	-	177,536	33,536	121,919
Uniforms	30,080	1,234	4,767	7,237	2,050	15,288	(14,792)	15,559
Telecommunications	420,000	-	-	-	293,942	293,942	(126,058)	262,240
Utility - Gas	92,500	5,498	47,332	3,695	19,075	75,600	(16,900)	113,226
Salaries	7,334,194	262,393	1,578,123	1,942,923	1,921,108	5,704,547	(1,629,647)	5,328,134
Employee Benefits	2,609,012	63,159	439,457	716,552	521,929	1,741,097	(867,915)	1,748,020
Taxes - Payroll	544,030	20,122	132,070	182,534	170,737	505,463	(38,567)	407,581
Fuel Expense	178,500	-	551	84,245	-	84,796	(93,704)	99,826
Truck Expense	125,000	-	-	103,819	-	103,819	(21,181)	78,454
Water Supply	300,000	-	-	-	319,239	319,239	19,239	235,621
Quality Control	75,000	72,067	11,906	-	-	83,973	8,973	40,444
Audit	75,000	-	-	-	56,333	56,333	(18,667)	53,592
Management Services	747,000	-	-	46,937	446,799	493,736	(253,264)	648,199
Postage	219,250	-	12,067	36	110,570	122,673	(96,577)	95,830
Legal	200,000	-	-	-	443,320	443,320	243,320	246,652
Engineering	510,000	-	-	-	623,424	623,424	113,424	737,362
Insurance	475,000	-	-	-	335,972	335,972	(139,028)	298,291
Miscellaneous	523,500	6,952	33,219	16,771	430,527	487,469	(36,031)	420,140
Publications	9,550	-	-	-	2,261	2,261	(7,289)	7,825
Dues and Subscriptions	71,000	1,849	9,536	-	96,420	107,805	36,805	119,791
Water Rights Assessments	100,000	-	-	-	97,696	97,696	(2,304)	83,967
Conservation	95,000	-	-	-	126,959	126,959	31,959	32,259
Janitor	100,000	-	-	-	66,547	66,547	(33,453)	55,343
Landscape Maintenance	195,000	-	-	-	175,063	175,063	(19,937)	144,637
Board of Directors	10,500	-	-	-	4,884	4,884	(5,616)	5,698
Education	82,000	8,820	9,359	4,490	61,423	84,092	2,092	66,877
<b>Total Operating Expenses - Water</b>	<b>29,127,246</b>	<b>\$ 7,530,634</b>	<b>\$ 5,780,113</b>	<b>\$ 4,442,244</b>	<b>\$ 6,679,329</b>	<b>24,432,320</b>	<b>(4,694,926)</b>	<b>22,663,153</b>
Total Operating Expenses - Sanitation (Page 38)	7,669,616					7,637,934	(31,682)	7,887,481
<b>Total Operating Expenses</b>	<b>\$ 36,796,862</b>					<b>\$ 32,070,254</b>	<b>\$ (4,726,608)</b>	<b>\$ 30,550,634</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2023)**

	Annual Budget	Actual				Total 2024	Actual Over (Under) Budget	Total 2023
		Transmission and Collection	Sewage Treatment	Distribution and Collection Allocated	Administration and General Allocation			
Power	\$ 353,980	\$ 147,590	\$ 608,626	\$ 8,264	\$ -	\$ 764,480	\$ 410,500	\$ 675,584
Repair and Maintenance	850,560	43,362	299,824	167,526	65,659	576,371	(274,189)	794,193
Safety Equipment	39,000	-	-	602	-	602	(38,398)	2,407
Customer Service Materials	188,500	-	-	232,612	-	232,612	44,112	275,363
Small Tools and Equipment	7,800	-	-	7,345	-	7,345	(455)	8,272
Operating Supplies	665,946	2,831	469,505	49,679	47,915	569,930	(96,016)	735,111
Office Supplies	16,258	-	4,620	-	4,203	8,823	(7,435)	13,461
Leased Equipment	6,500	-	-	-	6,268	6,268	(232)	5,458
Shop Supplies	12,960	-	1,086	2,326	-	3,412	(9,548)	4,504
Uniforms	13,553	2,341	5,263	2,543	720	10,867	(2,686)	14,152
Telecommunications	109,200	-	-	-	103,277	103,277	(5,923)	92,139
Utility - Gas	68,450	4,067	37,204	1,298	6,702	49,271	(19,179)	77,635
Salaries	2,988,603	398,832	1,361,168	682,649	674,984	3,117,633	129,030	3,029,554
Employee Benefits	1,036,842	138,730	443,514	251,761	183,381	1,017,386	(19,456)	973,038
Taxes - Payroll	219,136	34,039	120,620	64,133	59,989	278,781	59,645	231,577
Fuel Expense	68,480	-	6,144	29,600	-	35,744	(32,736)	58,622
Truck Expense	32,500	-	-	36,477	-	36,477	3,977	27,565
Quality Control	125,000	-	67,399	-	-	67,399	(57,601)	161,951
Audit	19,500	-	-	-	19,793	19,793	293	18,830
Management Services	194,220	-	-	16,492	156,983	173,475	(20,745)	227,745
Postage	63,665	-	1,453	12	38,849	40,314	(23,351)	39,315
Engineering	104,000	-	-	-	-	-	(104,000)	-
Insurance	123,500	-	-	-	118,044	118,044	(5,456)	104,805
Miscellaneous	156,590	350	43,567	5,894	151,269	201,080	44,490	167,019
Publications	5,483	-	-	-	795	795	(4,688)	2,749
Dues and Subscriptions	66,740	-	-	-	33,877	33,877	(32,863)	33,568
Conservation	22,100	-	-	-	44,607	44,607	22,507	11,334
Janitor	26,000	-	-	-	23,381	23,381	(2,619)	19,445
Landscape Maintenance	50,700	-	-	-	61,508	61,508	10,808	50,819
Board of Directors	2,730	-	-	-	1,716	1,716	(1,014)	2,002
Education	31,120	4,672	4,835	1,578	21,581	32,666	1,546	29,264
<b>Total Operating Expenses - Sanitation</b>	<b>\$ 7,669,616</b>	<b>\$ 776,814</b>	<b>\$ 3,474,828</b>	<b>\$ 1,560,791</b>	<b>\$ 1,825,501</b>	<b>\$ 7,637,934</b>	<b>\$ (31,682)</b>	<b>\$ 7,887,481</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – DISTRIBUTION AND COLLECTION**  
**(NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2023)**

	Annual Budget	Actual				Total 2024	Actual Over (Under) Budget	Total 2023
		Distribution and Collection	Development	Meter Reading	Fleet			
Power	\$ 170,500	\$ 31,784	\$ -	\$ -	\$ -	\$ 31,784	\$ (138,716)	\$ 36,612
Repair and Maintenance	850,000	436,453	304	68,691	138,881	644,329	(205,671)	534,617
Safety Equipment	25,000	-	-	-	2,317	2,317	(22,683)	9,259
Customer Service Materials	725,000	-	-	894,663	-	894,663	169,663	1,059,090
Small Tools and Equipment	30,000	7,854	-	-	20,395	28,249	(1,751)	31,815
Operating Supplies	76,500	15,821	21,998	6,552	146,701	191,072	114,572	195,329
Office Supplies	-	-	-	-	-	-	-	15,732
Shop Supplies	21,000	477	-	-	8,468	8,945	(12,055)	7,476
Uniforms	21,000	4,516	2,364	1,595	1,305	9,780	(11,220)	10,995
Utility - Gas	20,000	4,993	-	-	-	4,993	(15,007)	6,537
Salaries	3,004,823	828,180	909,244	483,194	404,954	2,625,572	(379,251)	2,545,076
Employee Benefits	1,185,794	324,341	297,299	179,597	167,076	968,313	(217,481)	952,451
Taxes - Payroll	217,963	75,591	83,818	50,009	37,249	246,667	28,704	194,319
Fuel Expense	148,000	-	-	-	113,845	113,845	(34,155)	133,194
Truck Expense	125,000	-	-	-	140,296	140,296	15,296	106,019
Management Services	50,000	-	63,429	-	-	63,429	13,429	41,719
Postage	250	-	48	-	-	48	(202)	428
Engineering	150,000	-	-	-	-	-	(150,000)	-
Miscellaneous	68,250	21,178	1,206	-	281	22,665	(45,585)	35,424
Publications	1,000	-	-	-	-	-	(1,000)	-
Dues and Subscriptions	1,000	-	-	-	-	-	(1,000)	-
Janitor	100,000	-	-	-	-	-	(100,000)	-
Landscape Maintenance	195,000	-	-	-	-	-	(195,000)	-
Education	29,500	2,854	1,802	85	1,327	6,068	(23,432)	4,986
<b>Total Operating Expenses - Distribution and Collection</b>	<b>\$ 7,215,580</b>	<b>\$ 1,754,042</b>	<b>\$ 1,381,512</b>	<b>\$ 1,684,386</b>	<b>\$ 1,183,095</b>	<b>\$ 6,003,035</b>	<b>\$ (1,212,545)</b>	<b>\$ 5,921,078</b>
<b>Total Allocated to Water</b>	<b>\$ 5,339,529</b>	<b>\$ 1,297,991</b>	<b>\$ 1,022,319</b>	<b>\$ 1,246,446</b>	<b>\$ 875,490</b>	<b>\$ 4,442,244</b>	<b>\$ (897,285)</b>	<b>\$ 4,381,598</b>
<b>Total Allocated to Sanitation</b>	<b>1,876,051</b>	<b>456,051</b>	<b>359,193</b>	<b>437,940</b>	<b>307,605</b>	<b>1,560,791</b>	<b>(315,260)</b>	<b>1,539,480</b>
<b>Total</b>	<b>\$ 7,215,580</b>	<b>\$ 1,754,042</b>	<b>\$ 1,381,512</b>	<b>\$ 1,684,386</b>	<b>\$ 1,183,095</b>	<b>\$ 6,003,035</b>	<b>\$ (1,212,545)</b>	<b>\$ 5,921,078</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – ADMINISTRATION AND GENERAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2023)**

	Actual						Total 2024	Over (Under) Budget	Total 2023
	Budget	Accounting and Management	Finance	Information Technology	Environmental	General			
Power	\$ 27,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,500)	\$ -
Repair and Maintenance	243,000	-	300	252,233	-	-	252,533	9,533	419,836
Operating Supplies	205,600	1,745	115,874	66,669	-	-	184,288	(21,312)	204,634
Office Supplies	43,300	756	13,878	1,533	-	-	16,167	(27,133)	20,491
Leased Equipment	25,000	-	-	24,108	-	-	24,108	(892)	20,994
Uniforms	2,280	378	549	1,843	-	-	2,770	490	1,987
Telecommunications	420,000	-	-	397,219	-	-	397,219	(22,781)	354,379
Utility - Gas	12,500	-	-	-	-	25,777	25,777	13,277	28,343
Salaries	2,619,281	757,769	930,208	908,115	-	-	2,596,092	(23,189)	2,431,732
Employee Benefits	795,103	204,817	280,419	220,074	-	-	705,310	(89,793)	686,714
Taxes - Payroll	199,065	70,587	82,390	77,749	-	-	230,726	31,661	185,567
Fuel Expense	-	-	-	-	-	-	-	-	-
Water Supply	-	-	-	-	-	319,239	319,239	319,239	235,621
Audit	75,000	-	76,126	-	-	-	76,126	1,126	72,422
Management Services	697,000	247,605	103,054	253,123	-	-	603,782	(93,218)	834,225
Postage	210,000	-	149,419	-	-	-	149,419	(60,581)	129,071
Legal	-	-	-	-	-	443,320	443,320	443,320	246,652
Engineering	-	-	-	-	-	623,424	623,424	623,424	737,362
Insurance	475,000	-	-	-	-	454,016	454,016	(20,984)	403,096
Miscellaneous	398,250	15,039	3,476	14	-	563,267	581,796	183,546	497,536
Publications	8,550	-	-	-	-	3,056	3,056	(5,494)	10,574
Dues and Subscriptions	48,000	2,111	-	-	-	128,186	130,297	82,297	129,107
Water Rights Assessments	-	-	-	-	-	97,696	97,696	97,696	83,967
Conservation	85,000	-	-	-	-	171,566	171,566	86,566	43,593
Janitor	-	-	-	-	-	89,928	89,928	89,928	74,788
Landscape Maintenance	-	-	-	-	-	236,571	236,571	236,571	195,456
Board of Directors	10,500	6,600	-	-	-	-	6,600	(3,900)	7,700
Education	96,750	834	8,541	14,627	-	59,002	83,004	(13,746)	60,945
<b>Total</b>	<b>\$ 6,696,679</b>	<b>\$ 1,308,241</b>	<b>\$ 1,764,234</b>	<b>\$ 2,217,307</b>	<b>\$ -</b>	<b>\$ 3,215,048</b>	<b>\$ 8,504,830</b>	<b>\$ 1,808,151</b>	<b>\$ 8,116,792</b>
Total Allocated to Water	\$ 4,955,542	\$ 968,098	\$ 1,305,533	\$ 1,640,807	\$ -	\$ 1,281,213	\$ 6,679,330	\$ 1,723,788	\$ 6,345,363
Total Allocated to Sanitation	1,741,137	340,143	458,701	576,500	-	450,156	1,825,500	84,363	1,771,429
<b>Total</b>	<b>\$ 6,696,679</b>	<b>\$ 1,308,241</b>	<b>\$ 1,764,234</b>	<b>\$ 2,217,307</b>	<b>\$ -</b>	<b>\$ 1,731,369</b>	<b>\$ 8,504,830</b>	<b>\$ 1,808,151</b>	<b>\$ 8,116,792</b>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2024**

	Water		Sanitation		General		Total Budget	Total Actual	Actual (Under) Over Budget
	Budget	Actual	Budget	Actual	Budget	Actual			
<b>REVENUES AND RECEIPTS</b>									
Service Fees	\$ 24,354,590	\$ 26,866,739	\$ 15,822,319	\$ 18,877,632	\$ -	\$ -	\$ 40,176,909	\$ 45,744,371	\$ 5,567,462
Pretreatment Rees	-	-	175,000	162,567	-	-	175,000	162,567	(12,433)
Hydrant Water	1,000,000	817,551	-	-	-	-	1,000,000	817,551	(182,449)
Water Softening Fee	1,623,785	1,529,908	-	-	-	-	1,623,785	1,529,908	-
Fireline Fees	275,000	389,825	-	-	-	-	275,000	389,825	114,825
Inclusion Fees	3,500	264,983	1,500	5,000	-	-	5,000	269,983	264,983
Leased Water	400,000	285,376	-	-	-	-	400,000	285,376	(114,624)
Turn on Charge	375,000	319,013	-	-	-	-	375,000	319,013	(55,987)
Tap-In Fees	450,000	824,832	125,000	122,309	-	-	575,000	947,141	372,141
Other Income	15,000	-	5,000	-	-	-	20,000	-	(20,000)
Contributions:									
Connection Fees	8,865,753	22,985,171	4,676,399	5,829,263	-	-	13,542,152	28,814,434	15,272,282
Taxes:									
Property	-	-	-	-	3,564,469	3,756,734	3,564,469	3,756,734	192,265
Other	-	-	-	-	155,000	184,605	155,000	184,605	29,605
Interest Income	137,500	4,409,782	137,500	2,673,059	-	-	275,000	7,082,841	6,807,841
Gain on Sale of Capital Asset	-	6,055	-	2,127	-	-	-	8,182	8,182
Grants	12,911,810	19,148,434	-	-	-	-	12,911,810	19,148,434	6,236,624
Miscellaneous	82,250	51,329	82,250	13,941	185,500	217,767	350,000	283,037	(66,963)
Total Revenues and Receipts	<u>\$ 50,494,188</u>	<u>\$ 77,898,998</u>	<u>\$ 21,024,968</u>	<u>\$ 27,685,898</u>	<u>\$ 3,904,969</u>	<u>\$ 4,159,106</u>	<u>\$ 75,424,125</u>	<u>\$ 109,744,002</u>	<u>\$ 34,413,754</u>
<b>EXPENDITURES, DISBURSEMENTS, AND TRANSFERS</b>									
Operating Expenses	\$ 29,127,246	\$ 24,432,320	\$ 7,669,616	\$ 7,637,934	\$ -	\$ -	\$ 36,796,862	\$ 32,070,254	\$ (4,726,608)
Nonoperating Expenses	4,481,188	-	1,604,562	-	62,000	71,752	6,147,750	71,752	(6,075,998)
Debt Service Principal and Interest	5,118,750	5,374,770	9,199,690	2,406,346	-	-	14,318,440	7,781,116	(6,537,324)
Capital Expenditures	56,353,076	28,321,260	19,459,002	7,569,676	1,911,183	-	77,723,261	35,890,936	(41,832,325)
Transfers	-	(3,024,642)	-	(1,062,712)	-	4,087,354	-	-	-
Total Expenditures, Disbursements, and Transfers	<u>\$ 95,080,260</u>	<u>\$ 55,103,708</u>	<u>\$ 37,932,870</u>	<u>\$ 16,551,244</u>	<u>\$ 1,973,183</u>	<u>\$ 4,159,106</u>	<u>\$ 134,986,313</u>	<u>\$ 75,814,058</u>	<u>\$ (59,172,255)</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF BUDGET RECONCILIATION  
YEAR ENDED DECEMBER 31, 2024**

	Water	Sanitation	General
<b>Revenues and Receipts</b>			
Budget Basis Revenues and Receipts	\$ 77,898,998	\$ 27,685,898	\$ 4,159,106
Allocate:			
General Fund Revenues	3,077,738	1,081,368	(4,159,106)
<b>Budget Basis Revenues and Receipts</b>	<b>80,976,736</b>	<b>28,767,266</b>	<b>-</b>
<b>GAAP Basis Revenue and Receipts</b>	<b>\$ 80,976,736</b>	<b>\$ 28,767,266</b>	<b>\$ -</b>
 <b>GAAP Basis</b>			
Operating Revenues	\$ 31,298,227	\$ 19,167,508	\$ -
Nonoperating Revenues	49,678,509	9,599,758	-
<b>Budget Basis Revenues and Receipts</b>	<b>\$ 80,976,736</b>	<b>\$ 28,767,266</b>	<b>\$ -</b>
 <b>Expenditures and Disbursements</b>			
Budget Basis Expenditures and Disbursements	\$ 55,627,395	\$ 16,735,242	\$ 4,159,106
Plus:			
Amortization Expense - Bonds	(108,187)	(38,011)	-
Depreciation Expense	10,810,719	5,246,837	-
Transfers	3,024,642	1,062,712	(4,087,354)
General Fund Treasurer's Fees	48,792	22,960	(71,752)
Less:			
Capital Expenditures	28,321,260	7,569,676	-
Principal Payments on Debt	3,205,014	2,153,499	-
<b>GAAP Basis Expenditures and Disbursements</b>	<b>\$ 37,877,087</b>	<b>\$ 13,306,565</b>	<b>\$ -</b>
 <b>GAAP Basis</b>			
Operating Expenses	\$ 28,550,742	\$ 11,072,237	\$ -
Allocated Administrative and General Expenses	6,679,330	1,825,500	-
Nonoperating Expenses	2,647,015	408,828	-
<b>Total Expenses</b>	<b>\$ 37,877,087</b>	<b>\$ 13,306,565</b>	<b>\$ -</b>

**SINGLE AUDIT REPORT**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of South Adams County Water and Sanitation District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the South Adams County Water and Sanitation District's basic financial statements, and have issued our report thereon dated April 30, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Adams County Water and Sanitation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Adams County Water and Sanitation District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Adams County Water and Sanitation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Adams County Water and Sanitation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Denver, Colorado  
April 30, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT  
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited South Adams County Water and Sanitation District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on South Adams County Water and Sanitation District's major federal program for the year ended December 31, 2024. South Adams County Water and Sanitation District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Adams County Water and Sanitation District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Adams County Water and Sanitation District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of South Adams County Water and Sanitation District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to South Adams County Water and Sanitation District's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Adams County Water and Sanitation District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Adams County Water and Sanitation District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 South Adams County Water and Sanitation District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of South Adams County Water and Sanitation District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of South Adams County Water and Sanitation District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

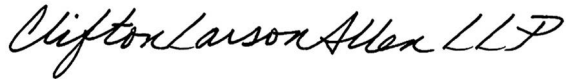
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors  
South Adams County Water and Sanitation District

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Denver, Colorado  
April 30, 2025

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2024**

<b>Federal Agency/Pass-through Agency</b>	<b>Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
U.S Environmental Protection Agency/Colorado Water Resources and Power Development Authority Drinking Water State Revolving Fund Cluster Capitalization Grants	Drinking Water State Revolving Funds	66.468	DL22F476	\$ 19,148,434	\$ -

*See accompanying Notes to the Schedule of Expenditures of Federal Awards*

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of South Adams County Water and Sanitation District (the District) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 PRIOR YEARS COSTS REPORTED ON THE CURRENT YEAR SCHEDULE**

As allowed under the Drinking Water State Revolving Fund, \$2,666,255 of expenses related to eligible pre-construction and construction costs are included within the current year Schedule but were incurred during prior fiscal years.

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?  yes  no
  - Significant deficiency(ies) identified?  yes  none reported
3. Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?  yes  no
  - Significant deficiency(ies) identified?  yes  none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

***Identification of Major Federal Programs***

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
66.468	Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs.***

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Our audit did not disclose any matters required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

## **SECONDARY MARKET INFORMATION**

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
HISTORICAL AND BUDGETED NET REVENUES AND PRO FORMA DEBT SERVICE COVERAGE  
YEARS ENDED DECEMBER 31  
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT COVERAGE)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Budget 2025</u>
Gross Revenues	\$ 38,067	\$ 40,148	\$ 42,026	\$ 48,093	\$ 50,768	\$ 76,770	\$ 60,810
Operating and Maintenance Expenses (Excluding Depreciation)	20,718	21,687	23,653	28,462	30,551	32,070	33,175
Net Revenue	<u>\$ 17,349</u>	<u>\$ 18,461</u>	<u>\$ 18,373</u>	<u>\$ 19,631</u>	<u>\$ 20,217</u>	<u>\$ 44,700</u>	<u>\$ 27,636</u>
Pro Forma Coverage of the Combined Maximum Annual Debt Service Requirements for the Series 2010, 2014 and 2018 Bonds and the SWRPDA Loans	2.93	2.39	2.12	2.34	2.49	5.50	3.40

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (GAAP BASIS)**  
**YEARS ENDED DECEMBER 31**

	2018	2019	2020	2021	2022	2023	2024
<b>WATER OPERATIONS</b>							
Operating Revenue	\$ 21,540,951	\$ 21,588,389	\$ 24,547,116	\$ 26,622,018	\$ 29,626,149	\$ 24,828,316	\$ 31,298,227
Direct Water Expenses	13,150,199	13,290,278	13,856,641	16,124,557	21,274,265	24,102,319	28,550,742
Gross Income from Water Operations	8,390,752	8,298,111	10,690,475	10,497,461	8,351,884	725,997	2,747,485
<b>SANITATION OPERATIONS</b>							
Operating Revenue	12,944,086	13,767,728	14,581,422	15,020,914	15,783,006	17,245,147	19,167,508
Direct Sanitation Expenses	9,538,761	9,076,413	9,560,740	9,655,731	9,613,159	10,794,373	11,072,237
Gross Income from Sanitation Operations	3,405,325	4,691,315	5,020,682	5,365,183	6,169,847	6,450,774	8,095,271
<b>GROSS INCOME FROM OPERATIONS</b>	11,796,077	12,989,426	15,711,157	15,862,644	14,521,731	7,176,771	10,842,756
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	4,720,944	5,069,537	5,337,270	5,384,495	6,853,580	8,116,792	8,504,830
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	7,075,133	7,919,889	10,373,887	10,478,149	7,668,151	(940,021)	2,337,926
<b>NONOPERATING REVENUES AND (EXPENSES)</b>							
General Property Tax	2,302,973	2,432,218	2,612,013	2,750,272	3,014,287	3,372,247	3,756,734
Other Taxes	204,285	198,381	195,359	219,263	208,521	255,187	184,605
Grants	-	-	-	-	-	-	19,148,434
Net Investment Income	1,813,772	2,618,218	886,517	283,149	1,796,915	6,024,529	7,082,841
Gain (Loss) on Dissolution of Joint Venture	-	15,000	57,084	13,575	74,688	27,927	8,182
Miscellaneous	209,869	212,737	248,214	313,409	1,023,541	2,836,362	283,037
Interest Expense	(3,324,385)	(3,793,330)	(3,073,029)	(3,065,767)	(2,915,816)	(2,796,277)	(2,984,090)
Cost of Debt Issuance	(498,996)	-	(75,300)	-	-	-	-
Treasurer's Fees	(49,166)	(52,347)	(34,728)	(44,438)	(30,401)	(96,726)	(71,757)
Total Nonoperating Revenues and (Expenses)	658,352	1,630,877	816,130	469,463	3,171,735	9,623,249	27,407,986
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	7,733,485	9,550,766	11,190,017	10,947,612	10,839,886	8,683,228	29,745,912
<b>CAPITAL CONTRIBUTIONS</b>							
Tap Fees	3,316,471	2,332,049	2,969,296	1,723,287	1,104,498	979,161	1,307,563
Developer Contributions	9,289,076	12,946,447	14,159,716	17,483,641	14,767,662	22,257,129	14,126,264
System Development Fees	8,246,955	14,011,348	11,127,647	15,026,023	19,421,779	15,368,079	13,380,607
Total Capital Contributions	20,852,502	29,289,844	28,256,659	34,232,951	35,293,939	38,604,369	28,814,434
<b>CHANGE IN NET POSITION</b>	28,585,987	38,840,610	39,446,676	45,180,563	46,133,825	47,287,597	58,560,346
Net Position - Beginning of Year	465,293,784	493,879,771	532,720,381	572,167,057	617,347,620	663,481,445	710,769,042
<b>NET POSITION - END OF YEAR</b>	<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>	<u>\$ 710,769,042</u>	<u>\$ 769,329,388</u>

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
REVENUES FROM WATER AND SEWER SERVICE CHARGES  
YEARS ENDED DECEMBER 31**

**Revenues from Water Service Charges**

<u>Year</u>	<u>Consumption (Thousands of Gallons)</u>	<u>Revenues from Metered Water Service Charges</u>
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
2023	3,061,080	21,029,350
2024	3,733,545	26,866,739

**Revenues from Sewer Service Charges**

<u>Year</u>	<u>Consumption (Thousands of Gallons)</u>	<u>Revenues from Metered Sewer Service Charges</u>
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
2023	3,061,080	17,021,031
2024	3,733,545	18,877,632

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
COMPARISON OF FISCAL YEAR 2024 AND 2025 BUDGET TO  
FISCAL YEAR 2024 ACTUAL RESULTS OF OPERATIONS  
BUDGETARY BASIS**

	2024		Over (Under) Budget	2025
	Adopted Budget	Actual		Adopted Budget
<b>WATER OPERATIONS</b>				
Operating Revenue	\$ 32,314,060	\$ 31,298,227	\$ (1,015,833)	\$ 33,509,346
Direct Water Expenses	23,943,533	17,752,991	(6,190,542)	27,471,446
Gross Income from Water Operations	8,370,527	13,545,236	5,174,709	6,037,900
<b>SANITATION OPERATIONS</b>				
Operating Revenue	20,926,945	19,167,508	(1,759,437)	21,210,444
Direct Sanitation Expenses	9,231,370	5,812,433	(3,418,937)	12,782,839
Gross Income from Sanitation Operations	11,695,575	13,355,075	1,659,500	8,427,605
<b>GROSS INCOME FROM OPERATIONS</b>	20,066,102	26,900,311	6,834,209	14,465,506
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	6,646,929	8,504,830	1,857,901	7,731,484
<b>NET INCOME FROM OPERATIONS</b>	13,419,173	18,395,481	4,976,308	6,734,022
<b>NONOPERATING REVENUES</b>				
General Property Tax	3,564,469	3,756,734	192,265	3,692,077
Other Taxes	155,000	184,605	29,605	175,000
Net Investment Income	3,750,000	7,082,841	3,332,841	4,000,000
Gain on Sale of Capital Asset	-	8,182	8,182	-
Miscellaneous	100,000	283,037	183,037	165,000
Total Nonoperating Revenues	7,569,469	11,315,399	3,745,930	8,032,077
<b>NONOPERATING EXPENSES</b>				
Interest Expense	3,060,000	2,984,090	(75,910)	2,800,000
Treasurer's Fees	62,000	71,752	9,752	62,000
Nonoperating Expenses	-	-	-	-
Total Nonoperating Expenses	3,122,000	3,055,842	(66,158)	2,862,000
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	17,866,642	26,655,038	8,788,396	11,904,099
<b>CAPITAL CONTRIBUTIONS</b>				
Tap Fees	5,102,084	1,307,563	(3,794,521)	5,385,874
Developer Contributions	-	14,126,264	14,126,264	-
System Development Fees	9,511,567	13,380,607	3,869,040	9,337,458
Total Capital Contributions	14,613,651	28,814,434	14,200,783	14,723,332
Capital Expenditures	77,723,261	35,890,936	(41,832,325)	60,861,962
Capital Expenditures/Bond Fund	-	-	-	30,000,000
Intergovernmental Payments	6,193,440	-	(6,193,440)	5,980,920
Debt Service	8,125,780	4,797,026	(3,328,754)	9,259,436
Total Capital Expenditures	92,042,481	40,687,962	(51,354,519)	106,102,318
<b>SPECIAL ITEMS</b>				
Grant/Loan Proceeds	21,000,000	19,148,434	-	30,000,000
Total Special Items	21,000,000	19,148,434	-	30,000,000
<b>NET INCREASE (DECREASE) IN FUNDS</b>	(38,562,188)	33,929,944	74,343,698	(49,474,887)
Funds Available - Beginning of Year	125,600,000	53,237,725	72,362,275	78,000,000
<b>FUNDS AVAILABLE - END OF YEAR</b>	\$ 87,037,812	\$ 87,167,669	\$ 146,705,973	\$ 28,525,113

**SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT  
GOVERNMENTAL AND ENTERPRISE ACTIVITY  
FISCAL YEAR 2024 ACTUAL RESULTS OF OPERATIONS  
BUDGETARY BASIS**

	General Government Fund	Enterprise Fund	Total
<b>OPERATING REVENUES</b>			
General Property Tax	\$ 3,756,734	\$ -	\$ 3,756,734
Other Taxes	184,605	-	184,605
Metered Water Fees	-	26,866,739	26,866,739
Softening Fees	-	1,529,908	1,529,908
Sewer Service Fees	-	18,877,632	18,877,632
Pretreatment Fees	-	162,567	162,567
Fireline Fees	-	389,825	389,825
Inclusion Fees	-	269,983	269,983
Leased Water	-	285,376	285,376
Turn on Charge	-	319,013	319,013
Tap-In Fees	-	947,141	947,141
Hydrant Water	-	817,551	817,551
Total Operating Revenues	<u>3,941,339</u>	<u>50,465,735</u>	<u>54,407,074</u>
<b>OPERATING EXPENSES</b>			
Source of Supply	-	7,530,634	7,530,634
Treatment	-	5,780,113	5,780,113
Transmission	-	776,814	776,814
Treatment	-	3,474,828	3,474,828
Distribution and Collection	-	1,754,042	1,754,042
Development	-	1,381,512	1,381,512
Meter Readers	-	1,684,386	1,684,386
Management	340,143	968,098	1,308,241
Administration	458,701	1,305,533	1,764,234
Information Technology	576,500	1,640,807	2,217,307
General	1,183,095	3,215,048	4,398,143
Total Operating Expenses	<u>2,558,439</u>	<u>29,511,815</u>	<u>32,070,254</u>
<b>TOTAL OPERATING REVENUE</b>	1,382,900	20,953,920	22,336,820
<b>OTHER REVENUES</b>			
Developer Contributions	-	14,126,264	14,126,264
System Development Fees	-	14,688,170	14,688,170
Interest Income	1,841,539	5,241,302	7,082,841
Miscellaneous	75,717	215,501	291,219
Total Other Revenues	<u>1,917,256</u>	<u>34,271,237</u>	<u>36,188,494</u>
<b>TOTAL NET REVENUES</b>	3,300,156	55,225,157	58,525,314
<b>OTHER EXPENSES</b>			
Nonoperating Expenses	71,752	-	71,752
Bonded Indebtedness	-	4,797,026	4,797,026
Total Capital Outlay	-	35,890,936	35,890,936
Total Other Expenses	<u>71,752</u>	<u>40,687,962</u>	<u>40,759,714</u>
<b>BALANCE</b>	<u>\$ 3,228,404</u>	<u>\$ 14,537,195</u>	<u>\$ 17,765,600</u>



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