

**DENVER SOUTHEAST SUBURBAN
WATER AND SANITATION DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2019 AND 2018

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Independent Auditor's Report

Board of Directors
Denver Southeast Suburban Water and Sanitation District
Douglas County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Denver Southeast Suburban Water and Sanitation District (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Denver Southeast Suburban Water and Sanitation District as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

The management's discussion and analysis information on pages III through IX is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other supplementary information and continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Period Financial Statements

The financial statements of Denver Southeast Suburban Water and Sanitation District as of December 31, 2018, were audited by Stratagem PC, who merged with Wipfli LLP as of January 1, 2020, and whose report dated April 17, 2019, expressed an unmodified opinion on the financial statements.

Wipfli LLP
Lakewood, Colorado

May 11, 2020

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Denver Southeast Suburban Water and Sanitation District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019.

District Operations

The composition of District staff now holds 22 full-time equivalents (FTE) in 2019. The increase by one FTE in 2019 is to begin training a replacement for wastewater staff close to retirement. This overlap/training will occur for 2-3 years until senior wastewater staff retires.

The District continued to grow steadily, selling 92 water and sewer taps to new homes as compared to only 51 new taps in 2018. A new development with over 300 production homes completed construction in summer 2019 and homes are being built quickly. The District anticipates the bulk of the water and sewer taps sold in the District in 2020 will be in the new development, Stone Creek Ranch.

The total precipitation and pattern of precipitation in 2019 was very average. 2019 showed average temperatures and typical precipitation patterns all throughout the year. Generally, temperatures were cooler in the summer months and warmer in the fall months than in 2018. The spring precipitation was typical of most years. The District saw an uptick in irrigation in May and June. Total precipitation experienced in the area in 2019 was 16.2 inches, up from the annual precipitation totals in 2018 (14.8) and 2017 (11.7 in) but just below the state annual average of 17.1 inches.

Customers' water usage in 2019 was less than the demand from 2018. The main factor for the decrease in water consumption was the tapering of construction activity and more precipitation overall. By the end of 2019, total gallons pumped was approximately 1.03 billion gallons, over 93% of the water pumped compared to 2018.

The District continued a multi-year project to replace its oldest and most impacted potable water pipelines. This project is funded by low interest loans from the Colorado Water Resources and Power Development Authority. Along with infrastructure replacement, the District implemented a new asset management and preventative maintenance software. The software will help the District prioritize infrastructure repair and replacement over time.

The District started a multi-year well rehabilitation effort, rehabbing three wells each year to enhance water production across the District. This effort will continue for the next five years or until all wells have been rehabbed.

The District executed several important contracts related to the WISE Project in 2019. First, with a new understanding of the operations of the WISE project, the District sold some of its infrastructure capacity in the WISE facilities to other WISE members, Meridian and Town of Castle Rock. With the proceeds of the sales, the District was able to pay off early one of the loans from the Colorado Water Conservation Board.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

The District continued to work on long-term regional water supply projects through its membership in the Cherry Creek Project Water Authority and the South Metro WISE Authority. The South Metro WISE Authority is now delivering WISE water to all 10 of its members through the core and local infrastructure. The WISE Authority has finished final design of its Phase II (ultimate) infrastructure and will begin construction early 2020 for completion summer 2021.

The Cherry Creek Project Water Authority (the Authority) is proceeding with final design of its Walker Reservoir in its first push to build infrastructure to develop and deliver its existing water resources to its members. The Pinery holds approximately 20% ownership in the Authority and its assets.

Other capital projects included the continued maintenance of the water distribution system to replace valves, curb stops, fire hydrants, air-vac valves and meter pits. The District continued its maintenance program on the sewer collection system to decrease infiltration and prolong the life of its assets.

Financial Highlights

- Net position increased \$5,062,340 while revenues increased 9.99% and expenses increased 1.54%.
- Operating revenues decreased 5.05% from the prior year.
- Net operating loss of \$245,661 was a decrease of \$637,222 from last year. Excluding depreciation, net operating income was \$3,669,091.
- Operating expenses exclusive of depreciation increased 4.13% from the prior year.
- Customers on line for water service at year end increased by 33 single-family residential equivalent units to 4,513 at year end.
- Funds available (current assets plus other assets less current liabilities exclusive of the current portion of long-term obligations) increased \$2,357,490 to \$18,562,819 at December 31, 2019.

Overview of the Financial Statements

Management's discussions and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of financial statements and notes to financial statements. This report also contains other supplemental information and continuing disclosure annual financial information in addition to the basic financial statements themselves.

The financial statements of the District are presented as a special purpose government engaged only in business type activities – providing water and sewer utility services.

The statement of net position presents information on all of the District's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows reports the District's cash flows from operating, noncapital financing, capital, and investing activities.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The supplemental information contained in this report provides a schedule of revenues, expenses, and change in net position, budget and actual information, and debt service requirements.

The continuing disclosure annual financial information is information required by the Series 2002A and 2005A bond covenants, including mill levy, assessed valuation and property tax information, annual operating data, historical actual and budget financial statements, statistical information within the area and debt coverage information.

The District's net position increased \$5,062,340 in 2019. Current assets increased \$3,518,619 and capital assets, net of depreciation, decreased \$746,910.

Statement of Net Position

	December 31,		
	2019	2018	2017
ASSETS			
Current Assets	\$ 20,395,972	\$ 16,877,353	\$ 12,903,315
Other Assets	-	315,231	315,231
Capital Assets	103,667,263	104,414,173	104,421,939
Total Assets	<u>124,063,235</u>	<u>121,606,757</u>	<u>117,640,485</u>
LIABILITIES			
Current Liabilities	3,590,854	2,756,013	2,854,263
Long-Term Liabilities	19,497,932	22,938,635	22,754,950
Total Liabilities	<u>23,088,786</u>	<u>25,694,648</u>	<u>25,609,213</u>
NET POSITION			
Net Position Invested in Capital Assets	82,411,630	79,706,779	79,939,892
Restricted Net Position	3,351,410	3,326,483	3,306,472
Unrestricted Net Position	15,211,409	12,878,847	8,784,908
Total Net Position	<u>\$ 100,974,449</u>	<u>\$ 95,912,109</u>	<u>\$ 92,031,272</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Review of Change in Net Position

	December 31,		
	2019	2018	2017
REVENUES			
Operating Revenue:			
Water Services	\$ 6,091,885	\$ 6,590,638	\$ 5,762,506
Sewer Services	2,455,608	2,411,006	2,362,852
Total Operating Revenue	<u>8,547,493</u>	<u>9,001,644</u>	<u>8,125,358</u>
Nonoperating Revenue:			
Investment Income	291,891	191,215	63,639
Other	197,863	220,068	209,738
Contributions:			
Tap Fees, Net of Cost Recovery Payments	3,934,493	1,961,599	1,293,746
County's Portion of Pipeline Replacement Project	-	396,000	-
Contributed Facilities	1,473,629	1,366,384	1,045,949
Other	155,172	137,777	122,417
Total Other Revenue	<u>6,053,048</u>	<u>4,273,043</u>	<u>2,735,489</u>
Total Revenue	14,600,541	13,274,687	10,860,847
EXPENSES			
Operating Expenses:			
Water	2,588,423	2,483,356	1,882,748
Sewer	1,154,553	1,111,254	941,046
Subtotal	<u>3,742,976</u>	<u>3,594,610</u>	<u>2,823,794</u>
General And Administrative	1,135,426	1,206,437	1,257,241
Depreciation	3,914,752	3,809,036	3,620,226
Total Operating Expenses	<u>8,793,154</u>	<u>8,610,083</u>	<u>7,701,261</u>
Nonoperating Expenses	745,047	783,767	775,579
Total Expenses	<u>9,538,201</u>	<u>9,393,850</u>	<u>8,476,840</u>
CHANGE IN NET POSITION	5,062,340	3,880,837	2,384,007
Net Position - Beginning of Year	<u>95,912,109</u>	<u>92,031,272</u>	<u>89,647,265</u>
NET POSITION - END OF YEAR	<u>\$ 100,974,449</u>	<u>\$ 95,912,109</u>	<u>\$ 92,031,272</u>

Operating revenue decreased by \$454,151. Revenue from the sale of tap fees, net of cost recovery payments increased \$1,972,894. Additionally, water services decreased \$498,753.

Total operating expenses increased \$183,071 in 2019.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and nonoperating revenue and contributions. This budgetary accounting is required by state statutes. Additionally, the budget includes the separation of the enterprise and general government activities within the District.

Actual revenue of the District was below the budgeted revenue by \$2,051,603 due to \$4,100,000 of developer contributions and \$5,120,000 of loan proceeds being budgeted for 2019 and when actual developer contributions came in at \$1,473,629 and loan proceeds came in at \$0. Without this variance, actual revenue was above budgeted revenue by \$5,694,768 primarily as a result of more taps sold and the WISE capacity sale and wheeling charges.

Total actual expenditures of the District were less than the appropriation by \$4,380,852, which includes a positive variance of \$5,556,560 for capital expenditures, of which \$2,558,054 was related to developer contributions which did not occur due to delays in project approvals and commencement.

Capital Assets Activity

The activity related to capital assets is as follows:

	December 31, 2018	Net Changes	December 31, 2019
Land and Easements	\$ 827,262	\$ -	\$ 827,262
Construction in Process	9,944,433	468,569	10,413,002
Water System:			
Water Rights	12,177,082	-	12,177,082
Water Facilities	72,774,476	1,824,141	74,598,617
Bingham Lake and Dam	542,502	-	542,502
Sewer System:			
Sewer Facilities	34,207,177	10,000	34,217,177
Wastewater Treatment Plant	15,481,186	693,106	16,174,292
Buildings	1,813,702	-	1,813,702
Equipment and Vehicles	1,367,706	172,026	1,539,732
Total Capital Assets	<u>149,135,526</u>	<u>3,167,842</u>	<u>152,303,368</u>
Accumulated Depreciation	<u>(44,721,353)</u>	<u>(3,914,752)</u>	<u>(48,636,105)</u>
Net Capital Assets	<u>\$ 104,414,173</u>	<u>\$ (746,910)</u>	<u>\$ 103,667,263</u>

The 2019 activity relating to capital assets reflects costs incurred by the District relating to the construction of water wells, sewer lines, and replacement of equipment at the wastewater treatment plant.

Additional information on the District's capital assets can be found in Note 5 of this report.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	December 31, 2017	Net Changes	December 31, 2018
Land and Easements	\$ 827,262	\$ -	\$ 827,262
Construction in Process	8,618,570	1,325,863	9,944,433
Water System:			
Water Rights	12,177,082	-	12,177,082
Water Facilities	71,477,528	1,296,948	72,774,476
Bingham Lake and Dam	542,502	-	542,502
Sewer System:			
Sewer Facilities	34,190,057	17,120	34,207,177
Wastewater Treatment Plant	14,453,151	1,028,035	15,481,186
Buildings	1,813,702	-	1,813,702
Equipment and Vehicles	1,306,005	61,701	1,367,706
Total Capital Assets	<u>145,405,859</u>	<u>3,729,667</u>	<u>149,135,526</u>
Accumulated Depreciation	<u>(40,983,920)</u>	<u>(3,737,433)</u>	<u>(44,721,353)</u>
Net Capital Assets	<u>\$ 104,421,939</u>	<u>\$ (7,766)</u>	<u>\$ 104,414,173</u>

	December 31, 2016	Net Changes	December 31, 2017
Land and Easements	\$ 827,262	\$ -	\$ 827,262
Construction in Process	6,112,867	2,505,703	8,618,570
Water System:			
Water Rights	12,177,082	-	12,177,082
Water Facilities	65,973,071	5,504,457	71,477,528
Bingham Lake and Dam	542,502	-	542,502
Sewer System:			
Sewer Facilities	34,141,501	48,556	34,190,057
Wastewater Treatment Plant	13,799,079	654,072	14,453,151
Buildings	1,813,702	-	1,813,702
Equipment and Vehicles	1,175,812	130,193	1,306,005
Total Capital Assets	<u>136,562,878</u>	<u>8,842,981</u>	<u>145,405,859</u>
Accumulated Depreciation	<u>(37,363,694)</u>	<u>(3,620,226)</u>	<u>(40,983,920)</u>
Net Capital Assets	<u>\$ 99,199,184</u>	<u>\$ 5,222,755</u>	<u>\$ 104,421,939</u>

Long-Term Debt

All scheduled payments of principal and interest on the District's outstanding debt were paid as required during 2019. The 2014 CWCB A loan was paid off in 2019.

Additional detail on the District's debt is in Note 6 of this report.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Economic Factors and Next Year's Budgets and Rates

For 2020, the District has budgeted revenue from water and sewer charges of \$8,458,770, which is \$480,000 higher compared with 2019 budgeted figures. The District has also budgeted \$710,000 of water project fees that are intended to help fund the construction of future water improvement projects. \$2,240,000 of loan proceeds has been budgeted to fund planned capital outlay in 2020. 2020 operating expenses are budgeted at \$4,500,500, which is \$265,090 higher compared with 2019 budget amounts.

The majority of the District's debt is in the form of revenue notes. The revenues pledged to pay this debt include fees for service (water and sewer bills) and fees charged for new development (tap fees). To the extent that one of the revenue sources is less than projected, then revenue from other sources is required to make the debt service payments.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Denver Southeast Suburban Water and Sanitation District
5242 Old Schoolhouse Road
Parker, Colorado 80134
<http://pinerywater.com>

BASIC FINANCIAL STATEMENTS

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,852,583	\$ 12,699,755
Cash and Cash Equivalents - Restricted	3,351,410	3,326,483
Accounts Receivable	148,838	732,720
Unutilized Taps Service Charge Receivable	14,198	315,231
Prepaid Expenses	28,943	118,395
Total Current Assets	20,395,972	17,192,584
CAPITAL ASSETS, NET		
	103,667,263	104,414,173
Total Assets	\$ 124,063,235	\$ 121,606,757
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts and Retainage Payable	\$ 1,354,194	\$ 562,245
Accrued Payroll	66,662	62,389
Interest Payable	412,297	362,620
Current Maturities of Long-Term Obligations	1,757,701	1,768,759
Total Current Liabilities	3,590,854	2,756,013
LONG-TERM OBLIGATIONS		
	19,497,932	22,938,635
NET POSITION		
Net Investment in Capital Assets	82,411,630	79,706,779
Restricted	3,351,410	3,326,483
Unrestricted	15,211,409	12,878,847
Total Net Position	100,974,449	95,912,109
Total Liabilities and Net Position	\$ 124,063,235	\$ 121,606,757

See accompanying Notes to Basic Financial Statements.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
WATER OPERATIONS		
Revenues	\$ 6,091,885	\$ 6,590,638
Direct Water Expenses	2,588,423	2,483,356
Depreciation - Water	<u>2,793,008</u>	<u>2,731,173</u>
GROSS PROFIT FROM WATER OPERATIONS	710,454	1,376,109
SEWER OPERATIONS		
Revenues	2,455,608	2,411,006
Direct Sewer Expenses	1,154,553	1,111,254
Depreciation - Sewer	<u>976,367</u>	<u>961,280</u>
GROSS PROFIT FROM SEWER OPERATIONS	<u>324,688</u>	<u>338,472</u>
GROSS PROFIT FROM OPERATIONS	1,035,142	1,714,581
GENERAL AND ADMINISTRATIVE EXPENSES		
General and Administrative	1,135,426	1,206,437
Depreciation	<u>145,377</u>	<u>116,583</u>
INCOME (LOSS) FROM OPERATIONS	(245,661)	391,561
NONOPERATING REVENUES	489,754	411,283
NONOPERATING EXPENSES	<u>745,047</u>	<u>783,767</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(500,954)	19,077
CAPITAL CONTRIBUTIONS	<u>5,563,294</u>	<u>3,861,760</u>
CHANGE IN NET POSITION	5,062,340	3,880,837
Net Position - Beginning of Year	<u>95,912,109</u>	<u>92,031,272</u>
NET POSITION - END OF YEAR	<u><u>\$ 100,974,449</u></u>	<u><u>\$ 95,912,109</u></u>

See accompanying Notes to Basic Financial Statements.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 8,975,776	\$ 8,714,599
Payments to Suppliers	(2,472,722)	(3,022,696)
Payments to Employees and Related Expenses	(2,021,373)	(1,804,744)
Other Receipts (Payments)	155,036	36,733
Net Cash Provided by Operating Activities	4,636,717	3,923,892
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ready to Serve Fees	59,497	67,832
Other Income	138,366	136,736
Net Cash Provided by Noncapital Financing Activities	197,863	204,568
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Assets	-	15,500
Loan Proceeds	-	1,952,444
Contributions in Aid of Construction:		
Tap Fees	4,041,865	2,131,539
Other Contributed Capital	1,473,629	1,366,384
Receipts from Unutilized Taps Service Charges	456,205	137,777
County's Portion of Pipeline Replacement Project	-	396,000
WISE Capacity Sale and Wheeling Charges	3,470,227	-
Acquisition of Property, Plant and Equipment	(6,244,074)	(4,097,167)
Interest and Paying Agent Fees	(707,233)	(719,998)
Debt Principal Reduction	(3,439,898)	(1,714,373)
Net Cash Used by Capital and Related Financing Activities	(949,279)	(531,894)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Income Received	292,454	190,217
Net Cash Provided by Investing Activities	292,454	190,217
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,177,755	3,786,783
Cash and Cash Equivalents - Beginning of Year	16,026,238	12,239,455
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 20,203,993	\$ 16,026,238
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income (Loss) from Operations	\$ (245,661)	\$ 391,561
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Depreciation	3,914,752	3,809,036
Decrease (Increase) in Accounts Receivable	583,319	(250,312)
Increase (Decrease) in Accounts Payable	294,855	(90,448)
Decrease (Increase) in Prepaid Expenses	89,452	64,055
Net Cash Provided by Operating Activities	\$ 4,636,717	\$ 3,923,892

See accompanying Notes to Basic Financial Statements.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 DEFINITION OF REPORTING ENTITY

Denver Southeast Suburban Water and Sanitation District (District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court for Douglas County on June 21, 1965, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Section 1, Colorado Revised Statutes). The District's service area is located in Douglas County, Colorado. The District was established to provide water and sanitation services.

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

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

Basis of Accounting

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

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses and change 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 capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

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

Cash Equivalents

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

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 30 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, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

The District filed a zero mill levy certification for collection in 2019.

Capital Assets

Capital assets, which include land, water rights, plant and buildings, distribution and collection systems, and machinery and equipment, are reported by the District. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Plant and buildings	30 Years
Distribution and collection systems	50 Years
Machinery and equipment	5 Years

Tap Fees and Contributed Lines

Tap fees are recorded as capital contribution when received. Lines contributed to the District by Developers are recorded as capital contributions and additions to the systems at acquisition value when received.

Cost Recovery Contracts

The District has cost recovery agreements with developers who have contributed lines to the District. The District is to collect its normal fees from customers requesting to connect to the contributed lines and remit a portion of the collected fees to the developer who contributed the facilities.

Water Rights

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.

Amortization – Original Issue Discount/Premium

Debt premiums and discounts are amortized over the respective terms of the borrowing using the interest method.

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation benefits up to a maximum of twice the annual accrual per employee. Compensated absences are accrued when earned in the financial statements.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board Designations

The board of directors of the District has designated the following amounts of the unrestricted net position for the following purposes:

	2019	2018
Ground Water Protection	\$ 381,194	\$ 357,410
Rate Stabilization Reserve	1,000,000	1,000,000
Well Rehab	389,501	389,501
Total Board Designated Amounts	<u>\$ 1,770,695</u>	<u>\$ 1,746,911</u>

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 and 2018 are classified in the accompanying financial statements as follows:

	2019	2018
Statement of Net Position:		
Cash and Cash Equivalents	\$ 16,852,583	\$ 12,699,755
Cash and Cash Equivalents - Restricted	3,351,410	3,326,483
Total Cash and Investments	<u>\$ 20,203,993</u>	<u>\$ 16,026,238</u>

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

	2019	2018
Deposits with Financial Institutions	\$ 4,940,958	\$ 4,855,655
Cash on Hand	300	300
Investments	15,262,735	11,170,283
Total Cash and Cash Equivalents	<u>\$ 20,203,993</u>	<u>\$ 16,026,238</u>

Deposits with Financial Institutions

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

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.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

At December 31, 2019 and 2018 the District had the following deposits with financial institutions:

	2019	2018
Bank Balance:		
Insured Deposits	\$ 250,000	\$ 250,000
Deposits Collateralized in Single Institution Pools	4,170,268	4,334,592
Total Bank Balance	\$ 4,420,268	\$ 4,584,592
Carrying Balance:		
Insured Deposits	\$ 250,000	\$ 250,000
Deposits Collateralized in Single Institution Pools	4,690,958	4,605,655
Total Carrying Balance	\$ 4,940,958	\$ 4,855,655

Investments

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

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2019 and 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>	
		<u>2019</u>	<u>2018</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 5,393,104	\$ 3,991,737
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	9,869,631	7,178,546
Total		<u>\$ 15,262,735</u>	<u>\$ 11,170,283</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 LONG-TERM RECEIVABLES

Long-term receivable activity for the years ended December 31, 2019 and 2018 was as follows:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
Unutilized Taps Service Charge Receivable	\$ 315,231	\$ 1,382	\$ 315,231	\$ 1,382	\$ 1,382
Total Long-Term Receivables	<u>\$ 315,231</u>	<u>\$ 1,382</u>	<u>\$ 315,231</u>	<u>\$ 1,382</u>	<u>\$ 1,382</u>
	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amounts Due Within One Year
Unutilized Taps Service Charge Receivable	\$ 315,231	\$ -	\$ -	\$ 315,231	\$ 315,231
Total Long-Term Receivables	<u>\$ 315,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,231</u>	<u>\$ 315,231</u>

The detail of the District's long-term receivables is as follows:

Intergovernmental Agreement – Canyons

On December 23, 2004, the District entered into an agreement with the developer in connection with the property known as "The Canyons." Based upon the anticipated construction by the developer, the District shall sell and the developer has agreed to purchase 968 single family equivalent units of wastewater treatment capacity. As payment for such, the developer agreed to pay the principal amount of \$3,100,000 payable as follows: \$310,000 on or before December 20, 2004, which was deposited in January 2005, with the remaining amount repaid annually each June 1 starting in 2005 through 2024, with an annual interest rate of 4%. The agreement was secured by an irrevocable letter of credit in the original amount of \$2,765,000. During 2009, the payment date was changed to December 1, per an amendment of the agreement.

Pursuant to the second amendment that District signed with the developer on November 16, 2016. The developer paid \$1,674,781 for the purchase of 507 taps and \$33,800 for the purchase of five (5) additional single family equivalent sewer taps. Furthermore, the total amount due as of December 1, 2017 for service charges and accrued interest of \$315,231 is deferred until the earlier of December 1, 2019 or such time as the construction of the interceptor. On December 20, 2019, the District received payment in the amount of \$315,231 leaving an accrued and unpaid interest balance of \$1,382.

Pursuant to the third amendment that the District signed with the developer on July 19, 2017, the developer paid \$122,417 for service charge for 367 unutilized taps using the current year's wholesale wastewater service rate as published by the District.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2019 and 2018 was as follows:

	Balance December 31, 2018	Additions	Retirements/ Reclassi- fications	Balance December 31, 2019
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 827,262	\$ -	\$ -	\$ 827,262
Water Rights	12,177,082	-	-	12,177,082
Construction in Progress	9,944,433	3,938,796	(3,470,227)	10,413,002
Total Capital Assets, Not Being Depreciated	22,948,777	3,938,796	(3,470,227)	23,417,346
Capital Assets, Being Depreciated:				
Water Facilities	72,774,476	1,824,141	-	74,598,617
Bingham Lake and Dam	542,502	-	-	542,502
Sewer Facilities	34,207,177	10,000	-	34,217,177
Wastewater Treatment Plant	15,481,186	693,106	-	16,174,292
Buildings	1,813,702	-	-	1,813,702
GIS Program	248,916	58,310	-	307,226
Office and Field Equipment	334,965	27,320	-	362,285
Vehicles	783,825	86,396	-	870,221
Total Capital Assets, Being Depreciated	126,186,749	2,699,273	-	128,886,022
Less Accumulated Depreciation For:				
Water Facilities	(24,540,310)	(2,779,201)	-	(27,319,511)
Bingham Lake and Dam	(319,318)	(13,807)	-	(333,125)
Sewer Facilities	(8,563,696)	(532,742)	-	(9,096,438)
Wastewater Treatment Plant	(8,797,157)	(443,625)	-	(9,240,782)
Buildings	(1,415,765)	(27,606)	-	(1,443,371)
GIS Program	(163,016)	(9,428)	-	(172,444)
Office and Field Equipment	(284,755)	(27,305)	-	(312,060)
Vehicles	(637,336)	(81,038)	-	(718,374)
Total Accumulated Depreciation	(44,721,353)	(3,914,752)	-	(48,636,105)
Capital Assets, Net	<u>\$ 104,414,173</u>	<u>\$ 2,723,317</u>	<u>\$ (3,470,227)</u>	<u>\$ 103,667,263</u>

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance December 31, 2017	Additions	Retirements/ Reclassi- fications	Balance December 31, 2018
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 827,262	\$ -	\$ -	\$ 827,262
Water Rights	12,177,082	-	-	12,177,082
Construction in Progress	<u>8,618,570</u>	<u>1,392,142</u>	<u>(66,279)</u>	<u>9,944,433</u>
Total Capital Assets, Not Being Depreciated	21,622,914	1,392,142	(66,279)	22,948,777
Capital Assets, Being Depreciated:				
Water Facilities	71,477,528	1,296,948	-	72,774,476
Bingham Lake and Dam	542,502	-	-	542,502
Sewer Facilities	34,190,057	17,120	-	34,207,177
Wastewater Treatment Plant	14,453,151	1,028,035	-	15,481,186
Buildings	1,813,702	-	-	1,813,702
GIS Program	234,462	14,454	-	248,916
Office and Field Equipment	284,346	50,619	-	334,965
Vehicles	<u>787,197</u>	<u>68,231</u>	<u>(71,603)</u>	<u>783,825</u>
Total Capital Assets, Being Depreciated	123,782,945	2,475,407	(71,603)	126,186,749
Less Accumulated Depreciation For:				
Water Facilities	(21,822,940)	(2,717,370)	-	(24,540,310)
Bingham Lake and Dam	(305,515)	(13,803)	-	(319,318)
Sewer Facilities	(8,027,774)	(535,922)	-	(8,563,696)
Wastewater Treatment Plant	(8,371,799)	(425,358)	-	(8,797,157)
Buildings	(1,388,159)	(27,606)	-	(1,415,765)
GIS Program	(149,850)	(13,166)	-	(163,016)
Office and Field Equipment	(259,802)	(24,953)	-	(284,755)
Vehicles	<u>(658,081)</u>	<u>(50,858)</u>	<u>71,603</u>	<u>(637,336)</u>
Total Accumulated Depreciation	<u>(40,983,920)</u>	<u>(3,809,036)</u>	<u>71,603</u>	<u>(44,721,353)</u>
Capital Assets, Net	<u>\$ 104,421,939</u>	<u>\$ 58,513</u>	<u>\$ (66,279)</u>	<u>\$ 104,414,173</u>

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

	2019	2018
Water	\$ 2,793,008	\$ 2,731,173
Sewer	976,367	961,280
General and Administrative	145,377	116,583
Total	<u>\$ 3,914,752</u>	<u>\$ 3,809,036</u>

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 LONG-TERM OBLIGATIONS

Long-term obligation activity for the years ended December 31, 2019 and 2018 was as follows:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
CWRPDA Loan - 2002	\$ 1,970,000	\$ -	\$ 365,000	\$ 1,605,000	\$ 370,000
CWRPDA Loan - 2005	2,195,000	-	245,000	1,950,000	250,000
Refinancing Note - 2010	7,147,761	-	475,993	6,671,768	494,981
CWCB Loan A - 2014	1,725,386	-	1,725,386	-	-
CWCB Loan B - 2014	3,035,217	-	-	3,035,217	-
CWCB Loan D - 2014	286,573	-	-	286,573	-
CWRPDA Loan - 2015	8,283,650	-	628,519	7,655,131	631,548
Subtotal	24,643,587	-	3,439,898	21,203,689	1,746,529
Plus Loan Premium	63,807	-	11,863	51,944	11,172
Total Long-Term Obligations	<u>\$ 24,707,394</u>	<u>\$ -</u>	<u>\$ 3,451,761</u>	<u>\$ 21,255,633</u>	<u>\$ 1,757,701</u>

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amounts Due Within One Year
CWRPDA Loan - 2002	\$ 2,325,000	\$ -	\$ 355,000	\$ 1,970,000	\$ 365,000
CWRPDA Loan - 2005	2,435,000	-	240,000	2,195,000	245,000
Refinancing Note - 2010	7,605,495	-	457,734	7,147,761	475,993
CWCB Loan A - 2014	1,766,534	-	41,148	1,725,386	42,384
CWCB Loan B - 2014	1,725,911	1,309,306	-	3,035,217	-
CWCB Loan D - 2014	210,665	75,908	-	286,573	-
CWRPDA Loan - 2015	8,336,911	567,230	620,491	8,283,650	628,519
Subtotal	24,405,516	1,952,444	1,714,373	24,643,587	1,756,896
Plus Loan Premium	76,531	-	12,724	63,807	11,863
Total Long-Term Obligations	<u>\$ 24,482,047</u>	<u>\$ 1,952,444</u>	<u>\$ 1,727,097</u>	<u>\$ 24,707,394</u>	<u>\$ 1,768,759</u>

Loan Agreements

On October 1, 2002, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (Authority) in the amount of \$7,045,000. Principal and interest payments are due semi-annually on February 1 and August 1 in varying amounts through August 1, 2023, with the net effective interest rate of 3.21%. The District has the option to prepay the loan in multiples of \$100,000 plus prepayment costs. The District is required to maintain an operations and maintenance reserve of no more than \$1,250,000 in connection with the loan.

The components of interest expense for this loan for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Interest	\$ 18,137	\$ 24,673
Administrative Fee	57,274	57,274
Total	<u>\$ 75,411</u>	<u>\$ 81,947</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Loan Agreements (Continued)

On May 25, 2005, the District entered into a loan agreement with the Authority in the amount of \$4,800,000. Principal and interest payments are due semi-annually on February 1 and August 1 in varying amounts through August 1, 2026, with the net effective interest rate of 3.35%. The District has the option to prepay the loan in multiples of \$100,000 plus prepayment costs.

The components of interest expense for this loan for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Interest	\$ 24,918	\$ 31,828
Administrative Fee	38,400	38,400
Total	\$ 63,318	\$ 70,228

Water Enterprise Revenue Refunding Note, Series 2010, dated December 21, 2010, in the original amount of \$10,335,213 with principal payments due annually on December 1 and interest payments due semi-annually on June 1 and December 1 at 3.95% through December 1, 2030. The note is subject to redemption prior to maturity in any amount at any time on or after December 1, 2012, upon payment of a calculated demand fee, which fee decreases the longer the note remains outstanding. The District is required to maintain a Debt Service Reserve Fund in the amount of \$1,033,521. The note is a limited and special obligation of the District payable from and secured by an irrevocable assignment and pledge of revenue of the Enterprise Fund, net of operation and maintenance costs, plus any monies held in a rate stabilization fund and net future imposed revenues.

On December 15, 2020, the Registered Owner of the note may put the note back to the District and receive the entire outstanding principal amount of the note plus accrued interest at the time the put occurs. If the Registered Owner does not put the note back to the District, the note will automatically renew at the current interest rate until the maturity date. The Registered Owner may only put the note back to the District based on an adverse material change in the District’s creditworthiness.

Colorado Water Conservation Board Loans, Series 2014, dated May 22, 2014, in the total amount not to exceed \$9,926,280, was approved for the District’s participation cost in the Water Infrastructure Supply and Efficiency (WISE) project. Such loan proceeds will be drawn over the next succeeding years instead of at time of loan closing. The WISE project is a joint project between Denver Water, Aurora Water, and the South Metro Water Supply Authority, and will allow the District to reduce its dependence upon nonrenewable water sources. Pursuant to the four loan contracts, interest and principal payments are due annually on October 15. The effective interest rate is 3.0% for a maturity of 30 years. Information on the four loan contracts follows:

The loan amount for the East Cherry Creek Valley (ECCV) Pipeline Purchase is \$1,845,270. The WISE Authority will purchase an 85% ownership interest in the 15-mile ECCV Western Pipeline, with the remaining 15% ownership to be held by Denver Water.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Loan Agreements (Continued)

ECCV will retain rights to carrying capacity in the pipeline. On August 1, 2019, the loan was paid off.

The loan amount for the Phase 1 Infrastructure is \$6,199,380. The specific project includes a temporary direct connection to Aurora’s distribution system to provide short term deliveries and modifications to the ECCV Western Pipeline necessary to make WISE water deliveries. Additional pump stations will be constructed to deliver water to storage in Rueter-Hess Reservoir and convey water to participants located south of Rueter-Hess Reservoir. On December 1, 2019, this project was substantially complete. The loan contract was amended in February 2020 to adjust for the funds no longer needed. The first loan payment is due on December 1, 2020.

The loan amount for the Phase 2 Infrastructure is \$1,427,130. Components include in this phase include a pump station and pipeline from the Binney Water Purification Facility (BWPF) to the existing ECCV pipeline, replacing the temporary interconnect with the Aurora distribution system and increasing the capacity of the overall system. Water will be pumped generally west to a high point, then west along the Highway E-470/C-470 corridor through the existing ECCV Western Pipeline.

The loan amount for the Denver International Airport (DIA) Connection is \$454,500. This project component, a 24-inch 6 mile pipeline interconnection between Denver Water’s treated distribution system near DIA and Aurora’s Prairie Waters pipeline, will provide blend water deliveries for the WISE Authority members. Denver Water will own and operate the DIA Connection.

On April 1, 2015, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the Drinking Water Revolving Fund in the amount of \$14,250,066, to be drawn in various amounts as needed to fund a new pump station, conversion of a disinfection system from free chlorine to chloramine, as well as several core infrastructures including a water storage tank, water treatment plant and several aging potable water pipelines. Principal and interest payments are due semi-annually in varying amounts through August 1, 2036 with the net effective interest rate 1.57% to 2.87% which is inclusive of servicing fees. In February 2020, the District drew \$2,558,291 on this loan.

The components of interest expense for this loan for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Interest	\$ 74,361	\$ 77,936
Administrative Fee	117,563	117,563
Total	\$ 191,924	\$ 195,499

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,746,529	\$ 595,598	\$ 2,342,127
2021	1,787,297	552,051	2,339,348
2022	1,848,851	492,028	2,340,879
2023	1,916,225	405,202	2,321,427
2024	1,506,457	402,265	1,908,722
2025-2029	7,178,119	1,405,136	8,583,255
2030-2034	4,384,812	556,359	4,941,171
2035-2036	1,619,643	56,344	1,675,987
Total Payments	<u>21,987,933</u>	<u>4,464,983</u>	<u>26,452,916</u>
Less: Amounts Due Within			
One Year	<u>(1,746,529)</u>	<u>(595,598)</u>	<u>(2,342,127)</u>
Long-Term Portion	<u>\$ 20,241,404</u>	<u>\$ 3,869,385</u>	<u>\$ 24,110,789</u>

Note: The schedule assumes that all of the 2015 CWRPDA available loan proceeds are drawn.

NOTE 7 NET POSITION

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019 and 2018, the District had the following net investment in capital assets, calculated as follows:

	<u>2019</u>	<u>2018</u>
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 103,667,263	\$ 104,414,173
Current Portion of Long-Term Obligations	(1,757,701)	(1,768,759)
Noncurrent Portion of Long-Term Obligations	<u>(19,497,932)</u>	<u>(22,938,635)</u>
Net Investment in Capital Assets	<u>\$ 82,411,630</u>	<u>\$ 79,706,779</u>

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 NET POSITION (CONTINUED)

The restricted component of net position includes assets 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 had a restricted net position of \$3,351,410 and \$3,326,483 as of December 31, 2019 and 2018, respectively, for payment of future debt service requirements, capital improvements and emergency reserves as required by Article X, Section 20 of the Constitution of the state of Colorado.

NOTE 8 EMPLOYEE BENEFIT PLAN

Deferred Compensation Plan

The District maintains a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Standard Insurance Company, a subsidiary of StanCorp Financial Group, Inc. The plan allows the employee to defer a portion of their salary until future years. The District will contribute up to a maximum of 6% of the employee's annual salary provided the employee contributes up to 6% of their salary. The assets held are not material to the statement of net position. There is no liability for benefits under the plan beyond the District's payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

NOTE 9 AGREEMENTS

Intergovernmental Agreement – Pinery West

On October 30, 2002, the District entered into an agreement with Pinery West Metropolitan District No. 1 (Pinery West), whereby the developer will construct certain infrastructure improvements and subsequently convey the improvements to Pinery West, who in turn conveyed the improvements to the District. The cost of certain improvements are eligible for reimbursement to the developer through a portion of the tap fees collected from the property owners, but shall not exceed the actual costs without interest, of such improvements. Pinery West subsequently assigned its reimbursement rights to the developer. The amount to be allocated from tap fees towards such reimbursable items is \$7,584 per tap. The District remitted \$60,672 and \$75,840, respectively, for 8 and 10 tap fees, respectively, collected during 2019 and 2018 related to this agreement.

During 2007, and with the infrastructure improvements completed, the District performed an analysis of the actual costs incurred. Based upon the analysis, the District will make a reimbursement of \$7,584 per tap for a total of 816 taps or \$6,188,544. From 2002 through 2019, the District reimbursed \$5,642,496 for 744 taps; therefore, remaining future reimbursement is \$546,048 for 72 taps.

The District also agreed to collect an additional fee from property owners in the amount of \$800 per dwelling unit, the proceeds of which will be used to reimburse the developer the cost of constructing a golf course well. During 2019 and 2018 the District collected 8 and 10 taps, respectively.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Town of Castle Rock

On August 11, 2004, the District amended and restated, in its entirety, the original agreement by and between the District and the Town of Castle Rock (the Town). The Town shall construct (or cause others to construct), at no cost to the District, the interceptor required to connect the point of individual discharge within the Town limits to the southern-most point on the “Pinery West Line.” The Town shall own and maintain that portion of the Town Interceptor between the points of individual discharge and the Flow Metering Station. The District shall own and maintain all lines and appurtenances from and including the Flow Metering Station to the Plant. During 2007, the Flow Metering Station was contributed to the District at a value of \$163,000. The District agrees to treat up to 0.29 million gallons per day average annual flow of wastewater discharged from the Town’s sanitary sewer system exclusively from the Liberty Village Service Area. A flow metering station (FMS) to measure the wastewater flows from the Liberty Village Service Area shall be installed by the Town, at the Town’s expense, in conjunction with the Town’s construction and connection of the Town Interceptor.

On or before the 10th day of each month, the Town shall forward to the District a list of residential tap connections made in the Liberty Village Service Area for the preceding month. For each residential sewer tap that is not utilized within ten (10) years of the first tap connection made within the Liberty Village Service Area pursuant to the Agreement, beginning January 1st of the eleventh (11) year, a monthly fee-in-lieu of service charge shall be assessed in an amount equivalent to 50% of what would have been assessed as the monthly service charge, had the sewer tap been connected. Such monthly fee-in-lieu of service charge shall be assessed upon 1,245 single family residential sewer taps less the number of such taps then in service for which a monthly service charge is paid to the District as provided below.

Each tap shall continue to be charged such fee until one of the following occurs: 1) such tap is placed in service and a monthly service charge is paid to the District, or 2) all right, title and interest to such tap is transferred to the District, free and clear of liens and encumbrances which transfer the District shall accept, provided, however, that the District shall not be required to accept transfer of more than 150 single family residential sewer taps without the express consent of the District. The District will impose and collect user charges for the services provided by the District under the Agreement (the Service Charges). The Service Charges shall be based upon the wastewater flows measured at the FMS, applying the current schedule of rates set forth by the District. As of December 31, 2019, 1,070 taps have been issued.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Canyons

On December 23, 2004, the District entered into an agreement with the Mississippi Partnership (the Canyons Developer) in connection with the property known as “The Canyons.” This agreement has the ability to be assigned to any successor developers and sub-developers as well as to the metropolitan districts, Crowfoot Valley Metropolitan Districts No. 1 and No. 2, or to any other special district empowered to provide sanitary sewer services to the property. The agreement was later assigned to Canyons South LLC. The Canyons Developer shall construct, at no cost to the District, the interceptor line required to connect the points of individual sewage discharge within the property to a point of connection with the District’s sewer system.

The parties acknowledge and agree that the property located immediately to the east and north of the property is to be served with sanitary sewer services by the District through an agreement by and between the District and Pinery West Metropolitan District No. 1 (Pinery West). Based upon the anticipated construction by the Canyons Developer, the District shall sell and the Canyons Developer has agreed to purchase 968 single-family equivalent units of wastewater treatment capacity.

The District agrees to treat up to 0.24 million gallons per day (mgd) average annual flow of wastewater, but not more than 0.27 mgd monthly average flow of wastewater discharged from the Canyons Developer’s sanitary sewer system from the property.

The District agrees to furnish wastewater treatment capacity for wastewater facilities associated with the golf course to be located on the property. The Canyons Developer shall pay to the District such tap fees and any other fees and charges imposed by the District at such time as the golf course wastewater facilities are installed. The taps may not be used or assigned for any service outside of the property. The District shall have the exclusive obligation to maintain or develop sufficient treatment capacity to enable it to honor the taps. The District may, with consent of the Canyons Developer, repurchase any taps which are not utilized within ten years of the date of issuance at the original amount paid for the taps; provided however, that at the tenth anniversary date of the issuance of the first certificate, 500 taps have been utilized, the District’s option to repurchase the taps shall not become effective unless such taps are not utilized fifteen years after the date of their issuance.

In 2009, the agreement was amended to include monthly service charges for sewer usage which charges are the sole responsibility of the Canyons Developer. Additionally, for unutilized taps that are not physically connected to the District’s service lines within 3 years after the date of issuance, a monthly fee-in-lieu of service charge shall be assessed in an amount equivalent to 50% of what would have been assessed as a service charge if the tap had been connected to the District. The deferred charges shall accrue interest from the date on which such charges would have become due at a rate of 4%.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018**

NOTE 9 SUBDIVISION IMPROVEMENTS AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Canyons (Continued)

On November 16, 2016, the District entered into the second amendment to this agreement with the Canyons Developer. Pursuant to the second amendment, the Canyons Developer has paid \$1,674,781 for the purchase of the remaining 507 taps in November 2016. These taps shall be deemed as unutilized taps until physical connect is made to the District's service lines. Furthermore, the total amount due as of December 1, 2016 for service charges and accrued interest of \$315,231 is deferred until the earlier of December 1, 2019 (Due Date) or such time as the construction of the interceptor. If this \$315,231 amount is not paid on or before the Due Date, interest shall accrue and compound at 8% per annum on any unpaid balance. On December 20, 2019, the District received payment in the amount of \$315,231 leaving an accrued and unpaid interest balance of \$1,382.

To the extent, fully paid taps are issued for utilization during the course of development, such taps will be deducted on a first in first out basis from the total 968 taps allocated to the Canyons Developer and will be deducted from the total of unutilized taps on the first day of the next month. In addition, the District shall make monthly inquiry to the Town of Castle Rock for a list of addresses at which water taps were issued within the preceding 30 days.

On July 19, 2017, the District entered into the third amendment to this agreement with the Canyons Developer which was satisfied as of December 31, 2017. Pursuant to the third amendment, the Canyons Developer paid \$122,417 in December 2017, for monthly service charge of unutilized taps using the current year's wholesale wastewater service rate as published by the District.

Effective January 1, 2017, service charges for all unutilized taps as set forth on the schedule below, shall be billed monthly by the District. If said accrued service fees are not paid timely, interest shall accrue and compound at 8% per annum on any unpaid balance. For purposes of such billing and computation, the minimum number of unutilized taps as of January 1st of each year is agreed to be as follows:

<u>As of January 1,</u>	<u>Amount</u>
2020	461
2021	461
2022	461
2023	461
2024	461
2025	461
2026	461
2027	461
2028	968
2029	968
2030 and Thereafter	968 or such lesser amount calculated as described above, until taps fully utilized

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Canyons (Continued)

In addition to the payment indicated above, the Canyons Developer agreed to purchase five (5) additional single family equivalent sewer taps, totaling \$33,800. The payment was received by the District in November 2016.

Intergovernmental Agreement – The Timbers

On January 25, 2005, the District entered into an agreement with the Pinery Joint Venture (the Timbers Developer) in connection with the property known as “The Timbers.” This agreement is intended to provide for the equitable financial participation of the Timbers Developer in the District’s construction of a 750,000 gallon water storage tank with associated facilities at Reservoir 4. In order to facilitate construction of Reservoir 4, the Timbers Developer agrees to pay the sum of \$800,000 to the District which will be reimbursed to the Timbers Developer in the form of a credit against future tap fees.

During 2005, the District constructed Reservoir 4 and the Timbers Developer has paid the agreed upon sum of \$800,000 to the District. This amount is eligible for reimbursement through a portion of the tap fees paid by the owners of lots within the property from and after January 1, 2005. The amount to be allocated from tap fees towards such reimbursable items shall be set at \$4,500 per tap and will not be subject to adjustments at the time the District initiates an increase in its tap fee structure.

On December 13, 2017, the agreement was amended to acknowledge Timbers Development Group, Inc. and Timbers Investment 2015, LLC as the successors in interest to the Pinery Joint Venture and shall be deemed as the “Timbers Developer” and the lawful owners of all benefits and entitlements, including, but not limited to the right to receive reimbursements under this agreement. In 2019, the District paid \$31,500, as the reimbursement due for the 7 taps that the District collected in 2019. As of December 31, 2019, the District has reimbursed the full amount set forth in the agreement.

In exchange for the delivery of the water rights, well site easements, and the tank site easement and option to purchase, the Timbers Developer shall be entitled to a credit of 50% of the total amount of each bill for water services, up to \$350,000. Upon written request, the Timbers Developer shall have the right to apply any unused portion of the credit against “readiness to serve” fees or the purchase of non-residential water taps. During 2009, the Timbers Developer used all credits towards the purchase of taps and water services.

Intergovernmental Agreement – Colorado Golf

On September 13, 2006, the District entered into an agreement with Colorado Golf Club LLC, (the Colorado Golf Developer) in connection with a development known as the “Colorado Golf.” Pursuant to the agreement, the Colorado Golf Developer will convey water rights, easements for well sites and water tank easement with an option to purchase.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Colorado Golf (Continued)

The District also agreed to collect an additional fee from property owners in the amount of \$800 per dwelling unit, the proceeds of which will be used to reimburse the Colorado Golf Developer up to \$350,000 for the cost of constructing the golf course. From 2006 through 2019, the District reimbursed \$84,000 for 105 taps; therefore, remaining future reimbursement is \$266,000 for 333 taps. During 2019 and 2018 the District collected 11 and 12 taps, respectively, and paid \$0 and \$9,600 in 2019 and 2018, respectively.

Developer Service Agreement – Stone Creek Ranch

On August 17, 2016, the District entered into an agreement with Choke Cherry Investors, LLC (the Stone Creek Ranch Developer) in connection with a development known as the “Stone Creek Ranch” (the Property). Pursuant to the agreement, the Stone Creek Ranch Developer intends to develop a residential community and has requested approval for 335 SFEs on the Property (to serve 329 new residential units, 2 existing residential units and a community center). The Stone Creek Ranch Developer has also requested an amount of water, not to exceed 100 acre feet annually, for common area irrigation. The District shall provide water service to the Property through central collection and distribution system of the District, with sewage collection, treatment, and disposal to be provided through the District’s central wastewater systems.

The Parties acknowledge that the Stone Creek Ranch Developer shall convey all water and water rights, interests in land, and well site easements and pipeline easements related to the Property to the District. In addition, the Stone Creek Ranch Developer shall grant to the District such additional perpetual non-exclusive easements as required by the District for the construction, operation, use, maintenance, replacement and/or removal of well facilities, water lines, water mains, sewer mains, sewer lines and related facilities and appurtenances.

Furthermore, all facilities required in order to provide water and sewer services to the Property must be paid for by the Stone Creek Ranch Developer and dedicated to the District. All water lines extending from a water meter pit to a residence, building or other structure being furnished with water service, and all sanitary sewer lines extending from a public sewer main to a residence, building or other source of sanitary wastes, shall be collectively referred to as “Service Lines.” Such Service Lines are typically installed by the builder(s) and remain the property and responsibility of such owner(s) and shall not be dedicated to, accepted, owned or maintained by the District.

The Parties also acknowledge that the District will pay for the cost of upsizing of waterline in Interlocken Street from 12” to 16”. In addition, the District will pay for the increased cost to the Stone Creek Ranch Developer for the installation of fiber optic in Interlocken Street and Scott Road. According to the District’s rules and regulations, which shall apply to the Property – (1) no person may use water supplied by the District without first obtaining a certificate of occupancy, building permit or the written permission of the District to do so; (2) all water provided by the District shall be used only for “domestic purposes”; and (3) no water well may be drilled on the Property except by the District or with the written consent of the District.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Cielo

The District, Parker Water and Sanitation District (PWSD) and Cielo Metropolitan District (CMD) entered into an intergovernmental agreement on August 15, 2018. Pursuant to the agreement, the District desires to acquire dedicated capacity in a PWSD water pipeline through property located in the boundaries of CMD (Cielo Service Area) and PWSD and CMD desire to obtain wastewater treatment services from the District.

According to the agreement, CMD shall design and construct the 16” diameter water pipeline extending from a point of connection with PWSD’s existing pipeline located at a point near Stroh Road to a location adjacent to the District’s Chapman Pump Station. The water pipeline shall be constructed within the existing easements obtained by PWSD located in the CMD boundaries. The District shall reimburse CMD for the difference in costs of oversizing the water pipeline from a 12” to a 16” diameter pipeline. The water pipeline shall be completed by CMD and be operational by a certain date defined in the final agreement.

Upon completion, the water pipeline shall be dedicated to PWSD for operation and maintenance and the PWSD shall grant to the District an irrevocable perpetual license coupled with the interest to use. CMD’s obligation to perform all obligations outlined in the agreement shall be secured by the deposit of funds in an amount equal to 120% of an engineer’s estimate of the construction cost of the water pipeline, payable to the District (the Deposit). In the event CMD does not commence construction of the water pipeline by the set date, the District may take over the construction and withdraw amounts from the Deposit to complete the construction of the water pipeline.

The District shall sell to PWSD 343 SFE units of wastewater treatment capacity. PWSD shall pay the District the total amount of \$1,085,242 – (a) 20% (\$217,048) shall be payable prior to the issuance of the first building permit in the Cielo Service Area, but not later than January 5, 2019, whichever occurs first; and (b) 20% (\$217,048) shall be payable each successive calendar year, on the anniversary of the initial payment, until the total amount has been paid. If, on any annual anniversary of the initial payment an amount derived by multiplying the total number of SFE’s being served by the District within the Cielo Service Area by \$3,164 has not been paid by PWSD to the District, an amount equal to any deficiency shall be paid to the District together with the installment payment due on said anniversary date.

On or before the 10th day of each month, PWSD shall forward to the District a list of residential tap connections made in the Cielo Service Area for the preceding month, including information regarding the location of each tap. The District will impose and collect user charges for the services provided by the District. The District shall bill the service charges to PWSD monthly. Payment is due 30 days from the invoice date; otherwise, interest on the unpaid amount shall be assessed at a monthly rate of 1% per month. For each SFE issued that is not utilized on or after January 5, 2023, a monthly fee-in-lieu of service charge shall be assessed and payable in an amount equivalent to 50% of what would have been assessed as the monthly service charge had said SFE been connected.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Wheeling and Capacity Allocation

The District and the PWSD entered into an intergovernmental agreement on May 10, 2018, to outline how the two entities will share the costs of capacity, maintenance, repair, replacement and operation of the Ridgeway Pipeline and the portions of the PWSD's existing water infrastructure that will be used by the District.

Pursuant to the agreement, PWSD will transport the District's WISE water through the local WISE infrastructure and PWSD's existing infrastructure. The District has already paid the capital cost for 1.5 million gallons per day (mgd) of capacity in the Ridgeway Pipeline. The District also paid \$828,151 to PWSD to secure 1.0 mgd of uninterrupted and permanent capacity in PWSD's existing infrastructure. Furthermore, PWSD will operate and maintain all of the infrastructure segments in good working order and cover the cost of all future capital replacement. PWSD will charge a "wheeling" rate of \$0.98 per 1,000 gallons (up to 1 million gallons per day) for the volume of water delivered to the District and make available additional capacity if necessary to transport the District's water at flow rates above 1.0 mgd for \$1.66 per 1,000 gallons. In 2019, the District received \$396,490 under this agreement due to an adjustment to the original price and was not received as a result of operations under the agreement.

Intergovernmental Agreement – WISE Capacity Sale (Meridian Metro District)

On February 20, 2019, the District and Meridian Metropolitan District (Meridian) entered into a purchase and sale agreement where Meridian will purchase excess WISE infrastructure capacity, related to the Western Pipeline project, in an amount of \$785,770. As of December 31, 2019, the District has received full payment from Meridian.

Intergovernmental Agreement – WISE Capacity Sale (Town of Castle Rock)

On April 16, 2019, the District and the Town of Castle Rock entered into a purchase and sale agreement where the Town will purchase excess WISE infrastructure capacity, related to the Western Pipeline project, in an amount of \$2,287,967. As of December 31, 2019, the District has received full payment from the Town.

NOTE 10 WATER PROJECT FEE

On January 12, 2011, the board of directors of the District established a water project fee to fund necessary water supply projects within the District. The water supply projects anticipated to be funded by the water project fee include, but are not limited to, additional Denver Basin wells to offset the declining production in the Denver Basin aquifers, investment and development of renewable water supply projects, and other projects as approved by the board of directors. The fee was effective March 1, 2011, and will continue until further resolution of the board of directors. During 2019 and 2018, the District collected \$713,524 and \$706,200 of water project fees, respectively.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 11 AUTHORITY PARTICIPATION

The District is a member of the Cherry Creek Project Water Authority and the South Metro Water Supply Authority. Capital projects of the respective authorities are documented via project participation agreements. Operating contributions to these organizations were \$53,773 in 2019 and \$47,600 in 2018.

On March 13, 2013, the District entered into the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement. This Agreement commits the District to participate in the WISE Partnership through the South Metro WISE Authority. The Agreement also defines how costs will be shared between participating members. The District has committed to subscribing to an average of 500 acre feet (AF) of a projected average total of 7,225 AF of renewable water to be delivered annually from the WISE Partnership. The South Metro WISE Authority was formed July 10, 2013. The Authority's members are 10 local governments located in the southern Denver metropolitan areas of south-central Arapahoe and northern Douglas Counties. The Water Delivery Agreement is the overarching agreement that defines the terms under which Denver and Aurora will deliver water to the South Metro WISE Authority members.

There are engineering design and construction contracts that have been entered into by WISE in order to begin taking deliveries of water in 2018. It is currently anticipated that the District will be responsible for approximately \$640,000 of the capital costs to transport water, in addition to an annual water purchase cost of approximately \$1,200,000 for 500 acre-feet of water. Additionally, there will be WISE operations, maintenance, and capital costs. The variable pumping costs and the District's share of operating and maintenance costs will be billed based upon the volume of water received by the District.

NOTE 12 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 (the Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13 TAX, SPENDING AND DEBT LIMITATIONS

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

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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 qualifications as an Enterprise will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
WATER OPERATIONS		
Revenues:		
Water Sales	\$ 4,251,601	\$ 4,465,554
Water Supply Project Fee	713,524	706,200
Irrigation and Hydrant Fees	919,291	1,036,836
Ground Water Protection Fees	23,784	23,860
Bulk and Hydrant Meter Water Sales	155,036	128,624
Other	28,649	229,564
Total Revenues	6,091,885	6,590,638
 Direct Water Expenses:		
Depreciation	2,793,008	2,731,173
Auto Expenses/Vehicle Maintenance	37,500	38,149
Employee Benefits	225,212	202,350
Laboratory Testing and Chemicals	244,218	207,404
Legal	8,965	3,265
Outside Services	65,336	56,167
Payroll Taxes	60,566	52,308
Repairs, Maintenance, and Supplies	191,025	200,018
Salaries and Related Costs	808,339	707,783
Small Tools and Safety Items	8,124	7,022
Utilities	673,437	715,584
CCPWA Water Purchase	-	123,426
WISE Water Purchase	265,701	169,880
Total Direct Water Expenses	5,381,431	5,214,529
 GROSS PROFIT FROM WATER OPERATIONS	710,454	1,376,109
 SEWER OPERATIONS		
Revenues:		
Sewer User Charges	2,455,608	2,411,006
Total Revenues	2,455,608	2,411,006
 Direct Sewer Expenses:		
Depreciation	976,367	961,280
Auto Expenses/Vehicle Maintenance	9,364	11,400
Cherry Creek Basin Fees	10,680	14,200
Employee Benefits	147,312	136,832
Laboratory Testing and Chemicals	89,861	82,673
Outside Services	5,091	22,562
Repairs and Maintenance - System	144,876	133,878
Salaries and Related Costs	453,181	407,223
Payroll Taxes	34,915	31,502
Sludge Disposal	71,508	64,352
Small Tools and Safety Items	859	2,760
Utilities	186,906	203,872
Total Direct Sewer Expenses	2,130,920	2,072,534
 GROSS PROFIT FROM SEWER OPERATIONS	324,688	338,472

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
GROSS PROFIT FROM OPERATIONS	\$ 1,035,142	\$ 1,714,581
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation - Office Building and Equipment	145,377	116,583
Accounting and Audit	94,716	99,890
Admin Vehicle	140	415
Billing Systems Service	10,460	10,740
Data Processing	44,889	36,325
Directors' Fees	5,200	6,800
Dues and Seminars	19,403	18,770
Employee Benefits	70,601	74,822
Insurance	138,562	124,130
Legal	58,428	102,772
Miscellaneous	3,467	5,553
Office Expense	17,004	14,307
Outside Services	32,368	41,997
Repairs and Maintenance - Office	17,481	19,094
Salaries and Related Costs	321,240	309,241
Payroll Taxes	21,722	20,194
Safety and Training	33,455	23,608
Security Services	22,188	16,789
Conservation	-	82
Customer Communications	31,725	38,385
Utilities	27,183	27,014
Paying Agent Fees	1,500	-
CCPWA Assessment	33,807	20,489
SMWSA Assessment	19,966	27,111
WISE Participation - Operations	109,921	167,909
Total General and Administrative Expenses	1,280,803	1,323,020
INCOME (LOSS) FROM OPERATIONS	(245,661)	391,561
NONOPERATING REVENUES		
Net Investment Income	291,891	191,215
Ready to Serve Fees - Water	33,139	39,314
Ready to Serve Fees - Sewer	26,358	28,518
Cherry Creek Project Water Authority	58,404	42,932
Other Income	79,962	93,804
Net Gain (Loss) on Disposition of Assets	-	15,500
Total Nonoperating Revenues	489,754	411,283
NONOPERATING EXPENSES		
Interest and Paying Agent Fees	745,047	783,767
Total Nonoperating Expenses	745,047	783,767
INCOME (LOSS) BEFORE CONTRIBUTIONS	(500,954)	19,077

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CAPITAL CONTRIBUTIONS		
Tap Fees - Water	\$ 3,206,954	\$ 1,773,009
Tap Fees - Sewer	834,911	358,530
Cost Recovery Payments	(107,372)	(169,940)
Canyon's Revenue	155,172	137,777
Developer Contributions	1,473,629	1,366,384
Other Contribution	-	396,000
Total Capital Contributions	5,563,294	3,861,760
 CHANGE IN NET POSITION	 \$ 5,062,340	 \$ 3,880,837

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance
WATER OPERATING INCOME			
Water Sales	\$ 3,860,000	\$ 4,251,601	\$ 391,601
Water Supply Project Fee	700,000	713,524	13,524
Irrigation and Hydrant Fees	700,000	919,291	219,291
Ground Water Protection Fees	25,000	23,784	(1,216)
Bulk Water and Hydrant Meter Water Sales	-	155,036	155,036
Other	60,000	28,649	(31,351)
Total Water Operating Income	<u>5,345,000</u>	<u>6,091,885</u>	<u>746,885</u>
WATER OPERATING EXPENSES			
Auto Expenses/Vehicle Maintenance	35,000	37,500	(2,500)
Employee Benefits	248,000	225,212	22,788
Laboratory Testing and Chemicals	195,000	244,218	(49,218)
Legal	30,000	8,965	21,035
Outside Services	60,000	65,336	(5,336)
Payroll Taxes	56,040	60,566	(4,526)
Repairs, Maintenance, and Supplies	265,000	191,025	73,975
Salaries and Related Costs	747,200	808,339	(61,139)
Small Tools and Safety Items	8,500	8,124	376
Utilities	650,000	673,437	(23,437)
WISE Water Purchase	456,000	265,701	190,299
Total Water Operating Expenses	<u>2,750,740</u>	<u>2,588,423</u>	<u>162,317</u>
GROSS PROFIT FROM WATER OPERATIONS	2,594,260	3,503,462	909,202
SEWER OPERATING INCOME			
Sewer User Charges	2,350,000	2,455,608	105,608
Total Sewer Operating Income	<u>2,350,000</u>	<u>2,455,608</u>	<u>105,608</u>
SEWER OPERATING EXPENSES			
Auto Expenses/Vehicle Maintenance	12,000	9,364	2,636
Cherry Creek Basin Fees	16,000	10,680	5,320
Employee Benefits	165,000	147,312	17,688
Laboratory Testing and Chemicals	85,000	89,861	(4,861)
Outside Services	10,000	5,091	4,909
Repairs and Maintenance	180,000	144,876	35,124
Salaries and Related Costs	467,600	453,181	14,419
Payroll Taxes	35,070	34,915	155
Sludge Disposal	70,000	71,508	(1,508)
Small Tools and Safety Items	5,000	859	4,141
Utilities	210,000	186,906	23,094
Total Sewer Operating Expenses	<u>1,255,670</u>	<u>1,154,553</u>	<u>101,117</u>
GROSS PROFIT FROM SEWER OPERATIONS	<u>1,094,330</u>	<u>1,301,055</u>	<u>206,725</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance
GROSS PROFIT FROM OPERATIONS	\$ 3,688,590	\$ 4,804,517	\$ 1,115,927
NONOPERATING REVENUES			
Net Investment Income	100,000	291,891	191,891
Ready to Serve Fees - Water	40,000	33,139	(6,861)
Ready to Serve Fees - Sewer	25,000	26,358	1,358
Late Charges	50,000	49,091	(909)
Cherry Creek Project Water Authority	50,000	58,404	8,404
Other Income	45,000	30,871	(14,129)
Proceeds from Asset Disposition	15,000	-	(15,000)
Loan Proceeds	5,120,000	-	(5,120,000)
Contributions in Aid of Construction			
Tap Fees - Water	2,164,113	3,206,954	1,042,841
Tap Fees - Sewer	671,860	834,911	163,051
WISE Capacity Sale and Wheeling Charges	-	3,470,227	3,470,227
Canyons Revenue	153,770	155,172	1,402
Developer Contributions	4,100,000	1,473,629	(2,626,371)
Total Nonoperating Revenue	<u>12,534,743</u>	<u>9,630,647</u>	<u>(2,904,096)</u>
NONOPERATING EXPENSES			
Accounting and Audit	95,000	94,716	284
Admin Vehicle	1,500	140	1,360
Billing Systems Service	10,000	10,460	(460)
Data Processing	29,000	44,889	(15,889)
Directors' Fees	6,000	5,200	800
Dues and Seminars	30,000	19,403	10,597
Employee Benefits	123,000	70,601	52,399
Insurance	120,000	138,562	(18,562)
Paying Agent Fees	1,500	1,500	-
Legal	120,000	58,428	61,572
Miscellaneous	9,000	3,467	5,533
Office Expense	20,000	17,004	2,996
Outside Services	45,000	32,368	12,632
Repairs and Maintenance - Office	20,000	17,481	2,519
Salaries and Related Costs	360,000	321,240	38,760
Payroll Taxes	27,000	21,722	5,278
Safety and Training	28,000	33,455	(5,455)
Security Services	20,000	22,188	(2,188)
Conservation	66,000	-	66,000
Customer Communications	50,000	31,725	18,275
Utilities	25,000	27,183	(2,183)
CCPWA Assessment	37,000	33,807	3,193
SMWSA Assessment	25,000	19,966	5,034

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance
NONOPERATING EXPENSES (CONTINUED)			
WISE Participation - Operations	101,000	109,921	(8,921)
Total Nonoperating Expenses	1,369,000	1,135,426	233,574
DEBT SERVICE			
Interest:			
CWRPDA Loan - 2015	211,144	209,519	1,625
CWCB-D DIA Connection - 2014	10,000	8,717	1,283
CWCB-A Eccv Pipeline - 2014	51,762	29,350	22,412
CWCB-B Wise Phase 1 - 2014	75,000	92,322	(17,322)
CWRPDA Loan - 2005	66,198	65,502	696
CWRPDA Loan - 2002	75,437	75,411	26
Revenue Note - 2010	277,656	276,089	1,567
Principal:			
CWRPDA Loan - 2015	628,519	628,519	-
CWCB-A Loan - 2014	42,383	1,725,386	(1,683,003)
CWRPDA Loan - 2005	245,000	245,000	-
CWRPDA Loan - 2002	365,000	365,000	-
Revenue Note - 2010	475,993	475,993	-
Total Debt Service	2,524,092	4,196,808	(1,672,716)
CAPITAL OUTLAY			
Water Projects:			
Cost Recovery Payments	120,000	107,372	12,628
Water Supply and Treatment	7,147,000	4,797,243	2,349,757
Contributed Developer Improvements	2,250,000	975,694	1,274,306
Total Water Projects	9,517,000	5,880,309	3,636,691
Wastewater Treatment Plant:			
Wastewater Treatment Plant	295,000	126,853	168,147
Contributed Developer Improvements	1,850,000	566,252	1,283,748
Total Sewer Projects	2,145,000	693,105	1,451,895
General:			
Capital Salaries	380,000	-	380,000
Computer/Networking/Hardware	35,000	25,377	9,623
GIS Program	40,000	58,310	(18,310)
Vehicles	105,000	86,396	18,604
Cyber Security Upgrade	20,000	-	20,000
Build Out Basement Offices	50,000	-	50,000
Furniture and Office Equipment	10,000	1,943	8,057
Total General	640,000	172,026	467,974
Total Capital Outlay	12,302,000	6,745,440	5,556,560

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 28,241	\$ 2,357,490	\$ 2,329,249
Funds Available - Beginning of Year	13,075,397	16,205,329	3,129,932
FUNDS AVAILABLE - END OF YEAR	\$ 13,103,638	\$ 18,562,819	\$ 5,459,181
FUNDS AVAILABLE ARE DEFINED AS FOLLOWS			
Current Assets		\$ 20,395,972	
Other Assets		-	
Less Current Liabilities		(3,590,854)	
Adjustment For:			
Current Long-Term Obligations		1,757,701	
Total		\$ 18,562,819	

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2019**

Revenues (Budgetary Basis)	\$ 14,707,913
Cost Recovery Payments	<u>(107,372)</u>
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	14,600,541
Expenditures (Budgetary Basis)	15,820,650
Depreciation	3,914,752
Amortization - Loan Premium	(11,863)
Capital Outlay	(6,745,440)
Long-term Debt Principal	<u>(3,439,898)</u>
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	<u>9,538,201</u>
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	<u>\$ 5,062,340</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE
(BUDGETARY BASIS)
ENTERPRISE ACTIVITY
YEAR ENDED DECEMBER 31, 2019**

ENTERPRISE REVENUES

Water Operating Income	\$ 6,091,885
Sewer Operating Income	2,455,608
Net Investment Income	291,891
Other Income	197,863
Contributions in Aid of Construction	9,140,893
Total Enterprise Revenues	18,178,140

ENTERPRISE EXPENDITURES

Water Operating Expenses	2,588,423
Sewer Operating Expenses	1,154,553
Nonoperating Expenses	1,105,623
Debt Service	
Principal	3,439,898
Interest	756,910
Capital Outlay	6,745,440
Total Enterprise Expenditures	15,790,847

EXCESS ENTERPRISE REVENUES OVER ENTERPRISE EXPENDITURES

2,387,293

Enterprise Funds Available - Beginning of Year

16,016,863

ENTERPRISE FUNDS AVAILABLE - END OF YEAR

\$ 18,404,156

Note: Revenues, Expenditures and Changes in Funds Available of the General Government Activity (those activities related to running a government - such as public notices, public hearings, etc.) and the Enterprise Activity (those activities associated with providing water and sewer services to the District customers) are presented to demonstrate compliance with a resolution of the Board of Directors of the District readopting and reestablishing a water activity enterprise pursuant to Article 45.1, Title 37, Colorado Revised Statutes, 1973, as amended.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE
 (BUDGETARY BASIS)
 GENERAL GOVERNMENT ACTIVITY
 YEAR ENDED DECEMBER 31, 2019**

GENERAL REVENUES	\$ -
GENERAL EXPENDITURES	
Accounting and Audit	3,315
Directors' Fees	5,200
Dues and Seminars	679
Employee Benefits	2,471
Insurance	4,850
Legal	2,045
Salaries and Related Costs	11,243
Total General Expenditures	29,803
EXCESS GENERAL REVENUES (UNDER) GENERAL EXPENDITURES	(29,803)
General Funds Available - Beginning of Year	188,466
GENERAL FUNDS AVAILABLE - END OF YEAR	\$ 158,663

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2019**

<u>Year Ending December 31,</u>	\$7,045,000 Loan Dated October 1, 2002 Colorado Water Resources and Power Development Authority Rates of 2.00% to 4.75% Principal and Interest Payable February 1 and August 1		\$4,800,000 Loan Dated May 25, 2005 Colorado Water Resources and Power Development Authority Rates of 3.35% Principal and Interest Payable February 1 and August 1	
	Principal	Interest	Principal	Interest
2020	\$ 370,000	\$ 70,249	\$ 250,000	\$ 59,438
2021	380,000	57,497	260,000	52,188
2022	410,000	26,962	265,000	46,933
2023	445,000	(10,563)	275,000	22,686
2024	-	-	280,000	35,440
2025	-	-	300,000	17,740
2026	-	-	320,000	(8,540)
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
Total	\$ 1,605,000	\$ 144,145	\$ 1,950,000	\$ 225,885

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

<u>Year Ending December 31,</u>	\$10,335,213 Water Enterprise Revenue Refunding Note, Series 2010 Dated December 21, 2010. Interest Rate of 3.95% Principal due December 1 and Interest Payable June 1 and December 1		\$14,250,066 Loan Dated April 1, 2015 Colorado Water Resource and Power Development Authority Interest Rate of 1.57% to 2.87% Principal and Interest Payable February 1 and August 1	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 494,981	\$ 258,667	\$ 631,548	\$ 207,244
2021	514,728	238,922	632,569	203,444
2022	535,261	218,389	638,590	199,744
2023	556,614	197,035	639,611	196,044
2024	578,818	174,831	647,639	191,994
2025	601,907	151,740	650,667	187,944
2026	625,921	127,729	653,696	183,569
2027	650,890	102,760	660,738	176,769
2028	676,855	76,794	665,773	171,819
2029	703,857	49,793	667,815	167,019
2030	731,936	21,714	689,857	148,269
2031	-	-	709,892	129,219
2032	-	-	726,935	109,869
2033	-	-	747,040	90,369
2034	-	-	779,152	56,919
2035	-	-	801,265	37,719
2036	-	-	818,378	18,625
Total	<u>\$ 6,671,768</u>	<u>\$ 1,618,374</u>	<u>\$ 11,761,165</u>	<u>\$ 2,476,579</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

<u>Year Ending December 31,</u>	<u>Total</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,746,529	\$ 595,598	\$ 2,342,127
2021	1,787,297	552,051	2,339,348
2022	1,848,851	492,028	2,340,879
2023	1,916,225	405,202	2,321,427
2024	1,506,457	402,265	1,908,722
2025	1,552,574	357,424	1,909,998
2026	1,599,617	302,758	1,902,375
2027	1,311,628	279,529	1,591,157
2028	1,342,628	248,613	1,591,241
2029	1,371,672	216,812	1,588,484
2030	1,421,793	169,983	1,591,776
2031	709,892	129,219	839,111
2032	726,935	109,869	836,804
2033	747,040	90,369	837,409
2034	779,152	56,919	836,071
2035	801,265	37,719	838,984
2036	818,378	18,625	837,003
Total	<u>\$ 21,987,933</u>	<u>\$ 4,464,983</u>	<u>\$ 26,452,916</u>

*Note: Schedules of Debt Service Requirements to Maturity for the following loans are no included as projects are not deemed substantially completed: CWCB-B WISE Phase 1; CWCB-C WISE Phase 2; CWCB-D DIA Connection.

OTHER SUPPLEMENTARY INFORMATION

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

AD VALOREM PROPERTY TAX DATA

History of the District's Mill Levy, Assessed Valuation, and Property Tax Collections

Levy/ Collection Year	Assessed Valuation	Increase (Decrease)	Percent Change	Debt Service Mill Levy	Taxes Levied	Taxes Collected	Debt Service Mill Levy	Percent of Levy Collected
2001/2002	\$ 89,652,819	\$ 15,884,391	21.5 %	10.000	\$ 1,401,600	\$ 1,412,900	10.000	100.81 %
2002/2003	97,482,505	7,829,686	8.7	8.800	896,528	907,238	8.800	101.19
2003/2004	102,453,235	4,970,730	5.1	8.800	857,846	866,529	8.800	101.01
2004/2005	108,898,520	6,445,285	6.3	3.150	901,588	908,758	3.150	100.80
2005/2006	124,506,210	15,607,690	14.3	3.150	343,030	352,304	3.150	102.70
2006/2007	140,866,660	16,360,450	13.1	1.900	392,195	382,607	1.900	97.56
2007/2008	166,876,427	26,009,767	18.5	0.000	267,647	276,336	0.000	103.25
2008/2009	184,608,610	17,732,183	10.6	0.000	-	33	0.000	N/A
2009/2010	194,234,310	9,625,700	5.2	0.000	-	-	0.000	N/A
2010/2011	197,048,900	2,814,590	1.4	0.000	-	-	0.000	N/A
2011/2012	163,524,840	(33,524,060)	(17.0)	0.000	-	-	0.000	N/A
2012/2013	164,046,170	521,330	0.3	0.000	-	-	0.000	N/A
2013/2014	160,868,813	(3,177,357)	(1.9)	0.000	-	-	0.000	N/A
2014/2015	161,838,380	969,567	0.6	0.000	-	-	0.000	N/A
2015/2016	190,712,910	28,874,530	17.8	0.000	-	-	0.000	N/A
2016/2017	192,388,750	1,675,840	0.9	0.000	-	-	0.000	N/A
2017/2018	198,149,570	5,760,820	3.0	0.000	-	-	0.000	N/A
2018/2019	200,593,700	2,444,130	1.2	0.000	-	-	0.000	N/A
2019/2020	237,720,130	37,126,430	18.5	0.000	-	-	0.000	N/A

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

SYSTEM ACCOUNTS

<u>Classification</u>	<u>Number of Accounts</u>	<u>Percent of Total Accounts</u>
Residential	4,513	91.32 %
Commercial	30	0.61
Irrigation Only	62	1.25
Vacant Lots	337	6.82
Total	4,942	100.00 %

WATER PROJECT FEE SCHEDULE

<u>Classification</u>	<u>Meter Size</u>	<u>Monthly Charge</u>
Residential	3/4 "	\$ 12.50
Commercial	3/4 "	12.50
Commercial	1"	25.00
Commercial	1 1/2"	50.00
Commercial	2"	87.50
Commercial	3"	200.00
Golf Course Irrigation (1)	N/A	250.00

(1) This is to be a single charge and not for each meter used to provide water for golf course irrigation.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

CHARGES FOR WATER SERVICE

**Water Rates and Charges
(In Effect as of January 1, 2020 through December 31, 2020)**

Residential (Monthly)

Base Rate	\$29.22
0 - 5,000 Gallons	\$29.22 + \$2.58/1,000 Gallons
5,000 - 20,000 Gallons	\$36.96 + \$3.74/1,000 Gallons
20,000 - 30,000 Gallons	\$100.54 + \$4.71/1,000 Gallons
30,000 - 50,000 Gallons	\$147.64 + \$6.13/1,000 Gallons
50,000 - 60,000 Gallons	\$270.24 + \$8.36/1,000 Gallons
Over 60,000 Gallons	\$353.84 + \$16.78/1,000 Gallons

Commercial (Monthly)

Meter Size	\$2.58/1,000 Gallons		\$3.74/1,000 Gallons		\$4.71/1,000 Gallons		\$6.13/1,000 Gallons		\$8.36/1,000
	Base Rate	Maximum Gallons	Minimum Gallons	Maximum Gallons	Minimum Gallons	Maximum Gallons	Minimum Gallons	Maximum Gallons	Gallons Over
3/4" (1)	\$ 29.22	3,000	3,001	20,000	20,001	30,000	30,001	50,000	50,001
1" (2)	48.26	6,000	6,001	40,000	40,001	60,000	60,001	100,000	100,001
1-1/2" (4)	68.61	12,000	12,001	80,000	80,001	120,000	120,001	200,000	200,001
2" (7)	97.89	21,000	21,001	140,000	140,001	210,000	210,001	350,000	350,001
3" (16)	185.49	48,000	48,001	320,000	320,001	480,000	480,001	800,000	800,001

Large Irrigators (Separate Interruptible Meter, Billed Monthly)

Base Rate	\$ 29.22
All Usage	\$3.94/1,000 Gallons

Golf Courses

Base Rate	\$ 29.22
All Usage	\$3.56/1,000 Gallons for Usage up to 150 AF per Year for Each 9 Holes. For Usage Greater than 150 AF the Rate Becomes \$5.93/1,000 Gallons (Applies to Pinery CC)

Ready to Serve "Standby Fee" (Monthly)

Water and Sewer	\$ 18.75
Water Only	\$ 10.12

REVENUE FROM WATER SALES

Year	Gallons Used (in 000s)	Average Water Rates in Effect (per 1,000 Gallons)	Revenue from Water Sales
1999	656,000	\$ 1.82	\$ 1,195,279
2000	804,000	1.89	1,517,783
2001	858,903	1.78	1,531,737
2002	916,807	2.07	1,900,932
2003	814,840	2.11	1,718,359
2004	779,815	2.26	1,758,703
2005	950,599	2.51	2,390,298
2006	1,198,482	2.32	2,785,447
2007	1,026,474	2.66	2,733,243
2008	1,064,305	2.89	3,076,169
2009	801,394	3.82	3,064,370
2010	1,059,098	3.96	4,195,310
2011	1,036,388	4.03	4,171,747
2012	1,110,760	4.09	4,548,060
2013	924,465	4.32	3,997,419
2014	860,749	4.53	3,903,134
2015	872,497	4.87	4,251,331
2016	955,099	5.07	4,838,281
2017	979,903	5.11	5,004,823
2018	1,190,133	4.89	5,823,845
2019	1,067,691	4.87	5,199,541

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

CHARGES FOR WASTEWATER SERVICE

Wastewater Rates and Charges
(In Effect as of January 1, 2020 through December 31, 2020)

Residential (Monthly)

Flat Rate for All Users	\$	42.92
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Commercial (Monthly Based on Water Meter Reading)

<u>Tap Size</u>	<u>Flat Rate</u>
3/4" Diameter	\$ 60.41
1" Diameter	120.81
1-1/2" Diameter	241.63
2" Diameter	422.86
3" Diameter	966.53

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

CHARGES FOR WASTEWATER SERVICE

<u>Year</u>	<u>Users of Wastewater Services Average Number of Taps During the Year</u>	<u>Revenue from Water Wastewater Charges</u>
2001	2,740	\$ 830,141
2002	2,926	854,511
2003	3,039	869,197
2004	3,142	927,696
2005	3,425	1,034,446
2006	3,613	1,114,160
2007	3,679	1,208,839
2008	3,741	1,352,717
2009	3,789	1,519,391
2010	3,812	1,659,788
2011	3,834	1,756,324
2012	3,891	1,855,419
2013	3,895	1,887,335
2014	3,969	1,971,562
2015	4,043	2,085,750
2016	4,198	2,237,631
2017	4,414	2,362,852
2018	4,351	2,411,006
2019	4,384	2,455,608

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

ADDITIONAL CHARGES AND FEES OF THE SYSTEM

Water and Wastewater Tap and Connection Fees
(Effective January 1, 2020)

RESIDENTIAL (per SFE with 3/4" Meter)

Water Fee	\$ 35,273
Sewer Fee	7,415
Total Fee	\$ 42,688

COMMERCIAL

Meter Size	Water Fee	Sewer Fee	Total Fee
3/4" (1)	\$ 35,273	\$ 7,415	\$ 42,688
1" (2)	70,546	14,830	85,376
1-1/2" (4)	141,092	29,660	170,752
2" (7)	246,911	51,905	298,816
3" (16)	564,368	118,640	683,008

Sewer fees are determined based on meter size.

Additional fees are in place for certain filings, as listed below, and will be added to the above fees.

Filing	Water	Sewer
Pinery, Filings 1 through 8A	\$ 1,012	\$ 587
Pinery, Filing 8B, 1st Amendment	587	-
Pinery, Filing 8B, 2nd Amendment	566	-
Pinery, Filing 20	600	-
Misty Pines	425	-
Pradera	800	-
Colorado Golf	800	-

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

	2014	2015	2016	2017	2018	2019
OPERATING REVENUE						
Water and Sewer Charges	\$ 6,013,065	\$ 6,391,305	\$ 6,892,915	\$ 7,156,561	\$ 7,582,760	\$ 7,420,733
Irrigation, Hydrant Fees, and Other	579,629	663,402	927,598	968,797	1,418,884	1,126,760
Total Operating Revenue	<u>6,592,694</u>	<u>7,054,707</u>	<u>7,820,513</u>	<u>8,125,358</u>	<u>9,001,644</u>	<u>8,547,493</u>
OPERATING EXPENSES						
Depreciation	2,582,588	2,700,890	3,135,306	3,620,226	3,809,036	3,914,752
Auto Expenses/Vehicle Maintenance	45,508	35,702	33,920	34,588	49,964	47,004
Salaries and Wages	1,112,022	1,192,309	1,241,697	1,268,799	1,424,247	1,582,760
Payroll Taxes	83,605	89,004	94,368	95,914	104,004	117,203
Employee Benefits	347,035	356,787	370,222	370,539	414,004	443,125
Utilities	735,541	787,259	771,736	795,899	946,470	887,526
Outside Services	142,355	126,401	91,558	130,556	120,726	102,795
Maintenance and Supplies	614,826	560,976	525,089	499,115	652,849	696,444
Professional Fees	344,473	454,231	571,893	249,697	205,927	162,109
Other Operating Expenses	187,945	234,984	236,180	226,946	191,563	197,733
Office Expense	18,812	16,747	16,216	17,901	14,307	17,004
Insurance	88,069	106,806	108,686	113,658	124,130	138,562
Directors' Fees	7,400	5,900	5,800	6,900	6,800	5,200
Sludge Disposal	66,170	57,249	58,815	69,298	64,352	71,508
CCWPA Assessment	40,978	40,978	20,489	20,489	20,489	33,807
CCPWA Water Purchase	-	-	-	7,935	123,426	-
WISE Water Purchase	-	-	-	-	169,880	265,701
WISE Participation - Operations	52,318	106,278	141,388	172,801	167,909	109,921
Total Operating Expenses	<u>6,469,645</u>	<u>6,872,501</u>	<u>7,423,363</u>	<u>7,701,261</u>	<u>8,610,083</u>	<u>8,793,154</u>
INCOME (LOSS) FROM OPERATIONS	123,049	182,206	397,150	424,097	391,561	(245,661)
NONOPERATING REVENUE						
Net Investment Income	13,859	14,188	23,925	63,639	191,215	291,891
Miscellaneous Other Income	135,257	119,979	132,913	138,310	136,736	138,366
Ready to Serve Fees	63,756	70,083	61,616	52,928	67,832	59,497
Gain (Loss) on Disposition of Assets	19,360	10,590	-	18,500	15,500	-
Contributions in Aid of Construction	3,121,593	2,931,456	2,315,860	2,462,112	3,861,760	5,563,294
Total Nonoperating Revenue	<u>3,353,825</u>	<u>3,146,296</u>	<u>2,534,314</u>	<u>2,735,489</u>	<u>4,273,043</u>	<u>6,053,048</u>
NONOPERATING EXPENSES						
Interest and Paying Agent Fees	596,039	205,139	509,981	775,579	783,767	745,047
Loan Issue Cost	39,548	51,783	-	-	-	-
Total Nonoperating Expenses	<u>635,587</u>	<u>256,922</u>	<u>509,981</u>	<u>775,579</u>	<u>783,767</u>	<u>745,047</u>
NET INCOME/CHANGE IN NET POSITION	<u>\$ 2,841,287</u>	<u>\$ 3,071,580</u>	<u>\$ 2,421,483</u>	<u>\$ 2,384,007</u>	<u>\$ 3,880,837</u>	<u>\$ 5,062,340</u>

**CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY
CLEAN WATER REVENUE BONDS, SERIES 2002A AND 2005A**

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS REQUIRED BY
COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
CLEAN WATER REVENUES BONDS, SERIES 2002A AND 2005A
DECEMBER 31, 2019**

CUSTOMER INFORMATION

<u>Years Ended December 31,</u>	<u>Total Estimated Residential Equivalent Units</u>
2004	3,436
2005	3,585
2006	3,773
2007	3,993
2008	4,057
2009	4,090
2010	4,128
2011	4,152
2012	4,166
2013	4,185
2014	4,228
2015	4,272
2016	4,358
2017	4,384
2018	4,480
2019	4,513

TEN LARGEST CUSTOMERS OF THE SYSTEM

Pinery Country Club
Colorado Golf Club, LLC
Pradera Country Club
Douglas County School District RE-1
Pinery West Metropolitan District
Pinery Glen Homeowners Association
Colorado Horse Park
Douglas County Parks and Recreation
High Prairie Farms Metropolitan District
Pinery Homeowners Association

The balance of the largest customers of the system are generally individual residential pro

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
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CLEAN WATER REVENUES BONDS, SERIES 2002A AND 2005A (CONTINUED)
DECEMBER 31, 2019**

	2020 Budget	2019 Budget
REVENUE		
Water, Operating:		
User Charges	\$ 4,000,000	\$ 3,860,000
Irrigation and Hydrant Fees	910,000	700,000
Water Supply Project Fee	710,000	700,000
Other	210,000	190,000
Sewer, Operating:		
User Charges	2,450,000	2,350,000
Other	178,770	178,770
Nonoperating:		
Loan Proceeds	2,240,000	5,120,000
Tap Fees	3,632,040	2,835,973
Other	2,642,000	4,295,000
Total Revenue	16,972,810	20,229,743
EXPENDITURES		
Water, Operating:		
Utilities	650,000	650,000
Salaries and Related Costs	1,053,400	1,051,240
Other	1,506,000	1,278,500
Sewer, Operating:		
Utilities	215,000	210,000
Salaries and Related Costs	697,100	667,670
Other	379,000	378,000
Nonoperating:		
Insurance	135,000	120,000
Salaries and Related Costs	448,800	510,000
Other	664,000	510,000
Debt Service	2,494,650	2,524,092
Capital Outlay	10,006,800	12,302,000
Total Expenditures	18,249,750	20,201,502
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(1,276,940)	28,241
Funds Available - Beginning of Year	23,349,795	13,075,397
FUNDS AVAILABLE - END OF YEAR	\$ 22,072,855	\$ 13,103,638

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
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CLEAN WATER REVENUES BONDS, SERIES 2002A AND 2005A (CONTINUED)
DECEMBER 31, 2019**

SCHEDULE OF COVERAGE OF DEBT SERVICE REQUIREMENTS

Year	Income	Operation and Maintenance Expenses	Available for Debt Service	Debt Service Require- ments	Debt Service Coverage
2004	\$ 20,094,587	\$ 2,459,610	\$ 17,634,977	\$ 1,893,570	9.31
2005	12,703,160	2,977,714	9,725,446	2,195,762	4.43
2006	9,076,622	3,334,176	5,742,446	2,142,845	2.68
2007	14,752,043	3,536,146	11,215,897	2,224,578	5.04
2008	7,674,924	4,173,068	3,501,856	2,110,270	1.66
2009	5,760,461	3,610,190	2,150,271	2,111,868 *	1.02
2010	7,321,442	3,895,966	3,425,476	2,024,307	1.69
2011	7,437,195	3,850,021	3,587,174	1,666,975	2.15
2012	7,919,673	3,796,440	4,123,233	1,565,716	2.63
2013	7,634,319	3,981,843	3,652,476	1,564,222	2.34
2014	9,946,519	3,926,605	6,019,914	1,683,173	3.58
2015	10,201,003	4,223,394	5,977,609	2,491,863	2.40
2016	10,354,827	4,288,057	6,066,770	2,441,847	2.48
2017	10,860,847	4,081,035	6,779,812	2,434,375	2.79
2018	13,274,687	4,801,047	8,473,640	2,439,093	3.47
2019	14,600,541	4,878,402	9,722,139	2,342,127	4.15

* The debt service requirements for the Series 1989 loan are funded with a reserve of prior property tax revenue. If the debt service requirements for this loan were removed, the debt service coverage would be 1.35.

**TEN LARGEST PROPERTY TAXPAYERS OF THE DISTRICT
(Assessed Valuation for 2019 Taxes Due in 2020)**

Taxpayer	Assessed Valuation Property in the District	Percentage of Total District Assessed Valuation
CGC Equity Club LLC	\$ 1,739,170	0.73 %
Colorado Golf Club Inc	1,301,670	0.55
CF Arcis VI LLC	1,196,900	0.50
CF Arcis V LLC	997,160	0.42
Comcast of Colorado X LLC	932,660	0.39
Colorado Equestrian Partners LLC	744,550	0.31
Convenience Retailers LLC	318,420	0.13
Berkshire Commercial LLC	313,050	0.13
Individual Resident	248,460	0.10
Individual Resident	246,330	0.10
All Others	229,681,760	96.62
Total	\$ 237,720,130	100.00 %

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
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CLEAN WATER REVENUES BONDS, SERIES 2002A AND 2005A (CONTINUED)
DECEMBER 31, 2019**

COMBINED STATEMENT OF DEBT

<u>Designation</u>	<u>Amount Outstanding</u>
Water Enterprise Revenue Note, Series 2010	\$ 6,671,768
Local Government Bonds	15,316,165
Total	<u>\$ 21,987,933</u>

DEBT SERVICE REQUIREMENTS OF THE DISTRICT

See Schedule of Debt Service Requirements to Maturity in Supplemental Information.

ESTIMATED DIRECT AND OVERLAPPING DEBT SCHEDULE

	2019 Assessed Valuation	Outstanding General Obligation Debt (1)	Outstanding Debt Applicable to District	
			Percent	Amount
The District	\$ 237,720,130	\$ -	100.00 %	\$ -
Douglas County School District RE-1	7,239,081,296	455,050,000	3.28	14,925,640
Parker Fire Protection District	5,291,056,260	-	-	-
Total				<u>\$ 14,925,640</u>

(1) Includes only general obligation debt supported by general property taxes. Does not include bonds which have historically been supported by revenue other than property taxes.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS REQUIRED BY
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CLEAN WATER REVENUES BONDS, SERIES 2002A AND 2005A (CONTINUED)
DECEMBER 31, 2019**

ASSESSED VALUATION, DEBT, AND DEBT RATIOS

Actual Valuation	\$ 2,968,529,821
Assessed Valuation	\$ 237,720,130
Net General Obligation Direct Debt	\$ -
Net Direct and Estimated Overlapping Debt	\$ 14,925,640
Ratio of Net Direct Debt to Estimated Actual Valuation	- %
Ratio of net direct debt to assessed valuation	- %
Net direct debt per capita (1)	\$ -
Ratio of net direct and estimated overlapping debt to estimated actual valuation	0.50 %
Ratio of net direct and estimated overlapping debt to assessed valuation	6.28 %
Net direct and estimated overlapping debt per capita (1)	\$ 1,152
Estimated actual valuation per capita (1)	\$ 229,189
Assessed valuation per capita (1)	\$ 18,353
(1) Estimated permanent population	12,952