

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020 AND 2019

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INSERT INDEPENDENT AUDITORS' REPORT

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, 2020.

District Operations

The composition of District staff holds 22 full-time equivalents (FTE) in 2020. Staffing has remained steady since 2019.

The District grew rapidly in 2020, selling 288 water and sewer taps to new homes as compared to only 92 new taps in 2019. A new development with over 300 production homes completed construction in summer 2019 and homes are being built quickly. More than half of the 300 homes have been built and the District anticipates the remainder of the water and sewer taps for that development will be sold in 2021. The District has budgeted 120 new water and sewer taps for 2021.

The total precipitation and pattern of precipitation in 2020 was very dry. Only two months during the year, February, and March, did precipitation in the District exceed the local average. 2020 showed higher average temperatures and very little precipitation throughout the year. 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 2020 was only 10.8 inches, down from 16.2 inches in 2019, down from the annual precipitation totals in 2018 (14.8) and 2017 (11.7 in) but slightly more than half of the local annual average of 19.3 inches.

Customers' water usage in 2020 was dramatically increased from demand in 2019. The main factor for the increase in water consumption was the lack of precipitation. By the end of 2020, total gallons pumped was approximately 1.25 billion gallons, a 20% increase to water consumption in 2019 (1.03 billion gallons).

The District completed 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. Due to the impacts from the COVID-19 pandemic, new projects were deferred until the fall. The District focused on critical operations and repair and replacement (R&R) efforts to ensure there were no problems with the water and wastewater supply during times of a scaled back workforce. These R&R 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.

The District completed an update to its Rates and Fees Study. That study recommended no increase to the wastewater rate generated revenue and only a 2.5% increase from the water rate generated revenue. The District again paid off one of the four loans from Colorado Water Conservation Board. Only one loan with a balance of 3.2 million remains in force.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 is currently constructing its Phase II (ultimate) infrastructure and will be complete summer 2021.

The Cherry Creek Project Water Authority is nearing completion of the final design of its Walker Reservoir. One of its members was in negotiations to sell its ownership rights to the Town of Castle Rock and was scheduled to close in March 2020. The uncertainty in the markets due to the COVID-19 pandemic caused the deal to be put on hold. Near the end of 2020, negotiations resumed, and it is likely Town of Castle Rock and Arapahoe County Water and Wastewater Authority will close on the sale early 2021. The Pinery holds approximately 20.5% ownership in the Authority and its assets.

Financial Highlights

- Net position increased \$13,940,407 while revenues increased 68.11% and expenses increased 11.18%.
- Operating revenues increased 12.33% from the prior year.
- Net operating loss of \$304,203 was a decrease of \$58,542 from last year. Excluding depreciation, net operating income was \$3,866,437.
- Operating expenses exclusive of depreciation increased 17.55% from the prior year.
- Customers on line for water service at year end increased by 135 single-family residential equivalent units to 4,648 at year end.
- Funds available (current assets plus other assets less current liabilities exclusive of the current portion of long-term obligations) increased \$14,595,862 to \$33,158,681 at December 31, 2020.

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, 2020 AND 2019**

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 \$13,940,407 in 2020. Current assets increased \$13,754,198 and capital assets, net of depreciation, increased \$1,286,682.

Statement of Net Position

	December 31,		
	2020	2019	2018
ASSETS			
Current Assets	\$ 34,150,170	\$ 20,395,972	\$ 16,877,353
Other Assets	-	-	315,231
Capital Assets	104,953,945	103,667,263	104,414,173
Total Assets	<u>139,104,115</u>	<u>124,063,235</u>	<u>121,606,757</u>
LIABILITIES			
Current Liabilities	2,859,842	3,590,854	2,756,013
Long-Term Liabilities	21,329,417	19,497,932	22,938,635
Total Liabilities	<u>24,189,259</u>	<u>23,088,786</u>	<u>25,694,648</u>
NET POSITION			
Net Position Invested in Capital Assets	81,756,175	82,411,630	79,706,779
Restricted Net Position	3,359,800	3,351,410	3,326,483
Unrestricted Net Position	29,798,881	15,211,409	12,878,847
Total Net Position	<u>\$ 114,914,856</u>	<u>\$ 100,974,449</u>	<u>\$ 95,912,109</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Review of Change in Net Position

	December 31,		
	2020	2019	2018
REVENUES			
Operating Revenue:			
Water Services	\$ 7,073,727	\$ 6,091,885	\$ 6,590,638
Sewer Services	2,527,387	2,455,608	2,411,006
Total Operating Revenue	<u>9,601,114</u>	<u>8,547,493</u>	<u>9,001,644</u>
Nonoperating Revenue:			
Investment Income	106,666	291,891	191,215
Other	587,680	197,863	220,068
Contributions:			
Tap Fees, Net of Cost Recovery Payments	12,425,653	3,934,493	1,961,599
County's Portion of Pipeline Replacement Project	-	-	396,000
Contributed Facilities	1,668,240	1,473,629	1,366,384
Other	155,935	155,172	137,777
Total Other Revenue	<u>14,944,174</u>	<u>6,053,048</u>	<u>4,273,043</u>
Total Revenue	24,545,288	14,600,541	13,274,687
EXPENSES			
Operating Expenses:			
Water	3,327,268	2,588,423	2,483,356
Sewer	1,235,758	1,154,553	1,111,254
Subtotal	<u>4,563,026</u>	<u>3,742,976</u>	<u>3,594,610</u>
General And Administrative	1,171,651	1,135,426	1,206,437
Depreciation	4,170,640	3,914,752	3,809,036
Total Operating Expenses	<u>9,905,317</u>	<u>8,793,154</u>	<u>8,610,083</u>
Nonoperating Expenses	699,564	745,047	783,767
Total Expenses	<u>10,604,881</u>	<u>9,538,201</u>	<u>9,393,850</u>
CHANGE IN NET POSITION	13,940,407	5,062,340	3,880,837
Net Position - Beginning of Year	<u>100,974,449</u>	<u>95,912,109</u>	<u>92,031,272</u>
NET POSITION - END OF YEAR	<u>\$ 114,914,856</u>	<u>\$ 100,974,449</u>	<u>\$ 95,912,109</u>

Operating revenue increased by \$1,053,621. Revenue from the sale of tap fees, net of cost recovery payments increased \$8,491,160. Additionally, water services increased \$981,842.

Total operating expenses increased \$1,112,163 in 2020.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
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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 higher than the budgeted revenue by \$11,707,957 due to \$3,632,040 of tap fees being budgeted for, when actual tap fees came in at \$12,512,309. Without this variance, actual revenue was higher than budgeted revenue by \$2,827,688.

Total actual expenditures of the District were less than the appropriation by \$4,164,845, which includes a positive variance of \$4,462,822 for capital expenditures.

Capital Assets Activity

The activity related to capital assets is as follows:

	December 31, 2019	Net Changes	December 31, 2020
Land and Easements	\$ 827,262	\$ -	\$ 827,262
Construction in Process	10,413,002	(2,065,113)	8,347,889
Water System:			
Water Rights	12,177,082	-	12,177,082
Water Facilities	74,598,617	6,117,022	80,715,639
Bingham Lake and Dam	542,502	-	542,502
Sewer System:			
Sewer Facilities	34,217,177	97,175	34,314,352
Wastewater Treatment Plant	16,174,292	1,058,669	17,232,961
Buildings	1,813,702	50,504	1,864,206
Equipment and Vehicles	1,539,732	111,714	1,651,446
Total Capital Assets	<u>152,303,368</u>	<u>5,369,971</u>	<u>157,673,339</u>
Accumulated Depreciation	<u>(48,636,105)</u>	<u>(4,083,289)</u>	<u>(52,719,394)</u>
Net Capital Assets	<u>\$ 103,667,263</u>	<u>\$ 1,286,682</u>	<u>\$ 104,953,945</u>

The 2020 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 4 of this report.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	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>

	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>

Long-Term Debt

All scheduled payments of principal and interest on the District's outstanding debt were paid as required during 2020. The 2014 CWCB D loan was paid off in 2020.

Additional detail on the District's debt is in Note 5 of this report.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Economic Factors and Next Year's Budgets and Rates

For 2021, the District has budgeted revenue from water and sewer charges of \$9,275,800, which is \$817,030 higher compared with 2020 budgeted figures. The District has also budgeted \$725,000 of water project fees that are intended to help fund the construction of future water improvement projects. 2021 operating expenses are budgeted at \$4,975,238, which is \$474,738 higher compared with 2020 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
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 30,482,197	\$ 16,852,583
Cash and Cash Equivalents - Restricted	3,359,800	3,351,410
Accounts Receivable	244,897	148,838
Unutilized Taps Service Charge Receivable	16,344	14,198
Prepaid Expenses	46,932	28,943
Total Current Assets	34,150,170	20,395,972
CAPITAL ASSETS, NET	104,953,945	103,667,263
Total Assets	\$ 139,104,115	\$ 124,063,235
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts and Retainage Payable	\$ 801,183	\$ 1,354,194
Accrued Payroll	29,007	66,662
Interest Payable	161,299	412,297
Current Maturities of Long-Term Obligations	1,868,353	1,757,701
Total Current Liabilities	2,859,842	3,590,854
LONG-TERM OBLIGATIONS	21,329,417	19,497,932
NET POSITION		
Net Investment in Capital Assets	81,756,175	82,411,630
Restricted	3,359,800	3,351,410
Unrestricted	29,798,881	15,211,409
Total Net Position	114,914,856	100,974,449
Total Liabilities and Net Position	\$ 139,104,115	\$ 124,063,235

See accompanying Notes to Basic Financial Statements.

(1)

DRAFT. No assurance is provided on these financial statements.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
WATER OPERATIONS		
Revenues	\$ 7,073,727	\$ 6,091,885
Direct Water Expenses	3,327,268	2,588,423
Depreciation - Water	<u>3,016,365</u>	<u>2,793,008</u>
GROSS PROFIT FROM WATER OPERATIONS	730,094	710,454
SEWER OPERATIONS		
Revenues	2,527,387	2,455,608
Direct Sewer Expenses	1,235,758	1,154,553
Depreciation - Sewer	<u>990,483</u>	<u>976,367</u>
GROSS PROFIT FROM SEWER OPERATIONS	<u>301,146</u>	<u>324,688</u>
GROSS PROFIT FROM OPERATIONS	1,031,240	1,035,142
GENERAL AND ADMINISTRATIVE EXPENSES		
General and Administrative	1,171,651	1,135,426
Depreciation	<u>163,792</u>	<u>145,377</u>
INCOME (LOSS) FROM OPERATIONS	(304,203)	(245,661)
NONOPERATING REVENUES	694,346	489,754
NONOPERATING EXPENSES	<u>699,564</u>	<u>745,047</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(309,421)	(500,954)
CAPITAL CONTRIBUTIONS	<u>14,249,828</u>	<u>5,563,294</u>
CHANGE IN NET POSITION	13,940,407	5,062,340
Net Position - Beginning of Year	<u>100,974,449</u>	<u>95,912,109</u>
NET POSITION - END OF YEAR	<u><u>\$ 114,914,856</u></u>	<u><u>\$ 100,974,449</u></u>

See accompanying Notes to Basic Financial Statements.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 9,361,155	\$ 8,975,776
Payments to Suppliers	(3,693,349)	(2,472,722)
Payments to Employees and Related Expenses	(2,132,562)	(2,021,373)
Other Receipts	142,364	155,036
Net Cash Provided by Operating Activities	3,677,608	4,636,717
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ready to Serve Fees	83,048	59,497
Other Income	483,878	138,366
Net Cash Provided by Noncapital Financing Activities	566,926	197,863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Assets	20,754	-
Loan Proceeds	4,055,160	-
Contributions in Aid of Construction:		
Tap Fees	12,512,309	4,041,865
Other Contributed Capital	1,668,240	1,473,629
Receipts from Unutilized Taps Service Charges	153,789	456,205
WISE Capacity Sale and Wheeling Charges	-	3,470,227
Acquisition of Property, Plant and Equipment	(6,061,399)	(6,244,074)
Interest and Paying Agent Fees	(961,734)	(707,233)
Debt Principal Reduction	(2,101,851)	(3,439,898)
Net Cash Provided (Used) by Capital and Related Financing Activities	9,285,268	(949,279)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Income Received	108,202	292,454
Net Cash Provided by Investing Activities	108,202	292,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,638,004	4,177,755
Cash and Cash Equivalents - Beginning of Year	20,203,993	16,026,238
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 33,841,997	\$ 20,203,993
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from Operations	\$ (304,203)	\$ (245,661)
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation	4,170,640	3,914,752
Decrease (Increase) in Accounts Receivable	(97,595)	583,319
Increase (Decrease) in Accounts Payable	(73,245)	294,855
Decrease (Increase) in Prepaid Expenses	(17,989)	89,452
Net Cash Provided by Operating Activities	\$ 3,677,608	\$ 4,636,717

See accompanying Notes to Basic Financial Statements.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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
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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 2020.

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, 2020 AND 2019**

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, 2020 AND 2019**

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:

	<u>2020</u>	<u>2019</u>
Ground Water Protection	\$ 406,394	\$ 381,194
Rate Stabilization Reserve	1,000,000	1,000,000
Well Rehab	389,501	389,501
Total Board Designated Amounts	<u>\$ 1,795,895</u>	<u>\$ 1,770,695</u>

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 and 2019 are classified in the accompanying financial statements as follows:

	<u>2020</u>	<u>2019</u>
Statement of Net Position:		
Cash and Cash Equivalents	\$ 30,482,197	\$ 16,852,583
Cash and Cash Equivalents - Restricted	3,359,800	3,351,410
Total Cash and Investments	<u>\$ 33,841,997</u>	<u>\$ 20,203,993</u>

Cash and cash equivalents as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Deposits with Financial Institutions	\$ 12,470,759	\$ 4,940,958
Cash on Hand	300	300
Investments	21,370,938	15,262,735
Total Cash and Cash Equivalents	<u>\$ 33,841,997</u>	<u>\$ 20,203,993</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, 2020 AND 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

At December 31, 2020 and 2019 the District had the following deposits with financial institutions:

	2020	2019
Bank Balance:		
Insured Deposits	\$ 250,000	\$ 250,000
Deposits Collateralized in Single Institution Pools	12,401,006	4,170,268
Total Bank Balance	\$ 12,651,006	\$ 4,420,268
Carrying Balance:		
Insured Deposits	\$ 250,000	\$ 250,000
Deposits Collateralized in Single Institution Pools	12,220,759	4,690,958
Total Carrying Balance	\$ 12,470,759	\$ 4,940,958

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, 2020 AND 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2020 and 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>	
		<u>2020</u>	<u>2019</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 5,428,163	\$ 5,393,104
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	15,942,775	9,869,631
Total		<u>\$ 21,370,938</u>	<u>\$ 15,262,735</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, 2020 AND 2019

NOTE 4 CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2020 and 2019 was as follows:

	Balance December 31, 2019	Additions	Retirements/ Reclassi- fications	Balance December 31, 2020
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 827,262	\$ -	\$ -	\$ 827,262
Water Rights	12,177,082	-	-	12,177,082
Construction in Progress	<u>10,413,002</u>	<u>1,205,635</u>	<u>(3,270,748)</u>	<u>8,347,889</u>
Total Capital Assets, Not Being Depreciated	23,417,346	1,205,635	(3,270,748)	21,352,233
Capital Assets, Being Depreciated:				
Water Facilities	74,598,617	6,117,022	-	80,715,639
Bingham Lake and Dam	542,502	-	-	542,502
Sewer Facilities	34,217,177	97,175	-	34,314,352
Wastewater Treatment Plant	16,174,292	1,058,669	-	17,232,961
Buildings	1,813,702	50,504	-	1,864,206
GIS Program	307,226	49,174	-	356,400
Office and Field Equipment	362,285	61,816	-	424,101
Vehicles	<u>870,221</u>	<u>88,075</u>	<u>(87,351)</u>	<u>870,945</u>
Total Capital Assets, Being Depreciated	128,886,022	7,522,435	(87,351)	136,321,106
Less Accumulated Depreciation For:				
Water Facilities	(27,319,511)	(3,002,561)	-	(30,322,072)
Bingham Lake and Dam	(333,125)	(13,804)	-	(346,929)
Sewer Facilities	(9,096,438)	(529,335)	-	(9,625,773)
Wastewater Treatment Plant	(9,240,782)	(461,148)	-	(9,701,930)
Buildings	(1,443,371)	(28,448)	-	(1,471,819)
GIS Program	(172,444)	(9,272)	-	(181,716)
Office and Field Equipment	(312,060)	(35,224)	-	(347,284)
Vehicles	<u>(718,374)</u>	<u>(90,848)</u>	<u>87,351</u>	<u>(721,871)</u>
Total Accumulated Depreciation	<u>(48,636,105)</u>	<u>(4,170,640)</u>	<u>87,351</u>	<u>(52,719,394)</u>
Capital Assets, Net	<u>\$ 103,667,263</u>	<u>\$ 4,557,430</u>	<u>\$ (3,270,748)</u>	<u>\$ 104,953,945</u>

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 CAPITAL ASSETS (CONTINUED)

	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	\$ 104,414,173	\$ 2,723,317	\$ (3,470,227)	\$ 103,667,263

Depreciation expense for the years ended December 31, 2020 and 2019 was charged to the following operations:

	2020	2019
Water	\$ 3,016,365	\$ 2,793,008
Sewer	990,483	976,367
General and Administrative	163,792	145,377
Total	\$ 4,170,640	\$ 3,914,752

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 LONG-TERM OBLIGATIONS

Long-term obligation activity for the years ended December 31, 2020 and 2019 was as follows:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Amounts Due Within One Year
Notes/Loans From Direct Borrowings and Placements					
CWRPDA Loan - 2002	\$ 1,605,000	\$ -	\$ 370,000	\$ 1,235,000	\$ 380,000
CWRPDA Loan - 2005	1,950,000	-	250,000	1,700,000	260,000
Refinancing Note - 2010	6,671,768	-	494,981	6,176,787	514,728
CWCB Loan B - 2014	3,035,217	235,566	68,749	3,202,034	70,812
CWCB Loan D - 2014	286,573	-	286,573	-	-
CWRPDA Loan - 2015	7,655,131	3,819,594	631,548	10,843,177	632,569
Subtotal of Notes/Loans	21,203,689	4,055,160	2,101,851	23,156,998	1,858,109
Plus Loan Premium	51,944	-	11,172	40,772	10,244
Total Long-Term Obligations	\$ 21,255,633	\$ 4,055,160	\$ 2,113,023	\$ 23,197,770	\$ 1,868,353
	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
Notes/Loans From Direct Borrowings and Placements					
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 of Notes/Loans	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	\$ 24,707,394	\$ -	\$ 3,451,761	\$ 21,255,633	\$ 1,757,701

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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Loan Agreements (Continued)

The components of interest expense for this loan for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Interest	\$ 4,166	\$ 18,137
Administrative Fee	57,274	57,274
Total	\$ 61,440	\$ 75,411

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, 2020 and 2019 are as follows:

	2020	2019
Interest	\$ 21,322	\$ 24,918
Administrative Fee	38,400	38,400
Total	\$ 59,722	\$ 63,318

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 had the option 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. The Registered Owner chose not to do so, and per the terms of the agreement, the note renewed.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Loan Agreements (Continued)

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. ECCV will retain rights to carrying capacity in the pipeline. During 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.

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. This loan was paid off in December 2020.

Colorado Water Resources and Power Development Authority Loan, Series 2015

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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Loan Agreements (Continued)

The components of interest expense for this loan for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Interest	\$ 77,410	\$ 74,361
Administrative Fee	128,251	117,563
Total	\$ 205,661	\$ 191,924

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

Year Ending December 31,	Principal	Interest	Total
2021	\$ 1,858,109	\$ 610,515	\$ 2,468,624
2022	1,921,787	574,085	2,495,872
2023	1,991,349	496,951	2,488,300
2024	1,583,835	491,760	2,075,595
2025	1,632,274	444,596	2,076,870
2026-2030	7,483,167	1,616,230	9,099,397
2031-2035	4,269,529	753,215	5,022,744
2036-2040	1,404,096	267,275	1,671,371
2041-2045	679,008	155,357	834,365
2046-2049	620,284	47,208	667,492
Total Payments	23,443,438	5,457,192	28,900,630
Less: Amounts Due Within			
One Year	(1,858,109)	(610,515)	(2,468,624)
Long-Term Portion	\$ 21,585,329	\$ 4,846,677	\$ 26,432,006

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

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 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, 2020 and 2019, the District had the following net investment in capital assets, calculated as follows:

	2020	2019
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 104,953,945	\$ 103,667,263
Current Portion of Long-Term Obligations	(1,868,353)	(1,757,701)
Noncurrent Portion of Long-Term Obligations	(21,329,417)	(19,497,932)
Net Investment in Capital Assets	\$ 81,756,175	\$ 82,411,630

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 \$3,359,800 and \$3,351,410 as of December 31, 2020 and 2019, 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 7 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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 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 \$68,256 and \$60,672, respectively, for 9 and 8 tap fees, respectively, collected during 2020 and 2019 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 825 taps or \$6,256,800. From 2002 through 2020, the District reimbursed \$5,710,752 for 753 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 2020 and 2019 the District collected 9 and 8 taps, respectively.

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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Town of Castle Rock (Continued)

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, 2020, 1,149 taps have been issued.

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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Canyons (Continued)

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%.

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.

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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Canyons (Continued)

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>
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

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 – 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.

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 2020, the District reimbursed \$95,200 for 119 taps; therefore, remaining future reimbursement is \$254,800 for 319 taps. During 2020 and 2019 the District collected 14 and 11 taps, respectively, and paid \$11,200 and \$0 in 2020 and 2019, respectively.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 AGREEMENTS (CONTINUED)

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.

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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Cielo (Continued)

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.

Intergovernmental Agreement – Wheeling and Capacity Allocation

The District and Parker Water and Sanitation District (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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Wheeling and Capacity Allocation (Continued)

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 2020 and 2019, the District received \$217,048 and \$396,490 respectively under this 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. During 2019, the District 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. During 2019, the District received full payment from the Town.

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.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 AGREEMENTS (CONTINUED)

Pursuant to the third amendment that the District signed with the developer on July 19, 2017, the developer paid \$153,789 for service charge for 367 unutilized taps using the current year's wholesale wastewater service rate as published by the District.

NOTE 9 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 2020 and 2019, the District collected \$728,848 and \$713,524 of water project fees, respectively.

NOTE 10 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 \$51,955 in 2020 and \$53,773 in 2019.

On March 13, 2013, the District entered into the South Metro WISE (Water, Infrastructure, and Supply Efficiency) 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 \$2,000,000 of the capital costs to transport water, in addition to an annual water purchase cost of approximately \$917,000 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.

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 11 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, 2020. 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.

NOTE 12 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, 2020 AND 2019**

	2020	2019
WATER OPERATIONS		
Revenues:		
Water Sales	\$ 4,943,441	\$ 4,251,601
Water Supply Project Fee	728,848	713,524
Irrigation Fees	1,199,395	919,291
Ground Water Protection Fees	25,200	23,784
Bulk and Hydrant Meter Water Sales	142,364	155,036
Other	34,479	28,649
Total Revenues	7,073,727	6,091,885
Direct Water Expenses:		
Depreciation	3,016,365	2,793,008
Auto Expenses/Vehicle Maintenance	38,963	37,500
Employee Benefits	217,801	225,212
Laboratory Testing and Chemicals	282,549	244,218
Legal	10,044	8,965
Outside Services	148,984	65,336
Payroll Taxes	61,972	60,566
Repairs, Maintenance, and Supplies	224,448	191,025
Salaries and Related Costs	805,529	808,339
Small Tools and Safety Items	17,269	8,124
Utilities	758,067	673,437
CCPWA Water Purchase	51,955	-
WISE Water Purchase	709,687	265,701
Total Direct Water Expenses	6,343,633	5,381,431
GROSS PROFIT FROM WATER OPERATIONS	730,094	710,454
SEWER OPERATIONS		
Revenues:		
Sewer User Charges	2,527,387	2,455,608
Total Revenues	2,527,387	2,455,608
Direct Sewer Expenses:		
Depreciation	990,483	976,367
Auto Expenses/Vehicle Maintenance	6,669	9,364
Cherry Creek Basin Fees	19,137	10,680
Employee Benefits	162,953	147,312
Laboratory Testing and Chemicals	74,907	89,861
Outside Services	8,604	5,091
Repairs and Maintenance - System	144,436	144,876
Salaries and Related Costs	524,178	453,181
Payroll Taxes	40,538	34,915
Sludge Disposal	75,269	71,508
Small Tools and Safety Items	1,302	859
Utilities	177,765	186,906
Total Direct Sewer Expenses	2,226,241	2,130,920
GROSS PROFIT FROM SEWER OPERATIONS	301,146	324,688

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
GROSS PROFIT FROM OPERATIONS	\$ 1,031,240	\$ 1,035,142
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation - Office Building and Equipment	163,792	145,377
Accounting and Audit	85,936	94,716
Admin Vehicle	-	140
Billing Systems Service	9,460	10,460
Data Processing	58,653	44,889
Directors' Fees	5,200	5,200
Dues and Seminars	19,680	19,403
Employee Benefits	61,380	70,601
Insurance	131,016	138,562
Legal	54,572	58,428
Miscellaneous	3,063	3,467
Office Expense	18,621	17,004
Outside Services	115,886	32,368
Repairs and Maintenance - Office	17,669	17,481
Salaries and Related Costs	331,642	321,240
Payroll Taxes	23,187	21,722
Safety and Training	34,322	33,455
Security Services	31,213	22,188
Conservation	12,075	-
Customer Communications	34,962	31,725
Utilities	30,395	27,183
Paying Agent Fees	1,500	1,500
CCPWA Assessment	-	33,807
SMWSA Assessment	6,183	19,966
WISE Participation - Operations	85,036	109,921
Total General and Administrative Expenses	1,335,443	1,280,803
INCOME FROM OPERATIONS	(304,203)	(245,661)
NONOPERATING REVENUES		
Net Investment Income	106,666	291,891
Ready to Serve Fees - Water	45,962	33,139
Ready to Serve Fees - Sewer	37,086	26,358
Cherry Creek Project Water Authority	39,669	58,404
Other Income	46,044	79,962
WISE Reserve Refund	398,165	-
Net Gain (Loss) on Disposition of Assets	20,754	-
Total Nonoperating Revenues	694,346	489,754
NONOPERATING EXPENSES		
Interest and Paying Agent Fees	699,564	745,047
Total Nonoperating Expenses	699,564	745,047
INCOME (LOSS) BEFORE CONTRIBUTIONS	(309,421)	(500,954)

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CAPITAL CONTRIBUTIONS		
Tap Fees - Water	\$ 10,159,741	\$ 3,206,954
Tap Fees - Sewer	2,352,568	834,911
Cost Recovery Payments	(86,656)	(107,372)
Canyon's Revenue	155,935	155,172
Developer Contributions	1,668,240	1,473,629
Total Capital Contributions	14,249,828	5,563,294
 CHANGE IN NET POSITION	 \$ 13,940,407	 \$ 5,062,340

**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, 2020**

	Original and Final Budget	Actual	Variance
WATER OPERATING INCOME			
Water Sales	\$ 4,000,000	\$ 4,943,441	\$ 943,441
Water Supply Project Fee	710,000	728,848	18,848
Irrigation Fees	750,000	1,199,395	449,395
Ground Water Protection Fees	25,000	25,200	200
Bulk Water and Hydrant Meter Water Sales	160,000	142,364	(17,636)
Other	60,000	34,479	(25,521)
Total Water Operating Income	<u>5,705,000</u>	<u>7,073,727</u>	<u>1,368,727</u>
WATER OPERATING EXPENSES			
Auto Expenses/Vehicle Maintenance	35,000	38,963	(3,963)
Employee Benefits	245,000	217,801	27,199
Laboratory Testing and Chemicals	250,000	282,549	(32,549)
Legal	5,000	10,044	(5,044)
Outside Services	135,000	148,984	(13,984)
Payroll Taxes	56,400	61,972	(5,572)
Repairs, Maintenance, and Supplies	230,000	224,448	5,552
Salaries and Related Costs	752,000	805,529	(53,529)
Small Tools and Safety Items	14,000	17,269	(3,269)
Utilities	650,000	758,067	(108,067)
CCPWA Water	30,000	51,955	(21,955)
WISE Water	650,000	709,687	(59,687)
Total Water Operating Expenses	<u>3,052,400</u>	<u>3,327,268</u>	<u>(274,868)</u>
GROSS PROFIT FROM WATER OPERATIONS	2,652,600	3,746,459	1,093,859
SEWER OPERATING INCOME			
Sewer User Charges	<u>2,450,000</u>	<u>2,527,387</u>	<u>77,387</u>
Total Sewer Operating Income	<u>2,450,000</u>	<u>2,527,387</u>	<u>77,387</u>
SEWER OPERATING EXPENSES			
Auto Expenses/Vehicle Maintenance	12,000	6,669	5,331
Cherry Creek Basin Fees	16,000	19,137	(3,137)
Employee Benefits	180,000	162,953	17,047
Laboratory Testing and Chemicals	86,000	74,907	11,093
Outside Services	10,000	8,604	1,396
Repairs and Maintenance	180,000	144,436	35,564
Salaries and Related Costs	481,000	524,178	(43,178)
Payroll Taxes	36,100	40,538	(4,438)
Sludge Disposal	70,000	75,269	(5,269)
Small Tools and Safety Items	5,000	1,302	3,698
Utilities	215,000	177,765	37,235
Total Sewer Operating Expenses	<u>1,291,100</u>	<u>1,235,758</u>	<u>55,342</u>
GROSS PROFIT FROM SEWER OPERATIONS	<u>1,158,900</u>	<u>1,291,629</u>	<u>132,729</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, 2020**

	Original and Final Budget	Actual	Variance
GROSS PROFIT FROM OPERATIONS	\$ 3,811,500	\$ 5,038,088	\$ 1,226,588
NONOPERATING REVENUES			
Net Investment Income	100,000	106,666	6,666
Ready to Serve Fees - Water	40,000	45,962	5,962
Ready to Serve Fees - Sewer	25,000	37,086	12,086
Late Charges	52,000	13,581	(38,419)
Cherry Creek Project Water Authority	70,000	39,669	(30,331)
Other Income	45,000	32,463	(12,537)
WISE Reserve Refund	-	398,165	398,165
Proceeds from Asset Disposition	10,000	20,754	10,754
Loan Proceeds	2,240,000	4,055,160	1,815,160
Contributions in Aid of Construction			
Tap Fees - Water	2,821,840	10,159,741	7,337,901
Tap Fees - Sewer	810,200	2,352,568	1,542,368
Canyons Revenue	153,770	155,935	2,165
Developer Contributions	2,450,000	1,668,240	(781,760)
Total Nonoperating Revenue	<u>8,817,810</u>	<u>19,085,990</u>	<u>10,268,180</u>
NONOPERATING EXPENSES			
Accounting and Audit	90,000	85,936	4,064
Admin Vehicle	1,000	-	1,000
Billing Systems Service	15,000	9,460	5,540
Data Processing	38,000	58,653	(20,653)
Directors' Fees	9,000	5,200	3,800
Dues and Seminars	20,000	19,680	320
Employee Benefits	94,050	61,380	32,670
Insurance	135,000	131,016	3,984
Paying Agent Fees	1,500	1,500	-
Legal	75,000	54,572	20,428
Miscellaneous	7,000	3,063	3,937
Office Expense	20,000	18,621	1,379
Outside Services	200,000	115,886	84,114
Repairs and Maintenance - Office	70,000	17,669	52,331
Salaries and Related Costs	330,000	331,642	(1,642)
Payroll Taxes	24,750	23,187	1,563
Safety and Training	35,000	34,322	678
Security Services	20,000	31,213	(11,213)
Conservation	55,000	12,075	42,925
Customer Communications	35,000	34,962	38
Utilities	27,500	30,395	(2,895)
CCPWA Assessment	37,000	-	37,000
SMWSA Assessment	30,000	6,183	23,817

**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, 2020**

	Original and Final Budget	Actual	Variance
NONOPERATING EXPENSES (CONTINUED)			
WISE Participation - Operations	35,000	85,036	(50,036)
Total Nonoperating Expenses	1,404,800	1,171,651	233,149
DEBT SERVICE			
Interest:			
CWRPDA Loan - 2015	207,300	205,661	1,639
CWCB-D DIA Connection - 2014	9,000	953	8,047
CWCB-B Wise Phase 1 - 2014	93,000	126,344	(33,344)
CWRPDA Loan - 2005	59,500	59,722	(222)
CWRPDA Loan - 2002	70,250	61,440	8,810
Revenue Note - 2010	259,000	256,616	2,384
Principal:			
CWRPDA Loan - 2015	631,600	631,548	52
CWCB-B Loan - 2014	45,500	68,749	(23,249)
CWCB-D Loan - 2014	4,500	286,573	(282,073)
CWRPDA Loan - 2005	250,000	250,000	-
CWRPDA Loan - 2002	370,000	370,000	-
Revenue Note - 2010	495,000	494,981	19
Total Debt Service	2,494,650	2,812,587	(317,937)
CAPITAL OUTLAY			
Water Projects:			
Cost Recovery Payments	135,000	86,656	48,344
Water Supply and Treatment	6,066,400	3,181,797	2,884,603
Contributed Developer Improvements	1,100,000	926,678	173,322
Total Water Projects	7,301,400	4,195,131	3,106,269
Wastewater Treatment Plant:			
Wastewater Treatment Plant	459,000	206,717	252,283
Contributed Developer Improvements	1,350,000	892,561	457,439
Total Sewer Projects	1,809,000	1,099,278	709,722
General:			
Capital Salaries	391,400	-	391,400
Computer/Networking/Hardware	20,000	31,384	(11,384)
GIS Program	50,000	49,174	826
Vehicles	90,000	88,075	1,925
Cyber Security Upgrade	10,000	2,093	7,907
District Office Upgrade	270,000	50,503	219,497
SEDARU Asset Management	45,000	27,545	17,455
Furniture and Office Equipment	20,000	795	19,205
Total General	896,400	249,569	646,831
Total Capital Outlay	10,006,800	5,543,978	4,462,822

**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, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,276,940)	\$ 14,595,862	\$ 15,872,802
Funds Available - Beginning of Year	<u>23,349,795</u>	<u>18,562,819</u>	<u>(4,786,976)</u>
FUNDS AVAILABLE - END OF YEAR	<u><u>\$ 22,072,855</u></u>	<u><u>\$ 33,158,681</u></u>	<u><u>\$ 11,085,826</u></u>
FUNDS AVAILABLE ARE DEFINED AS FOLLOWS			
Current Assets		\$ 34,150,170	
Less Current Liabilities		(2,859,842)	
Adjustment For:			
Current Long-Term Obligations		<u>1,868,353</u>	
Total		<u><u>\$ 33,158,681</u></u>	

**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, 2020**

Revenues (Budgetary Basis)	\$ 28,687,104
Loan Proceeds	(4,055,160)
Cost Recovery Payments	<u>(86,656)</u>
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	24,545,288
Expenditures (Budgetary Basis)	14,091,242
Depreciation	4,170,640
Amortization - Loan Premium	(11,172)
Capital Outlay	(5,543,978)
Long-term Debt Principal	<u>(2,101,851)</u>
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	<u>10,604,881</u>
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	<u><u>\$ 13,940,407</u></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, 2020**

ENTERPRISE REVENUES	
Water Operating Income	\$ 7,073,727
Sewer Operating Income	2,527,387
Net Investment Income	106,666
Other Income	587,680
Contributions in Aid of Construction	14,336,484
Total Enterprise Revenues	28,687,104
 ENTERPRISE EXPENDITURES	
Water Operating Expenses	3,327,268
Sewer Operating Expenses	1,235,758
Nonoperating Expenses	1,142,503
Debt Service	
Principal	2,101,851
Interest	710,736
Capital Outlay	5,543,978
Total Enterprise Expenditures	14,062,094
 EXCESS ENTERPRISE REVENUES OVER ENTERPRISE EXPENDITURES	 14,625,010
 Enterprise Funds Available - Beginning of Year	 18,404,156
 ENTERPRISE FUNDS AVAILABLE - END OF YEAR	 \$ 33,029,166

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, 2020**

GENERAL REVENUES	\$ -
GENERAL EXPENDITURES	
Accounting and Audit	3,008
Directors' Fees	5,200
Dues and Seminars	689
Employee Benefits	2,148
Insurance	4,586
Legal	1,910
Salaries and Related Costs	11,607
Total General Expenditures	29,148
EXCESS GENERAL REVENUES (UNDER) GENERAL EXPENDITURES	(29,148)
General Funds Available - Beginning of Year	158,663
GENERAL FUNDS AVAILABLE - END OF YEAR	\$ 129,515

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2020**

<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 and August 1	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
Total	<u>\$ 1,235,000</u>	<u>\$ 73,896</u>	<u>\$ 1,700,000</u>	<u>\$ 166,447</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Year Ending December 31,	\$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		\$3,270,784 Loan Dated September 22, 2014 Colorado Water Conservation Board Contract CT2015-085 CWCB WISE Rates of 3.0% Principal and Interest Payable Annually		\$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	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 514,728	\$ 238,922	\$ 70,812	\$ 96,061	\$ 632,569	\$ 165,847
2022	535,261	218,389	72,936	93,937	638,590	187,864
2023	556,614	197,035	75,124	91,749	639,611	196,044
2024	578,818	174,831	77,378	89,495	647,639	191,994
2025	601,907	151,740	79,700	87,172	650,667	187,944
2026	625,921	127,729	82,090	84,782	653,696	183,569
2027	650,890	102,760	84,553	82,320	660,738	176,769
2028	676,855	76,794	87,090	79,783	665,773	171,819
2029	703,857	49,793	89,702	77,171	667,815	167,019
2030	731,936	21,714	92,394	74,479	689,857	148,269
2031	-	-	95,165	71,708	709,892	129,219
2032	-	-	98,020	68,853	726,935	109,869
2033	-	-	100,961	65,912	747,040	90,369
2034	-	-	103,990	62,883	779,152	56,919
2035	-	-	107,109	59,764	801,265	37,719
2036	-	-	110,323	56,550	818,378	18,628
2037	-	-	113,632	53,241	-	-
2038	-	-	117,041	49,832	-	-
2039	-	-	120,553	46,320	-	-
2040	-	-	124,169	42,704	-	-
2041	-	-	127,894	38,979	-	-
2042	-	-	131,731	35,142	-	-
2043	-	-	135,683	31,190	-	-
2044	-	-	139,754	27,119	-	-
2045	-	-	143,946	22,927	-	-
2046	-	-	148,265	18,608	-	-
2047	-	-	152,712	14,161	-	-
2048	-	-	157,294	9,579	-	-
2049	-	-	162,013	4,860	-	-
Total	<u>\$ 6,176,787</u>	<u>\$ 1,359,707</u>	<u>\$ 3,202,034</u>	<u>\$ 1,637,281</u>	<u>\$ 11,129,617</u>	<u>\$ 2,219,861</u>

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Year Ending December 31,	Total		Total
	Principal	Interest	
2021	\$ 1,858,109	\$ 610,515	\$ 2,468,624
2022	1,921,787	574,085	2,495,872
2023	1,991,349	496,951	2,488,300
2024	1,583,835	491,760	2,075,595
2025	1,632,274	444,596	2,076,870
2026	1,681,707	387,540	2,069,247
2027	1,396,181	361,849	1,758,030
2028	1,429,718	328,396	1,758,114
2029	1,461,374	293,983	1,755,357
2030	1,514,187	244,462	1,758,649
2031	805,057	200,927	1,005,984
2032	824,955	178,722	1,003,677
2033	848,001	156,281	1,004,282
2034	883,142	119,802	1,002,944
2035	908,374	97,483	1,005,857
2036	928,701	75,178	1,003,879
2037	113,632	53,241	166,873
2038	117,041	49,832	166,873
2039	120,553	46,320	166,873
2040	124,169	42,704	166,873
2041	127,894	38,979	166,873
2042	131,731	35,142	166,873
2043	135,683	31,190	166,873
2044	139,754	27,119	166,873
2045	143,946	22,927	166,873
2046	148,265	18,608	166,873
2047	152,712	14,161	166,873
2048	157,294	9,579	166,873
2049	162,013	4,860	166,873
Total	<u>\$ 23,443,438</u>	<u>\$ 5,457,192</u>	<u>\$ 28,900,630</u>

*Note: Schedules of Debt Service Requirements to Maturity for the following loans are not included as projects are not deemed substantially completed:
CWCB-C WISE Phase 2

OTHER SUPPLEMENTARY INFORMATION

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

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
2020/2021	244,371,960	6,651,830	2.8	0.000	-	-	0.000	N/A

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

SYSTEM ACCOUNTS

<u>Classification</u>	<u>Number of Accounts</u>	<u>Percent of Total Accounts</u>
Residential	4,648	90.18 %
Commercial	25	0.49
Irrigation Only	65	1.26
Vacant Lots	416	8.07
Total	5,154	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, 2020**

CHARGES FOR WATER SERVICE

**Water Rates and Charges
(In Effect as of January 1, 2021 through December 31, 2021)**

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
Over 50,000 Gallons	\$270.24 + \$10.79/1,000 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		\$10.79/1,000
	Base Rate	Maximum Gallons	Minimum Gallons	Maximum Gallons	Minimum Gallons	Maximum Gallons	Minimum Gallons	Maximum Gallons	Gallons Over
3/4" (1)	\$ 29.22	5,000	5,001	20,000	20,001	30,000	30,001	50,000	50,001
1" (2)	48.26	10,000	10,001	40,000	40,001	60,000	60,001	100,000	100,001
1-1/2" (4)	68.61	20,000	20,001	80,000	80,001	120,000	120,001	200,000	200,001
2" (7)	97.89	35,000	35,001	140,000	140,001	210,000	210,001	350,000	350,001
3" (16)	185.49	80,000	80,001	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	\$4.35/1,000 Gallons

Golf Courses

Base Rate	\$ 29.22
All Usage	\$3.93/1,000 Gallons for Usage up to 150 AF per Year for Each 9 Holes. For Usage Greater than 150 AF the Rate Becomes \$6.54/1,000 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	5.45	5,823,845
2020	1,310,995	5.97	7,827,775

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

CHARGES FOR WASTEWATER SERVICE

Wastewater Rates and Charges
(In Effect as of January 1, 2021 through December 31, 2021)

Residential (Monthly)

0 - 5,000 Gallons	\$	36.75
Over 5,000 Gallons	\$	53.99

Commercial (Monthly Based on Water Meter Reading)

<u>Tap Size</u>	<u>Flat Rate</u>
3/4" Diameter	\$ 53.99
1" Diameter	107.98
1-1/2" Diameter	215.96
2" Diameter	377.93
3" Diameter	863.84

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

CHARGES FOR WASTEWATER SERVICE

Revenue from Wastewater Charges

<u>Year</u>	Users of Wastewater Services Average Number of Taps During the Year	Revenue from Water Wastewater Charges
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
2020	4,517	2,527,387

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

ADDITIONAL CHARGES AND FEES OF THE SYSTEM

Water and Wastewater Tap and Connection Fees

(Effective January 1, 2021)

RESIDENTIAL (per SFE with 3/4" Meter)

Water Fee	\$ 35,990
Sewer Fee	7,695
Total Fee	\$ 43,685

COMMERCIAL

Meter Size	Water Fee	Sewer Fee	Total Fee
3/4" (1)	\$ 35,990	\$ 7,695	\$ 43,685
1" (2)	71,980	15,390	87,370
1-1/2" (4)	143,960	30,780	174,740
2" (7)	251,930	53,865	305,795
3" (16)	575,840	123,120	698,960

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, 2020**

	2015	2016	2017	2018	2019	2020
OPERATING REVENUE						
Water and Sewer Charges	\$ 6,391,305	\$ 6,892,915	\$ 7,156,561	\$ 7,582,760	\$ 7,420,733	\$ 8,199,676
Irrigation, Hydrant Fees, and Other	663,402	927,598	968,797	1,418,884	1,126,760	1,401,438
Total Operating Revenue	<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>	<u>9,601,114</u>
OPERATING EXPENSES						
Depreciation	2,700,890	3,135,306	3,620,226	3,809,036	3,914,752	4,170,640
Auto Expenses/Vehicle Maintenance	35,702	33,920	34,588	49,964	47,004	45,632
Salaries and Wages	1,192,309	1,241,697	1,268,799	1,424,247	1,582,760	1,661,349
Payroll Taxes	89,004	94,368	95,914	104,004	117,203	125,697
Employee Benefits	356,787	370,222	370,539	414,004	443,125	442,134
Utilities	787,259	771,736	795,899	946,470	887,526	966,227
Outside Services	126,401	91,558	130,556	120,726	102,795	273,474
Maintenance and Supplies	560,976	525,089	499,115	652,849	696,444	762,580
Professional Fees	454,231	571,893	249,697	205,927	162,109	150,552
Other Operating Expenses	234,984	236,180	226,946	191,563	197,733	230,248
Office Expense	16,747	16,216	17,901	14,307	17,004	18,621
Insurance	106,806	108,686	113,658	124,130	138,562	131,016
Directors' Fees	5,900	5,800	6,900	6,800	5,200	5,200
Sludge Disposal	57,249	58,815	69,298	64,352	71,508	75,269
CCWPA Assessment	40,978	20,489	20,489	20,489	33,807	-
CCPWA Water Purchase	-	-	7,935	123,426	-	51,955
WISE Water Purchase	-	-	-	169,880	265,701	709,687
WISE Participation - Operations	106,278	141,388	172,801	167,909	109,921	85,036
Total Operating Expenses	<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>	<u>9,905,317</u>
INCOME FROM OPERATIONS	182,206	397,150	424,097	391,561	(245,661)	(304,203)
NONOPERATING REVENUE						
Net Investment Income	14,188	23,925	63,639	191,215	291,891	106,666
Wise Reserve Refund	-	-	-	-	-	398,165
Miscellaneous Other Income	119,979	132,913	138,310	136,736	138,366	85,713
Ready to Serve Fees	70,083	61,616	52,928	67,832	59,497	83,048
Gain (Loss) on Disposition of Assets	10,590	-	18,500	15,500	-	20,754
Contributions in Aid of Construction	2,931,456	2,315,860	2,462,112	3,861,760	5,563,294	14,249,828
Total Nonoperating Revenue	<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>	<u>14,944,174</u>
NONOPERATING EXPENSES						
Interest and Paying Agent Fees	205,139	509,981	775,579	783,767	745,047	699,564
Loan Issue Cost	51,783	-	-	-	-	-
Total Nonoperating Expenses	<u>256,922</u>	<u>509,981</u>	<u>775,579</u>	<u>783,767</u>	<u>745,047</u>	<u>699,564</u>
NET INCOME/CHANGE IN NET POSITION	<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>	<u>\$ 13,940,407</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, 2020**

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
2020	4,648

TEN LARGEST CUSTOMERS OF THE SYSTEM

Pinery Golf Course
Pradera Golf Course
Colorado Golf Club
DC Schools
Pinery Glen Homeowners Association
Pinery West Metro District
Pinery Homeowners Association
DC Parks
Colorado Horse Park
High Prairie Farms

**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 (CONTINUED)
DECEMBER 31, 2020**

	2021 Budget	2020 Budget
REVENUE		
Water, Operating:		
User Charges	\$ 4,500,000	\$ 4,000,000
Irrigation and Hydrant Fees	1,130,000	910,000
Water Supply Project Fee	725,000	710,000
Other	172,000	210,000
Sewer, Operating:		
User Charges	2,550,000	2,450,000
Other	178,800	178,770
Nonoperating:		
Loan Proceeds	-	2,240,000
Tap Fees	5,459,200	3,632,040
Other	205,000	2,642,000
Total Revenue	14,920,000	16,972,810
EXPENDITURES		
Water, Operating:		
Utilities	675,000	650,000
Salaries and Related Costs	1,033,850	1,053,400
Other	1,913,500	1,506,000
Sewer, Operating:		
Utilities	210,000	215,000
Salaries and Related Costs	759,788	697,100
Other	383,100	379,000
Nonoperating:		
Insurance	140,000	135,000
Salaries and Related Costs	510,000	448,800
Other	634,000	664,000
Debt Service	2,515,600	2,494,650
Capital Outlay	12,475,000	10,006,800
Total Expenditures	21,249,838	18,249,750
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(6,329,838)	(1,276,940)
Funds Available - Beginning of Year	30,757,642	23,349,795
FUNDS AVAILABLE - END OF YEAR	\$ 24,427,804	\$ 22,072,855

**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 (CONTINUED)
DECEMBER 31, 2020**

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
2020	24,545,288	5,734,677	18,810,611	2,468,624	7.62

* 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 2020 Taxes Due in 2021)**

Taxpayer	Assessed Valuation Property in the District	Percentage of Total District Assessed Valuation
CF Arcis VI LLC	\$ 1,196,900	0.49 %
TF Pinery West LP	1,106,940	0.45
CF Arcis V LLC	997,160	0.41
CGC Equity Club LLC	920,100	0.38
Colorado Golf Club Inc	840,180	0.34
CGC Equity Club LLC	819,070	0.34
Comcast of Colorado	799,770	0.33
TF Pinery West LP	421,310	0.17
Colorado Equestrian Partners LLC	396,100	0.16
Colorado Golf Club Inc	392,050	0.16
All Others	236,482,380	96.77
Total	<u>\$ 244,371,960</u>	<u>100.00 %</u>

**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 (CONTINUED)
DECEMBER 31, 2020**

COMBINED STATEMENT OF DEBT

<u>Designation</u>	<u>Amount Outstanding</u>
Water Enterprise Revenue Note, Series 2010	\$ 6,176,787
Local Government Bonds	17,266,651
Total	<u>\$ 23,443,438</u>

DEBT SERVICE REQUIREMENTS OF THE DISTRICT

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

ESTIMATED DIRECT AND OVERLAPPING DEBT SCHEDULE

	2020 Assessed Valuation	Outstanding General Obligation Debt (1)	Outstanding Debt Applicable to District	
			Percent	Amount
The District	\$ 244,371,960	\$ -	100.00 %	\$ -
Douglas County School District RE-1	7,454,942,099	419,585,000	3.28	13,762,388
Parker Fire Protection District	5,413,796,970	-	-	-
Total				<u>\$ 13,762,388</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
COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
CLEAN WATER REVENUES BONDS, SERIES 2002A AND 2005A (CONTINUED)
DECEMBER 31, 2020**

ASSESSED VALUATION, DEBT, AND DEBT RATIOS

Actual Valuation	\$ 3,040,691,795
Assessed Valuation	\$ 244,371,960
Net General Obligation Direct Debt	\$ -
Net Direct and Estimated Overlapping Debt	\$ 13,762,388
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	0.45 %
Ratio of net direct and estimated overlapping debt to assessed valuation	5.63 %
Net direct and estimated overlapping debt per capita (1)	\$ 1,032
Estimated actual valuation per capita (1)	\$ 227,942
Assessed valuation per capita (1)	\$ 18,319
(1) Estimated permanent population	13,340

SINGLE AUDIT REPORTS AND SCHEDULES

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Environmental Protection Agency				
Passed Through the Colorado Water Resources and Power Development Authority				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D15A024	\$ -	\$ 1,904,648 *

*Major Program

See Independent Auditor's Report
See Notes to the Schedule of Expenditures of Federal Awards

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Denver Southeast Suburban Water and Sanitation District (the “District”) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) (Uniform Guidance). Because the Schedule represents only a portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

**INSERT INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INSERT SCHEDULE OF FINDINGS AND QUESTIONED COSTS