

BOARD MEETING AGENDAS

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

**JOINT MEETING OF THE PLATTE CANYON AND SOUTHWEST METROPOLITAN
WATER AND SANITATION DISTRICTS**

PLATTE CANYON WATER AND SANITATION DISTRICT

**March 22, 2019 - 8:30 a.m.
Platte Canyon/Southwest Metropolitan District Office
8739 W. Coal Mine Avenue
Littleton, Colorado 80123**

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

Call to Order and Determination of Quorum

Approval of Agenda

Consent Agenda

1. Approval/Ratification of Accounts Payable (**Tab 1**)
2. Ratification of Investment/Deposit Transactions (**Tab 2**)

Action Items

1. Acceptance of Audit Report for 2018 (**Tab 3**)

Information - Discussion Items

New Business

JOINT MEETING
PLATTE CANYON/SOUTHWEST METROPOLITAN

Call to Order and Determination of Quorum

Approval of Agenda

Consent Agenda

1. Approval of Minutes for the Joint Regular Meeting held on February 22, 2019
(**Tab 4**)

Action Items

Information - Discussion Items

1. Platte Canyon Financial Statements (**Tab 5**)
2. Southwest Metropolitan Financial Statements (**Tab 6**)
3. Platte Canyon Investment/Deposit Report (**Tab 7**)
4. Southwest Metropolitan Investment/Deposit Report (**Tab 8**)
5. Manager's Report (**Tab 9**)
6. Operations Report (**Tab 10**)
7. Construction Projects Report (**Tab 11**)

New Business

PLATTE CANYON WATER AND SANITATION DISTRICT

Call to Order and Determination of Quorum

Approval of Agenda

Consent Agenda

1. Approval/Ratification of Accounts Payable (**Tab 12**)
2. Ratification of Investment/Deposit Transactions (**Tab 13**)

Action Items

2. Acceptance of Audit Report for 2018 (**Tab 14**)

Information - Discussion Items

New Business

Adjournment - Next meeting is scheduled for April 26, 2019

Southwest Metropolitan Water & Sanitation District
Checklist for the Month of March 2019

<i>Ck. No.</i>	<i>Payee</i>	<i>Description</i>	<i>Amount</i>	<i>Net Amount</i>
019429	Arrowhead Landscape Services	Repair and maintenance office		\$2,740.00
019430	Bristol Botanics	Repair and maintenance office		\$283.00
019431	C&L Water Solutions, Inc.	Water contract remedial		\$1,045.00
019432	CenturyLink	Pump station telemetry		\$117.93
019433	Comcast Business	Utilities and telephone		\$274.07
019434	Comcast Business	Utilities and telephone		\$426.36
019435	Denver Heating & Air Condition	Repair and maintenance office		\$583.75
019436	Exponent, Inc.	Water contract remedial		\$3,500.00
019437	Jefferson County Highways	Water contract emergency		\$175.00
019438	Dana Kepner Co.	Repair and maintenance water		\$765.72
019439	Merrick & Company, Inc.	Engineering GIS		\$293.50
019440	U.S. Postal Service	Newsletter		\$4,002.70
019441	RG and Associates, LLC	Engineering backcharges		\$911.50
019442	Ross Valve Mfg.	Repair and maintenance water		\$182.14
019443	System Communications	Repair and maintenance office		\$107.50
019444	Utility Notification Center	Utility notification		\$768.22
019445	Waste Connections of Colorado	Repair and maintenance office		\$221.83
W00187	Xcel Energy			\$2,035.03
		Pump station utilities	1,898.27	
		Flow meter utilities	136.76	
W00188	Xcel Energy	Utilities and telephone		\$1,723.61
019399	Arrowhead Landscape Services	Repair and maintenance office		\$1,283.50
019400	Bristol Botanics	Repair and maintenance office		\$283.00
019401	Browns Hill Eng. & Controls	Sewer maintenance flow meters		\$136.50
019402	CenturyLink	Pump station telemetry		\$117.93
019403	Central Fire Protection Contr.	Repair and maintenance office		\$265.00
019404	Comcast Business	Utilities and telephone		\$274.07
019405	Comcast Business	Utilities and telephone		\$426.36
019406	Denver Water	Utilities and telephone		\$122.11
019407	Intermountain Sales, Inc	Repair and maintenance sewer		\$246.54
019408	Jefferson County Highways	Water contract emergency		\$350.00
019409	JRS Janitorial, LLC	Repair and maintenance office		\$692.00
019410	Dana Kepner Co.	Repair and maintenance water		\$1,132.21
019411	Merrick & Company, Inc.	Engineering GIS		\$968.50
019412	Utility Notification Center	Utility notification		\$607.76
W00185	Xcel Energy	Utilities and telephone		\$1,609.36
W00186	Xcel Energy			\$2,048.55
		Pump station utilities	1,905.31	
		Flow meter utilities	143.24	
TOTAL ACH/CHECKS PAID AS OF MARCH 15, 2019				\$30,720.25

Southwest Metropolitan Water & Sanitation District
Schedule of Investment Principal Activity
Month of: FEBRUARY, 2019

Date Purchased	Date of Maturity	Number of Days (Wt. Avg.)	Face/Principal	Face Rate (Wt. Avg.)	Purchase Price (Wt. Avg.)	Purchased Interest	Purchased Yield (Wt. Avg.)	Redemption Yield (Wt. Avg.)	Totals
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NEW PURCHASES

	0								0.00
	0								0.00
	0								0.00
	0								0.00
	0								0.00
	0								0.00
	0								0.00
Average days/Weighted average rate	0			0.0000%	0.00	0.00	0.0000%		
Total new purchases			\$0.00						\$0.00

REDEMPTIONS

Solera National Bank	02/24/16	02/24/19	1096	249,000.00	1.2400%				(249,000.00)
			0						0.00
			0						0.00
			0						0.00
Average days/Weighted average rate	0			1.2400%	0.0000	0.00	0.0000%		
Total redemptions			\$249,000.00						(\$249,000.00)

RENEWALS

			0						0.00
			0						0.00
			0						0.00
			0						0.00
Total renewals			\$0.00						

Net decrease in investments in February (\$249,000.00)

NOTE: All redemptions are wired to checking account at Wells Fargo Bank West of Littleton or to the UMB Trust account.



SCHILLING & COMPANY, INC.

Certified Public Accountants

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March 22, 2019

To the Board of Directors
Southwest Metropolitan
Water and Sanitation District
Arapahoe and Jefferson and Douglas Counties, Colorado

We have audited the financial statements of Southwest Metropolitan Water and Sanitation District for the year ended December 31, 2018, and have issued our report thereon dated March 22, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter dated October 31, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties may have lead to a modified opinion. We also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in February 2019, and we issued our report on March 22, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. There were no financial statement disclosures that are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any known or likely misstatements during the performance of the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a

consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

Arapahoe, Jefferson, and Douglas Counties, Colorado

**FINANCIAL STATEMENTS
December 31, 2018 and 2017**

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SCHILLING & COMPANY, INC.

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Independent Auditor's Report

Board of Directors
Southwest Metropolitan
Water and Sanitation District
Arapahoe, Jefferson and Douglas Counties, Colorado

We have audited the accompanying financial statements of Southwest Metropolitan Water and Sanitation District (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Metropolitan Water and Sanitation District, as of December 31, 2018 and 2017, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
March 22, 2019

**SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED December 31, 2018 and 2017**

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

Financial Highlights

- Net Position decreased \$1,886,701 (or 3.0%) from 2017 to 2018.
- In 2018, charges for services amounted to \$1,050,668 representing 57.1% of the District's total revenue.
- Total capital contributions during 2018 amounted to \$423,871.
- Net Position decreased \$1,747,357 (or 2.7%) from 2016 to 2017.
- In 2017, charges for services amounted to \$713,169 representing 41.9% of the District's total revenue.
- Total capital contributions during 2017 amounted to \$628,136.

Overview of the Financial Statements

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two 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 which reflects how the District's Net Position changed during the past year. All changes in 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, revenues 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.

These financial statements distinguish functions of the District that will be principally supported by investment income, service fees and tap fees. The functions of the District include effective and economical operation of water distribution and wastewater collection systems within the jurisdictional boundaries of the District. The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

NET POSITION

December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Current assets	\$ 8,680,238	\$ 8,598,784	\$ 9,513,304
Noncurrent assets:			
Long-term cash deposits and investments	15,157,870	16,331,900	15,690,035
Capital assets, net	38,032,583	38,899,370	40,367,962
Total noncurrent assets	<u>53,190,453</u>	<u>55,231,270</u>	<u>56,057,997</u>
Total assets	<u>61,870,691</u>	<u>63,830,054</u>	<u>65,571,301</u>
LIABILITIES			
Current liabilities	<u>243,930</u>	<u>316,592</u>	<u>310,482</u>
Total liabilities	<u>243,930</u>	<u>316,592</u>	<u>310,482</u>
NET POSITION			
Investment in capital assets	38,032,583	38,899,370	40,367,962
Restricted - Emergency reserve	42,800	50,800	34,800
Unrestricted	<u>23,551,378</u>	<u>24,563,292</u>	<u>24,858,057</u>
Total net position	<u>\$61,626,761</u>	<u>\$63,513,462</u>	<u>\$65,260,819</u>

As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$61,626,761, \$63,513,462, and \$65,260,819 at December 31, 2018, 2017, and 2016 respectively. The largest portion of the District's Net Position reflects its investment in capital assets. The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Unrestricted Net Position may be used to meet the District's ongoing obligations to maintain the water and sewer systems within the jurisdictional boundaries.

Comparing 2017 to 2018, Current assets increased \$81,454 and long-term cash deposits and investments decreased \$1,174,030. As the District does not levy property taxes, the District relies heavily on its cash and investment reserves to fund operations as well as its investment in capital. This funding explains the overall decrease in assets. With the steady decline in cash and investment reserves, the District's imposition of a service charge on District customers has become necessary in order to continue to effectively maintain the District facilities.

Comparing 2016 to 2017, Current assets decreased \$914,520 while long-term cash deposits and investments increased \$641,865. As mentioned above the District's cash and investment reserves are relied upon to fund operations and capital investment. The District has incurred significant capital costs over the last few years rehabilitating major sewer interceptors. Consistent with 2016, more than half the balance included in current liabilities represents amounts due contractors for work in progress on capital projects.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ending December 31,	2018	2017	2016
	<u> </u>	<u> </u>	<u> </u>
REVENUE			
OPERATING REVENUE			
Charges for services	\$ 1,050,668	\$ 713,169	\$ 291,487
Total operating revenue	<u>1,050,668</u>	<u>713,169</u>	<u>291,487</u>
NONOPERATING REVENUE			
Net investment income	364,252	359,832	96,389
Total nonoperating revenue	<u>364,252</u>	<u>359,832</u>	<u>96,389</u>
CAPITAL CONTRIBUTIONS			
Tap fees	8,908	462,689	769,321
Capital projects contributions	-	157,500	-
Contributed assets from developers	414,963	7,947	593,073
Total capital contributions	<u>423,871</u>	<u>628,136</u>	<u>1,362,394</u>
Total revenue	<u>1,838,791</u>	<u>1,701,137</u>	<u>1,750,270</u>
EXPENSES			
OPERATING EXPENSES			
Water operations	1,769,953	1,556,450	1,537,625
Sewer operations	1,071,157	1,086,338	1,130,495
General and administrative	855,998	779,678	740,531
Total operating expenses	<u>3,697,108</u>	<u>3,422,466</u>	<u>3,408,651</u>
NONOPERATING EXPENSES			
Loss on disposal of property and equipment	28,384	26,028	14,122
Total nonoperating expenses	<u>28,384</u>	<u>26,028</u>	<u>14,122</u>
Total expenses	<u>3,725,492</u>	<u>3,448,494</u>	<u>3,422,773</u>
CHANGE IN NET POSITION	(1,886,701)	(1,747,357)	(1,672,503)
NET POSITION - BEGINNING OF YEAR	<u>63,513,462</u>	<u>65,260,819</u>	<u>66,933,322</u>
NET POSITION - END OF YEAR	<u>\$61,626,761</u>	<u>\$63,513,462</u>	<u>\$65,260,819</u>

Total revenue increased \$137,654 or 8.1% from 2017 to 2018. The District's charges for services increased \$337,499. This change is attributed to the increase in service fee from \$3.00 to \$5.00 per month per ¾" equivalent water tap. The increases in the service fee imposed over the last few years is necessary to contribute to the shortfall in the funding of District operations, maintenance and rehabilitation of District facilities. Total capital contributions decreased \$204,265 due to the progress of various developments within the District and the timing of tap fee revenue collections.

Total revenue decreased \$49,133 or 2.8% from 2016 to 2017. The increase in charges for services of \$421,682 is primarily due to the District imposing an additional \$2.00 per month per $\frac{3}{4}$ equivalent on customers in 2017. Increased yields and a lower negative fair value adjustment in 2017 compared to 2016 accounts for the increase in net investment income of \$263,443. These revenue increases were offset by the decrease in capital contributions of \$734,258 due to fewer developments being completed during 2017 compared with 2016.

The increase in total expenses from 2017 to 2018 amounted to \$274,642 or 8.0%. Water operations expense increased by \$213,503. This increase is due to more remedial water repairs being identified and scheduled in 2018 compared to 2017. One repair consisted of abandoning a 10-inch water main section and reestablishing connection to a 16-inch main with an approximate cost of \$131,000.

Total expenses increased \$25,721 or 0.8% from 2016 to 2017. Operating expenses were consistent from 2016 to 2017. The District contracts with Platte Canyon Water & Sanitation District to provide administrative and maintenance services under an Intergovernmental Agreement (See Note 6 – Intergovernmental Agreement – Management and Maintenance). The cost of labor and overhead is allocated to the District based on the administrative and maintenance hours devoted to water operations, sewer operations, and general and administrative activities.

Budgetary Highlights

The District prepares its budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of sale of assets, capital outlay, in addition to operations and nonoperating revenues and contributions. Capital contributions of facilities and depreciation are not reflected on the budget as they do not affect “funds available”. This budgetary accounting is required by State statutes.

Actual revenue for the District was more than budgeted revenues by \$48,198. Charges for services reflects a positive budget variance of \$42,388. Charges for services includes service charge revenue, developer plan review and inspection fees, reimbursement of building expense from Platte Canyon Water and Sanitation District (See Note 6 – Intergovernmental Agreement – Management and Maintenance) and other miscellaneous charges.

Budgeted expenditures exceeded actual expenditures by \$294,292. In addition to budgeting for emergency reserve, the District budgeted an additional 30% of the projected water and sewer capital expenses to cover unanticipated increases in construction costs. The percentage applied fluctuates from year to year depending on the predictability of the construction industry. This contingency amount of \$249,016 was not required to be utilized in 2018. The negative variance in water repair and maintenance of \$174,430 is due to more required remedial water repairs to the system than projected and the abandonment of the 10-inch section of main referred to above was budgeted as a capital project. The cost of the abandonment was appropriately expensed. The positive variance in sewer repair and maintenance of \$122,693 is attributed to having no sewer main breaks requiring repair. The negative variance in office maintenance of \$43,866 and the

positive variance in the other category of capital outlay of \$39,268 are related. Costs that were budgeted as capital projects were ultimately determined to be expensed.

Capital Assets

The District's investment in capital assets at December 31, 2018, 2017, and 2016 amounted to \$38,032,583, \$38,899,370, and, \$40,367,962 (net of accumulated depreciation/amortization), respectively.

Analysis of changes in capital assets from 2017 to 2018 is as follows:

	<u>2018</u>	<u>2017</u>	<u>Percentage Change</u>
Land and easements	64,819	64,819	0.0%
Construction in progress	-	195,940	-100.0%
Water distribution systems	17,800,589	18,085,672	-1.6%
Sewage collection system	18,948,981	19,275,391	-1.7%
Office building	1,213,627	1,271,653	-4.6%
Other	4,567	5,895	-22.5%
Total net capital assets	<u>\$ 38,032,583</u>	<u>\$ 38,899,370</u>	

The joint capital water project with Jefferson County was completed during 2018 with a total cost of \$315,847, which includes a capital project contribution from the County in the amount of \$115,796. Additionally, 945 feet of 8-inch ductile iron pipe was replaced amounting to \$229,647. The District also completed sewer projects including the lining of 2,745 feet of concrete sewer pipe, replacing 228 feet of sewer pipe, and replacing components of the District's Supervisory Control and Data Acquisition System (SCADA) totaling \$390,006.

Analysis of changes in capital assets from 2016 to 2017 is as follows:

	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>
Land and easements	64,819	64,819	0.0%
Construction in progress	195,940	989,718	-80.2%
Water distribution systems	18,085,672	19,032,172	-5.0%
Sewage collection system	19,275,391	19,088,751	1.0%
Office building	1,271,653	1,181,055	7.7%
Other	5,895	11,447	-48.5%
Total net capital assets	<u>\$ 38,899,370</u>	<u>\$ 40,367,962</u>	

The rehabilitation of a major sewer interceptor which began during 2016 was completed during 2017 amounting to a total cost of \$946,155. The District participated in an intergovernmental funding project with Jefferson County with the replacement of 1,561 feet of cement asbestos water pipe in conjunction with a road replacement project. As of December 31, 2017, the joint project is substantially complete with \$175,147 being reflected in construction in progress. The remodel of the office building was completed during 2017 and amounted to \$160,533.

Additional information on the District's capital assets can be found in NOTE 4 of this report.

Economic Factors and Next Year's Budget

- Total revenue is budgeted at \$1,913,431. Investment income is budgeted at \$476,640 which is based on a projected average yield of 2.0%.
- The District will continue to impose a service fee to customers. In 2019, the fee will be increased from \$5.00 to \$7.00 per month per ¾" equivalent. Service fee revenue budgeted for 2019 is \$1,253,616 based on 14,924, ¾" equivalents.
- The budget for operating expenditures and capital expenditures is \$1,888,458 and \$335,154 respectively.
- Total expenditures for 2019 are projected to exceed revenue by \$310,181 which will be funded by the District's current funds available.

Requests 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: Financial Administrator, Southwest Metropolitan Water and Sanitation District, 8739 W. Coal Mine Ave., Littleton, Colorado 80123.

FINANCIAL STATEMENTS

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,442,639	\$ 6,170,689
Cash deposits and investments	3,859,921	2,103,592
Accounts receivable	235,615	172,171
Accrued interest receivable	140,714	140,669
Prepaid expenses	1,349	11,663
Total current assets	8,680,238	8,598,784
NONCURRENT ASSETS		
Long-term cash deposits and investments	15,157,870	16,331,900
Capital assets:		
Land and easements	64,819	64,819
Construction in progress	-	195,940
Water distribution system	42,845,890	42,140,181
Sewage collection system	34,544,228	34,097,510
Office building	2,539,585	2,515,609
Other	37,955	33,699
Less accumulated depreciation	(41,999,894)	(40,148,388)
Total capital assets (net of accumulated depreciation)	38,032,583	38,899,370
Total noncurrent assets	53,190,453	55,231,270
Total assets	61,870,691	63,830,054
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	150,044	304,846
Retainage payable	10,309	-
Deposits from developers	83,577	11,746
Total current liabilities	243,930	316,592
NET POSITION		
Investment in capital assets	38,032,583	38,899,370
Restricted for emergencies	42,800	50,800
Unrestricted	23,551,378	24,563,292
TOTAL NET POSITION	\$ 61,626,761	\$ 63,513,462

These financial statements should be read only in connection with the accompanying notes to financial statements.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUE		
Charges for services	\$ 1,050,668	\$ 713,169
Total operating revenue	1,050,668	713,169
OPERATING EXPENSES		
Water operations	1,769,953	1,556,450
Sewer operations	1,071,157	1,086,338
General and administrative	855,998	779,678
Total operating expenses	3,697,108	3,422,466
(LOSS) FROM OPERATIONS	(2,646,440)	(2,709,297)
NONOPERATING REVENUE		
Investment income	523,181	452,614
Net decrease in fair value of investments	(158,929)	(92,782)
Total nonoperating revenue	364,252	359,832
NONOPERATING EXPENSES		
Loss on disposal of property and equipment	(28,384)	(26,028)
Total nonoperating expenses	(28,384)	(26,028)
(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,310,572)	(2,375,493)
CAPITAL CONTRIBUTIONS		
Tap fees	8,908	462,689
Annexation fees	-	157,500
Contributed assets	414,963	7,947
Total capital contributions	423,871	628,136
CHANGE IN NET POSITION	(1,886,701)	(1,747,357)
NET POSITION - BEGINNING OF YEAR	63,513,462	65,260,819
NET POSITION - END OF YEAR	\$ 61,626,761	\$ 63,513,462

These financial statements should be read only in connection with the accompanying notes to financial statements.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,059,055	\$ 572,605
Cash payments to suppliers for goods and services	(1,755,367)	(1,538,586)
Cash flows used for operating activities	(696,312)	(965,981)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital - Tap and annexation fees	8,908	620,189
Acquisition of property, plant and equipment	(822,554)	(392,793)
Cash flows provided (used) by capital and related financing activities	(813,646)	227,396
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	542,147	469,205
Purchase of investments	(1,010,239)	(1,006,149)
Matured investments	250,000	1,000,000
Cash provided (used) by investing activities	(218,092)	463,056
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,728,050)	(275,529)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,170,689	6,446,218
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,442,639	\$ 6,170,689

(Continued)

These financial statements should be read only in connection with the accompanying notes to financial statements.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

(Continued)

	2018	2017
Reconciliation of (loss) from operations to net cash used for operating activities		
(Loss) from operations	\$ (2,646,440)	\$ (2,709,297)
Adjustments to reconcile (loss) from operations to net cash used for operating activities		
Depreciation and amortization	1,905,362	1,864,437
Effects of changes in operating assets and liabilities:		
Accounts receivable	(63,444)	(105,343)
Prepaid expenses	10,314	(755)
Accounts payable	26,065	20,198
Deposits from developers	71,831	(35,221)
Total adjustments	1,950,128	1,743,316
Cash flows used for operating activities	\$ (696,312)	\$ (965,981)
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets from developers	\$ 414,963	\$ 7,947
Loss on disposal of capital assets	\$ 28,384	\$ 26,028

These financial statements should be read only in connection with the accompanying notes to financial statements.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 – DEFINITION OF REPORTING ENTITY

Southwest Metropolitan Water and Sanitation District (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson, Arapahoe and Douglas Counties, 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 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.

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

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 and amortization are computed and recorded as operating expenses. Expenditures for property and equipment are shown as increases in assets. Tap fees, inclusion fees and contributed water and sewer lines are recorded as capital contributions when received.

Operating Revenues and Expenses

The District distinguishes between operating revenue and expenses from nonoperating items. 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 sewer services to its customers. Charges to customers for services provided are performed by a third-party (see Note 5 - Denver Water Board). Operating expenses include cost of service, administrative expenses, and depreciation and amortization of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue 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 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. A budget is legally adopted for the District and is presented on a Non-GAAP budgetary basis.

Restricted Resources

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

Cash Equivalents and Investments

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

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Capital Assets

Capital assets which include property, equipment, and infrastructure are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution or at developer's cost. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation and amortization expense has been computed using the straight-line method over the estimated economic useful lives:

Distribution and collection systems	20 – 40 years
Office building and improvements	15 – 40 years
Other	3 – 5 years

Net Position

Net Position is categorized as investment in capital assets, restricted and unrestricted. Investment in capital assets is intended to reflect the portion of Net Position which are associated with non-liquid, capital assets. Restricted Net Position are liquid assets, which have third party limitations on their use. Unrestricted Net Position represent assets that do not have any third party limitations on their use.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

At December 31, the District had the following cash and investments:

	<u>2018</u>	<u>2017</u>
Deposits	2,132,479	2,387,501
Investments	21,327,951	22,218,680
Total	<u>\$23,460,430</u>	<u>\$24,606,181</u>

Cash deposits and investments are reflected on the December 31, Statement of Net Position as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	4,442,639	6,170,689
Cash deposits and investments	3,859,921	2,103,592
Long-term cash deposits and investments	15,157,870	16,331,900
	<u>\$23,460,430</u>	<u>\$24,606,181</u>

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires deposits of all units of local government to be made in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as 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 equal to the 102% of the uninsured deposits.

Investments

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

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

The investment policy adopted by the Board of Directors of the District establishes additional restrictions to the requirements specified by state statutes.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

At December 31, the District had the following investments:

Investment	Rating	Investment Maturities (in Years)			2018
		1 or less	1 - 5	More than 5	Total
U.S. Government Instrumentalities	AAA/AA+	\$ -	\$ 9,796,870	\$ -	\$ 9,796,870
U.S. Treasury Notes	N/A	1,980,700	5,117,000	-	7,097,700
Local Government Investment Pool	AAAm	4,433,381	-	-	4,433,381
		<u>\$ 6,414,081</u>	<u>\$ 14,913,870</u>	<u>\$ -</u>	<u>\$ 21,327,951</u>

Investment	Rating	Investment Maturities (in Years)			2017
		1 or less	1 - 5	More than 5	Total
U.S. Government Instrumentalities	AAA/AA+	\$ -	\$ 7,915,120	\$ 1,930,120	\$ 9,845,240
U.S. Treasury Notes	N/A	-	6,237,660	-	6,237,660
Local Government Investment Pool	AAAm	6,135,780	-	-	6,135,780
		<u>\$ 6,135,780</u>	<u>\$ 14,152,780</u>	<u>\$ 1,930,120</u>	<u>\$ 22,218,680</u>

Interest Rate Risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting investments in U.S. Treasuries and U.S. Agencies to an original maturity of ten years or less.

Credit risk – The District’s investment policy limits investments to U.S. Treasury obligations and U.S. Government agency securities, local government investment pools, and certain money market mutual funds approved by the Board of Directors. At the time of purchase, investments must have a credit rating equal to or greater than that specified by state statutes.

Concentration of Credit Risk – It is the policy of the District to diversify its investment portfolio to eliminate risk of loss resulting from over concentration of assets in a specific maturity, a specific class, and specific issuer of securities. The District policy includes cash deposits in the total portfolio when determining concentration of investments. The policy provides that the total portfolio of the District may be comprised of 100% U.S. Treasury Notes. However, investment in U.S. agency and instrumentalities may not exceed 50% of the District’s total portfolio and investment in any one issuer may not exceed 20% of the total portfolio. Investments in local government investment pools as well as money market mutual funds may not exceed 35% of the District’s total portfolio. The policy provides for variances in the stated maximum percentage limitations not to exceed 10% at any given time. At December 31, 2018, the District’s investment in Federal Home Loan Mortgage Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corp, and Federal Farm Credit Banks were 13.73%, 9.12%, 9.15%, and 13.93%, respectively, of the District’s total investments and 12.48%, 8.29%, 8.32%, and 12.67%, respectively, of the District’s total portfolio. At December 31, 2017, the District’s investment in Federal Home Loan Mortgage Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corp, and Federal Farm Credit Banks were 13.24%, 8.77%,

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

8.80%, and 13.51%, respectively, of the District's total investments and 11.95%, 7.92%, 7.94%, and 12.20%, respectively, of the District's total portfolio.

Local Government Investment pool - As of December 31, 2018 and 2017, the District had \$4,433,381 and \$6,135,780 respectively, 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 the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District also has certain investments not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend which uses the NAV measurement.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

At December 31, 2018 and 2017 fair value and NAV measurements of the District's investments are as follows:

	Carrying Amount	
	2018	2017
Investment measured at fair value:		
U.S. Government Instrumentalities (Level 1 inputs)	9,796,870	9,845,240
U.S. Treasury Notes (Level 1 inputs)	7,097,700	6,237,660
Total investments by fair value level	<u>16,894,570</u>	<u>16,082,900</u>
Investments measured at NAV:		
Local Government Investment Pool	4,433,381	6,135,780
Total investments at carrying amount	<u>\$21,327,951</u>	<u>\$22,218,680</u>

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
Capital assets, not being depreciated:				
Land and easements	\$ 64,819	\$ -	\$ -	\$ 64,819
Construction in progress	195,940		195,940	-
Total capital assets not being depreciated	<u>260,759</u>	-	<u>195,940</u>	<u>64,819</u>
Capital assets, being depreciated:				
Water distribution system	42,140,181	724,760	19,051	42,845,890
Sewage collection system	34,097,510	509,907	63,189	34,544,228
Office building	2,515,609	23,976	-	2,539,585
Other	33,699	4,256	-	37,955
Total capital assets being depreciated	<u>78,786,999</u>	<u>1,262,899</u>	<u>82,240</u>	<u>79,967,658</u>
Less accumulated depreciation/amortization:				
Water distribution system	(24,054,509)	(1,006,351)	(15,559)	(25,045,301)
Sewage collection system	(14,822,119)	(811,425)	(38,297)	(15,595,247)
Office building	(1,243,956)	(82,002)	-	(1,325,958)
Other	(27,804)	(5,584)	-	(33,388)
Total accumulated depreciation	<u>(40,148,388)</u>	<u>(1,905,362)</u>	<u>(53,856)</u>	<u>(41,999,894)</u>
Total capital assets, being depreciated, net	<u>38,638,611</u>	<u>(642,463)</u>	<u>28,384</u>	<u>37,967,764</u>
Net Capital Assets	<u>\$38,899,370</u>	<u>\$ (642,463)</u>	<u>\$ 224,324</u>	<u>\$38,032,583</u>

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	Balance at December 31, 2016	Additions	Deletions	Balance at December 31, 2017
Capital assets, not being depreciated:				
Land and easements	\$ 64,819	\$ -	\$ -	\$ 64,819
Construction in progress	989,718	372,400	1,166,178	195,940
Total capital assets not being depreciated	<u>1,054,537</u>	<u>372,400</u>	<u>1,166,178</u>	<u>260,759</u>
Capital assets, being depreciated:				
Water distribution system	42,090,708	49,473	-	42,140,181
Sewage collection system	33,644,178	1,005,645	552,313	34,097,510
Office building	2,355,076	160,533	-	2,515,609
Other	33,699	-	-	33,699
Total capital assets being depreciated	<u>78,123,661</u>	<u>1,215,651</u>	<u>552,313</u>	<u>78,786,999</u>
Less accumulated depreciation/amortization:				
Water distribution system	(23,058,536)	(995,973)	-	(24,054,509)
Sewage collection system	(14,555,427)	(792,977)	(526,285)	(14,822,119)
Office building	(1,174,021)	(69,935)	-	(1,243,956)
Other	(22,252)	(5,552)	-	(27,804)
Total accumulated depreciation	<u>(38,810,236)</u>	<u>(1,864,437)</u>	<u>(526,285)</u>	<u>(40,148,388)</u>
Total capital assets, being depreciated, net	<u>39,313,425</u>	<u>(648,786)</u>	<u>26,028</u>	<u>38,638,611</u>
Net Capital Assets	<u>\$40,367,962</u>	<u>\$ (276,386)</u>	<u>\$ 1,192,206</u>	<u>\$38,899,370</u>

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was charged to the following operations:

	<u>2018</u>	<u>2017</u>
Water	811,425	995,973
Sewer	1,006,351	792,977
Administration	87,586	75,487
	<u>\$ 1,905,362</u>	<u>\$ 1,864,437</u>

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 – CONTRACTS

Denver Water Board

The District has a distributor contract with the Denver Water Board (Denver) whereby Denver provides water in the District's service area and charges the users directly ("read and bill" type of distributor's contract). The District is responsible for maintenance and replacement of the water mains owned by the District.

During 2014, under the distributor contract with Denver, the District entered into an Intergovernmental Agreement with Denver to impose a service fee of \$1.00 per month per ¾" equivalent to District customers. The service fee is to be used for operations, maintenance, and rehabilitation, of the District facilities. The fee is imposed on customers' Denver Water bills, with the revenue collected by Denver Water and remitted to the District less a collection fee. The District increased the service fee from \$1.00 to \$3.00 in 2017 and increased another \$2.00 to \$5.00 in 2018. Service fee revenue amounted to \$902,976 and \$534,708 in 2018 and 2017, respectively.

In 1975, the District entered into an agreement with Denver whereby the District constructed water mains and conveyed them to Denver in exchange for a water supply of 5,500,000 gallons per day. Denver is responsible for the operation, maintenance and replacement of these mains.

The District participated in the cost to construct facilities owned by Denver (agreement date 1977). The District acquired the right to sufficient capacities in the water line to serve taps reserved to the District for \$6,742,264. This amount is included in the water distribution system and is being amortized over 40 years using the straight-line method. Accumulated amortization at December 31, 2018 and 2017 is \$5,536,475 and, \$5,367,923 respectively.

The District has additional contracts with Denver for its participation costs in facilities. These facilities were deemed complete during 2005 and the District has no further commitments under the contracts. The District's participation amounted to \$4,484,958, which reserves additional capacity in the Denver system for the District. This amount has been included in the water distribution system and is being amortized over 40 years using the straight-line method. Accumulated amortization at December 31, 2018 and 2017 is \$1,457,611 and \$1,345,487, respectively.

City of Littleton

The District has a contract with the City of Littleton (the City) whereby the City provides sewage treatment for the District and bills users directly. The District is responsible for maintenance and replacement of the sewer mains within the District and will retain title to them.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Meadowbrook-Fairview

In 1976, the District agreed to reserve for Meadowbrook-Fairview Metropolitan District (Meadowbrook-Fairview) sewer capacity for 1,550 single family or equivalent sanitary sewer taps in its facilities. The contract provides that sewer lines described as outfalls “A” & “B” that were constructed by Meadowbrook-Fairview remain the property of Meadowbrook-Fairview until its bonded indebtedness incurred in construction is fully paid.

During 1997, the contract was amended and extended for twenty years. At that time outfall lines “A” & “B” and all easements relating thereto were conveyed to the District as provided in the original contract.

During 1999, the contract was again amended, increasing the total allowable taps by 336 to 1,886. Meadowbrook-Fairview must pay the sum of \$227 for each single-family residential equivalent together with Southwest’s applicable tap fee at the time of connection. At December 31, 2018 and 2017, remaining taps to be issued under the contract amounted to 71 and 75, respectively.

Grant Water and Sanitation District

On August 14, 1962, the District entered into an agreement with Grant Water and Sanitation District (Grant) to accommodate the future transmission of sewage from 5,000 single family equivalent taps. Grant agreed to pay the District \$50 at the time each individual tap is connected.

During 1983, an additional agreement provided for an alternate point of connection to the Districts sewer system for 300 single family equivalent taps, within Grant at \$450 per individual tap. The 300 sewer taps are part of, and not in addition to the 5,000 sewer taps allowed under the 1962 Agreement. At December 31, 2018 and 2017, remaining taps to be issued under the agreements amounted to 1,381 and 1,392, respectively.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Intergovernmental Agreement – Management and Maintenance

In 1986, the District entered into an agreement with Platte Canyon Water and Sanitation District (Platte Canyon) wherein Platte Canyon provides management, maintenance, inspection and clerical services to the District. Under the agreement, Platte Canyon bills the District monthly for its proportionate share of costs. During 2014, the contract was renewed for ten years with an option for the District to renew for successive five-year periods after December 31, 2024. During 2018 and 2017 the District reimbursed Platte Canyon \$1,019,128 and \$1,045,475, respectively for services provided.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Intergovernmental Agreement – Joint Office and Garage Facility

On March 27, 1998, the District entered into an intergovernmental agreement with Platte Canyon, which provides for cost sharing of a new office and garage facility. The cost of the new facility was \$1,816,148, of which, the District paid 70% or \$1,271,303. Upon termination of the agreement, Platte Canyon will be entitled to 30% of the appraised replacement value of the joint facility excluding land value.

In accordance with the agreement, Platte Canyon pays the District a monthly rent and a proportionate share of the operation and maintenance expense as well as approved capital improvements determined on a quarterly basis. The Intergovernmental Agreement was amended on January 1, 2019 and will be effective until December 31, 2029. Reimbursement of operation, maintenance, and capital improvement costs received from Platte Canyon during 2018 and 2017 amounted to \$56,910 and \$79,803, respectively.

Water Tap Deposit Agreement

Advance deposits for the purchase of future water taps were received during 1978. At December 31, 2018, remaining advance deposits amounted to \$552,750, which represents the District's intention to issue 737 water taps. This amount was recorded as contributions when received. No advance deposits were used or refunded in 2018 and 2017.

NOTE 7 – LEASES

In 1969, the District entered into an agreement with the City of Littleton whereby the City is allowed to connect with the District's sewer lines for \$15,000 per year. The agreement is subject to renewal annually. The District recorded lease income of \$15,000 for each of the years ended December 31, 2018 and 2017.

NOTE 8 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, as amended from time to time, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

The District pays annual premiums to the Pool for property, general liability, and boiler and machinery. In the event aggregate 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.

The District maintains commercial insurance for injuries to employees (worker's compensation). Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 9 – 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.

On November 4, 2003, a majority of the District's electors authorized the District to collect, retain and spend all revenues and other funds received from District rates, fees, tolls, charges, fines, penalties and investments commencing January 1, 2004, for general operations, maintenance, and capital improvements as a voter approved revenue change and exception to the limits which would otherwise apply under Article X, Section 20.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2018 and 2017, the District's reserve of \$42,800 and \$50,800 was recorded as a restriction of Net Position.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
Years Ended December 31, 2018 and 2017

	2018	2017
WATER OPERATIONS		
Repair and maintenance	\$ 720,530	\$ 502,687
Utilities	27,987	31,593
Engineering and legal	15,085	26,197
Depreciation	725,675	715,297
Amortization	280,676	280,676
Total water operations	1,769,953	1,556,450
SEWER OPERATIONS		
Repair and maintenance	225,307	257,012
Utilities	12,829	12,019
Engineering and legal	21,596	24,330
Depreciation	799,341	780,893
Amortization	12,084	12,084
Total sewer operations	1,071,157	1,086,338
GENERAL AND ADMINISTRATIVE		
General office administration		
Administration	489,800	483,598
Office supplies	2,008	2,036
Other	16,350	16,403
Public Relations	48,653	30,670
Professional and consulting		
Accounting and audit	5,550	5,400
Legal	32,278	36,526
Other	-	7,500
Insurance	14,663	13,909
Building maintenance and utilities	153,081	102,120
Miscellaneous	6,029	6,029
Depreciation	87,586	75,487
Total general and administrative	855,998	779,678
Total operating expenses	\$ 3,697,108	\$ 3,422,466

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)
Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUE			
Net investment income	\$ 367,350	\$ 364,252	\$ (3,098)
Tap fees - sewer	-	8,908	8,908
Charges for services	<u>1,008,280</u>	<u>1,050,668</u>	<u>42,388</u>
Total revenue	<u>1,375,630</u>	<u>1,423,828</u>	<u>48,198</u>
EXPENDITURES			
OPERATIONS AND ADMINISTRATION			
Operations and maintenance - water			
Repair and maintenance	546,100	720,530	(174,430)
Utilities	34,100	27,987	6,113
Engineering and legal	17,400	15,085	2,315
Operations and maintenance - sewer			
Repair and maintenance	348,000	225,307	122,693
Utilities	12,400	12,829	(429)
Engineering and legal	18,600	21,596	(2,996)
General office administration	513,653	508,158	5,495
Public Relations	55,345	48,653	6,692
Professional and consulting	49,500	37,828	11,672
Insurance	14,750	14,663	87
Office maintenance	78,900	122,766	(43,866)
Office utilities	32,250	30,315	1,935
Other	<u>8,030</u>	<u>6,029</u>	<u>2,001</u>
Total operations and maintenance	<u>1,729,028</u>	<u>1,791,746</u>	<u>(62,718)</u>
CAPITAL OUTLAY			
Water distribution system	350,233	254,550	95,683
Sewage collection system	342,257	369,214	(26,957)
Other	67,500	28,232	39,268
Contingency	<u>249,016</u>	<u>-</u>	<u>249,016</u>
Total capital outlay	<u>1,009,006</u>	<u>651,996</u>	<u>357,010</u>
Total expenditures	<u>2,738,034</u>	<u>2,443,742</u>	<u>294,292</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	(1,362,404)	(1,019,914)	342,490
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>24,490,198</u>	<u>24,614,092</u>	<u>123,894</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 23,127,794</u>	<u>\$ 23,594,178</u>	<u>\$ 466,384</u>
Funds available is computed as follows:			
Current assets		\$ 8,680,238	
Long-term cash deposits and investments		15,157,870	
Current liabilities		(243,930)	
		<u>\$ 23,594,178</u>	

**SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
RECONCILIATION OF ACTUAL (Non-GAAP BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2018**

REVENUE (BUDGETARY BASIS)	\$ 1,423,828
Contributed capital assets	414,963
Total revenue per statement of revenues, expenses, and changes in net position	1,838,791
 EXPENDITURES (BUDGETARY BASIS)	 2,443,742
Depreciation	1,612,602
Amortization	292,760
Loss on asset disposition	28,384
Capital outlay	(651,996)
Total expenses per statement of revenues, expenses, and changes in net position	3,725,492
Change in net position per statement of revenues, expenses, and changes in net position	\$ (1,886,701)

RECORD OF PROCEEDINGS

MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

PLATTE CANYON WATER AND SANITATION DISTRICT

AND

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT¹

Friday
February 22, 2019
Jefferson County, Colorado

The joint regular monthly meeting of the Board of Directors of the Platte Canyon Water and Sanitation District (“Platte Canyon”) and the Board of Directors of the Southwest Metropolitan Water and Sanitation District (“Southwest”) convened on Friday, February 22, 2019, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. Although jointly conducted, a portion of the meeting pertained solely to one District or the other and, accordingly, at times only the vote of one Board or the other was required.

The following Platte Canyon Directors were in attendance, to wit:

William Buckner
Anthony M. Dursey
Louis J. Fohn
George E. Hamblin, Jr.
Richard Rock

The following Southwest Directors were in attendance, to-wit:

Anthony M. Dursey
Kenton C. Ensor, Jr.
George E. Hamblin, Jr.
Chuck Hause
Bernard J. Sebastian, Jr.

The following Platte Canyon staff members were in attendance: Patrick J. Fitzgerald, manager; Cynthia Lane, assistant manager; Vanessa Shipley, financial administrator; Scott Hand, operations supervisor; Tony Cocozzella, construction, plan

¹ and each District’s Water and Sanitary Sewer Activity Enterprise.

RECORD OF PROCEEDINGS

review and special projects coordinator; Alyssa Quinn, administrative assistant and Tayler Newkirk, communication and administrative services coordinator.²

Also, in attendance was Timothy J. Flynn, from Collins Cockrel & Cole, P.C., legal counsel for both Districts.

CALL TO ORDER

The meeting was called to order by Platte Canyon President, Richard Rock, who presided as Chair.

APPROVAL OF PLATTE CANYON AGENDA

A motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to approve, as presented, the Platte Canyon agenda. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner
Anthony M. Dursey
Louis J. Fohn
George E. Hamblin, Jr.
Richard Rock

PLATTE CANYON CONSENT AGENDA ITEMS

Following a brief discussion, a motion was made by Platte Canyon Director Hamblin and seconded by Platte Canyon Director Fohn to approve Platte Canyon Consent Agenda Items 1 and 2, as set forth below, by a single motion. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

² Southwest has no employees. The above-named personnel are Platte Canyon employees who, pursuant to contract with Platte Canyon, provide management, operation and maintenance services for Southwest.

RECORD OF PROCEEDINGS

1. **Ratification of Interim Disbursements and Current Payables.** The Platte Canyon interim disbursements paid and current payables for the month of February, 2019 in the aggregate amount of \$179,093.07, represented by Platte Canyon check numbers 32314 through 32356, inclusive, together with various electronic fund payments for employee salaries, utility payments and other authorized electronic fund payment vendors.

2. **Ratification of Platte Canyon Investment Transactions.** During the month of January, Platte Canyon did not purchase any treasury notes or agency securities, or have any treasury notes, agency securities or other investments redeem or mature, or renew no certificates of deposit.

PLATTE CANYON ACTION ITEMS

1. **Approval of Resolution 2019-2-1 Discontinuing the District's Post-Employment Merit Award Program.** Following a brief discussion, during which it was the consensus of both the Southwest and Platte Canyon Boards that Platte Canyon's post-employment merit award program should be discontinued, a motion was made by Platte Canyon Director Rock and seconded by Platte Canyon Director Fohn to adopt Platte Canyon Resolution 2019-2-1, which discontinues the Platte Canyon merit award program effective as of December 31, 2018, and provides for the documentation of the amount that each Platte Canyon employee who is eligible for a merit award is entitled to as of December 31, 2018. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

A copy of Resolution 2019-2-1 is attached to the original of these minutes as Exhibit A.

2. **Approval of Amended and Restated Deferred Compensation Plan Participation Agreement (457 Plan) and Amended and Restated Retirement Plan and**

RECORD OF PROCEEDINGS

Trust Participation Agreement (401A Plan) with Colorado Counties and Officials Retirement Association. The manager reviewed with both Boards the changes that he is recommending to Platte Canyon's 457 Deferred Compensation Plan and 401A Retirement Plan which increase up to ten percent the amount that Platte Canyon will match for each employees' contribution to those plans. These amendments to Platte Canyon's deferred compensation and retirement plan are designed to allow the employees to increase their retirement benefits while they are employed by Platte Canyon and is in part a measure to offset the discontinuance of Platte Canyon's post-employment merit award program.

After discussing the matter, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner to approve and adopt the Amended and Restated Deferred Compensation Plan Participation Agreement and the Amended and Restated Retirement Plan and Trust Participation Agreement with Colorado Counties and Officials Retirement Association and to authorize appropriate officers of the District to execute said documents. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

3. **Approval of Revisions to Platte Canyon Water and Sanitation District Employee Handbook.** With the discontinuance of the Platte Canyon merit award program and the increase in the amount that Platte Canyon will match for contributions to an employee's 457 Compensation Plan and 401A Retirement Plan, the Platte Canyon Handbook needs to be revised. Proposed revisions to the Handbook were reviewed by the Platte Canyon Board. Following a brief discussion, a motion to approve these revisions and to formally adopt them was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Fohn. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

RECORD OF PROCEEDINGS

4. **Proposed Increase in Employee Life Insurance Benefits.** This matter was deferred until later in the joint regular meeting.

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

There were no information or discussion items to come before the Platte Canyon Board.

PLATTE CANYON NEW BUSINESS

There was no new business to come before the Platte Canyon Board.

JOINT PARTICIPATION PORTION OF THE MEETING

Platte Canyon's President, Richard Rock, continued to act as Chair of the joint participation portion of the meeting.

APPROVAL OF JOINT REGULAR MEETING AGENDA

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Southwest Director Dursey to approve the joint regular meeting agenda as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

The Chair then called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

RECORD OF PROCEEDINGS

JOINT MEETING CONSENT AGENDA ITEM

1. **Approval of the Minutes of the Joint Regular Meeting Held on January 25, 2019.** Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Platte Canyon Director Fohn to approve, as written, the minutes of the Boards' January 25, 2019 joint regular meeting.

The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

The approved minutes of the Boards' January 25, 2019 joint regular meeting were then presented to the members of each Board for signature as further evidence of ratification, confirmation and approval.

JOINT MEETING ACTION ITEMS

There were no action items to come before the joint meeting of the Boards.

JOINT MEETING INFORMATION/DISCUSSION ITEMS

1. **Financial Matters.**

(a) **Platte Canyon Financial Statements.** The following unaudited Platte Canyon financial statements, prepared by Vanessa Shipley for the one-month period ending January 31, 2019, were presented to the Boards:

RECORD OF PROCEEDINGS

(i) Statement of Net Assets, dated January 31, 2019, showing Platte Canyon’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the one-month period ending January 31, 2019;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the one-month period ending January 31, 2019; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the one-month period ending January 31, 2019.

At the conclusion of Vanessa Shipley’s review of the Platte Canyon financial statements, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to accept the Platte Canyon financial statements, as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

Director Dursey initiated a discussion regarding the adequacy of the Platte Canyon water and sewer tap fees in light of possible redevelopment within the District. During the general discussion, the manager indicated that staff is in the process of reviewing the District’s capital improvement programs in the future as well as the adequacy of all the District’s rates, fees and charges. This matter will be brought back to the Board at a future meeting.

2. **Southwest Financial Statements.** The following unaudited Southwest financial statements, prepared by Vanessa Shipley for the one-month period ending January 31, 2019, were presented to the Boards:

(i) Statement of Net Assets, dated January 31, 2019, showing Southwest’s Assets, Liabilities, and Net Assets;

RECORD OF PROCEEDINGS

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the one-month period ending January 31, 2019;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the one-month period ending January 31, 2019; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the one-month period ending January 31, 2019.

At the conclusion of her discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to accept the Southwest financial statements, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

3. **Platte Canyon Investment/Deposit Report.** The Boards reviewed a list of Platte Canyon's investments in U.S. Government treasury notes, agency securities, certificates of deposit, and money market funds, together with a report showing the funds Platte Canyon has in approved state depositories and authorized investment pools. As of January 31, 2018, Platte Canyon's investments and deposits totaled \$9,702,810.80, itemized as follows:

RECORD OF PROCEEDINGS

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$212,870.18	2.19%
Certificates of Deposit	\$744,000.00	7.67%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$2,664,265.82	27.46%
ColoTrust-Trust Account	\$1,093,379.17	11.27%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$990,773.13	10.21%
U.S. Government Agencies and Instrumentalities	\$3,997,522.50	41.20%
TOTAL	\$9,702,810.80	100.00%

The average yield on Platte Canyon's investments for the month of January, 2019, as calculated by staff, was 2.1833% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to accept the Platte Canyon Schedule of Deposits and Investments as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

4. **Southwest Investment/Deposit Report.** The Board reviewed a list of Southwest's investments in U.S. Government treasury notes, agency securities, certificates of deposit, and money market funds, together with a report showing the funds Southwest has in approved state depositories and authorized investment pools. As of January 31, 2019, Southwest's investments and deposits totaled \$24,739,061.07, itemized as follows:

RECORD OF PROCEEDINGS

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$1,054,485.78	4.26%
Certificates of Deposit	\$1,870,543.08	7.56%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$4,635,228.53	18.74%
ColoTrust-Trust Account	\$160,046.73	0.65%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$7,003,691.65	28.31%
U.S. Government Agencies and Instrumentalities	\$10,015,065.30	40.48%
TOTAL	\$24,739,061.07	100.00%

The average yield on Southwest’s investments for the month of January, 2018, as calculated by staff, was 2.3563% per annum.

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to accept the Southwest Schedule of Deposits and Investments, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

5. **Management Information Report.** The manager and assistant manager reviewed, as more particularly set forth below, the written Management Information Report dated February 2019. A copy of the Management Information Report was previously provided to the members of both Boards.

(a) **Employee Luncheon.** The manager reminded everyone of the employee luncheon that will be held on Tuesday, March 12, 2019, at Angelo’s in Littleton, Colorado starting at 11:30 a.m.

(b) **Water Main Evaluation Projects.** The assistant manager, Cynthia Lane, noted that a new data analysis has been performed and preliminary results are being evaluated with respect to the Platte Canyon Water Main Evaluation Project that was

RECORD OF PROCEEDINGS

completed last year. The updated information will be utilized in evaluating the service charge for Platte Canyon later this year.

Work has begun on the Southwest Water Main Evaluation Project. Staff completed the rating process about three weeks ahead of schedule. The data will be reviewed and incorporated into a first draft of a report that staff believes will be available in June 2019. The goal is to develop a ten-year capital improvement plan for all Southwest water mains that will be updated each year. It is anticipated that the capital improvement plan will be presented to the Southwest Board in the first half of 2019 during the 2020 budgeting process.

(c) **District Communication Plans**. The assistant manager noted that as part of enhancing communications with the community, Tayler Newkirk and Cory Taylor attended the Kipling Village's HOA meeting held on February 5, 2019. They provided a group of about fifteen interested homeowners with background information on Platte Canyon and Southwest and what the Districts do and why they are important to the homeowners. It was noted that Kipling Village provides new homeowners with a welcome packet. The Association agreed to allow the Districts to include a small brochure and magnet in each welcome packet so new homeowners can be familiar with both Platte Canyon and Southwest.

(d) **Valley Interceptor Relocation Project**. The Valley Interceptor Relocation Project will be going out to bid in March. Staff is becoming concerned that the bids for the project may come back higher than the original engineer's estimate and beyond Valley's capability to finance at the present time. At the upcoming March Valley Board of Directors meeting, the Valley Board will be briefed on staff's concerns that the ultimate contract price for the project may be too high for Valley to proceed with work at the present time.

(e) **Cybersecurity Project**. The assistant manager advised both Boards that Platte Canyon staff continues to pay increased attention to the cybersecurity for the both Districts' computer networks and electronic data storage equipment. A large cybersecurity conference will be held in Denver in late April and staff members Alyssa Quinn and Adam Morris will attend. It was noted that government agencies pay no registration fee. Staff has memberships in the Center for Internet Security and the Multi-State Information Sharing and Analysis Center which provide daily communications regarding the trends with respect to cyberattacks and what organizations should do to enhance the security of their internet systems.

RECORD OF PROCEEDINGS

6. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operations and Maintenance Summary Report dated January 2019. During the January, neither Platte Canyon nor Southwest had any sanitary sewer service interruptions. Southwest had only one water service interruption, and that occurred at 10856 West Polk Drive. This was a break on a 12” line that had a slow leak and was repaired without significant service interruptions to Southwest customers.

The low monitoring instrumentation replacement project is going fine. During January, minor issues arise with certain communication errors that have since been resolved.

The new CCTV van and NASSCO equipment are ready for use and the new processes associated with this new equipment will be implemented within the next couple of weeks. Staff has been trained on how to use the new equipment and everyone is looking forward to using it.

7. **Construction Project Report.** Tony Coccozzella reviewed with both Boards the Capital Project Information and Construction Status Report for both Platte Canyon and Southwest. The Report updated the Boards as to the status of all ongoing Platte Canyon and Southwest projects, including developer and District-specific projects. As part of the review, Mr. Coccozzella also addressed those projects that are in the design phase at the present time.

NEW BUSINESS

There was no new business to come before the joint participation portion of the meeting.

SOUTHWEST ACTION ITEMS

CALL TO ORDER

The Southwest Action Item portion of the joint meeting agenda was called to order by Southwest President, Anthony M. Dursey, who presided as Chair.

SOUTHWEST AGENDA

Following a brief discussion, a motion was made by Southwest Director Hamblin and seconded by Southwest Director Hause to approve, as presented, the Southwest Agenda. The Chair called for a vote of the Southwest Board, and the vote was as follows:

RECORD OF PROCEEDINGS

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST CONSENT AGENDA ITEMS

Following a brief discussion, a motion was made by Southwest Director Hause and seconded Southwest Director Sebastian to approve the Southwest Consent Agenda Items 1 and 2 as set forth below by a single motion. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

1. **Ratification of Interim Disbursements and Current Payables.** The Southwest interim disbursements paid and current payables for the month of February 2019 in the aggregate amount of \$173,090.15, represented by Southwest check numbers 19399 through 19428, inclusive, including electronic fund payments for authorized electronic fund payment vendors as well as checks written by the manager pursuant to prior Board authority for less than \$2,500.

2. **Ratification of Southwest Investment Transactions.** During the month Southwest did not purchase any new investment securities, one CDARS Certificate of Deposit at Citywide Banks matured generating \$252,848.87 in principal proceeds to the District. No certificates of deposit were renewed or rolled over during the month.

SOUTHWEST ACTION ITEMS

There were no Southwest action items to come before the Southwest Board.

NEW BUSINESS

There was no new business to come before the Southwest Board.

RECORD OF PROCEEDINGS

EXECUTIVE SESSION

At approximately 9:35 a.m. a motion was made by Platte Canyon Director Hamblin and seconded by Southwest Director Hause to go into Executive Session pursuant to § 24-6-402(4)(f) and (e), C.R.S., for personnel matters and matters which may become subject to negotiation. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

Whereupon at approximately 9:36 a.m., the Platte Canyon and Southwest Boards went into Executive Session. The manager and the District's assistant manager were present during the Executive Session along with all Board members for both Southwest and Platte Canyon, as well as the Districts' legal counsel. The Executive Session lasted approximately twenty (20) minutes, at which time the Boards returned to open public meeting. The Executive Session was recorded as required by statute and no official actions, decisions or votes were taken during the Executive Session.

Life Insurance Benefits for District Employees.

Following a brief discussion, a motion was made by Platte Canyon Director Rock and seconded by Platte Canyon Director Hamblin to increase the life insurance benefit afforded Platte Canyon employees. Currently the benefit is one year of annual salary. The motion provided that effective March 1, 2019, the employee life insurance benefit will be two years of annual salary. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

RECORD OF PROCEEDINGS

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

ADJOURNMENT

There being no further business to come before this joint regular meeting of the Platte Canyon and Southwest Boards, a motion to adjourn was made by Platte Canon Director Rock and seconded by Platte Canyon Director Fohn. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Richard Rock	Aye

The Chair then called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

Whereupon, this joint regular meeting of the Platte Canyon and Southwest Boards of Directors adjourned at approximately 10:00 a.m. The next joint regular meeting of the Boards will be held on Friday, March 22, 2019, at 8:30 a.m. in the Districts' office, located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

Respectfully submitted,

Timothy J. Flynn, Recording Secretary

RECORD OF PROCEEDINGS

THE MINUTES OF THIS JOINT REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT AND THE BOARD OF DIRECTORS OF THE PLATTE CANYON WATER AND SANITATION DISTRICT ARE HEREBY RATIFIED, CONFIRMED AND APPROVED BY THE FOLLOWING NAMED INDIVIDUALS WHO, INDIVIDUALLY AND AS MEMBERS OF THE BOARD OF DIRECTORS OF SAID DISTRICTS, WAIVE ANY AND ALL NOTICE THAT MAY BE REQUIRED BY THE STATUTES OF THE STATE OF COLORADO PERTAINING TO THE CONVENING AND THE CONDUCTING OF THIS REGULAR MEETING OF THE DISTRICT'S BOARD OF DIRECTORS; AND THE UNDERSIGNED DO HEREBY CONSENT TO THE SAID MEETING BEING HELD ON THE DATE, AT THE TIME AND AT THE PLACE AS HEREINABOVE SET FORTH.

SOUTHWEST METROPOLITAN
WATER AND SANITATION DISTRICT

PLATTE CANYON WATER AND
SANITATION DISTRICT

Anthony M. Dursey

William D. Buckner

Kenton C. Ensor, Jr.

Anthony M. Dursey

George E. Hamblin, Jr.

Louis J. Fohn

Chuck Hause

George E. Hamblin, Jr.

Bernard J. Sebastian, Jr.

Richard Rock

Platte Canyon Water & Sanitation District
Statement of Net Assets
February 28, 2019

ASSETS

CURRENT ASSETS

Cash - Checking	\$211,775.15	
Petty Cash	150.00	
Certificates of Deposit	744,000.00	
Investments	5,000,000.00	
Fair Market Value Adjustment	(77,255.89)	
ColoTrust Plus Account	2,673,354.51	
ColoTrust - Trust Account	1,106,443.64	
Cash County Treasury	619,600.49	
Accounts Receivable	26,358.30	
Prepaid Insurance	70,052.10	
Prepaid Expense	5,000.00	
Accrued Interest Receivable	9,743.37	
Deferred Interest	(10,394.93)	
Total current assets		10,378,826.74

OTHER ASSETS

Prepaid Lease (Office/Maint. Building)	332,130.20	
Total other assets		332,130.20

CAPITAL ASSETS

Land	40,200.00	
Mains, Plant Equip. Sewer	9,632,064.97	
Mains, Plant Equip. Water	13,027,162.88	
Maintenance Equipment	1,627,253.91	
District Office Equipment	213,683.84	
Software	122,137.79	
Pump Station	1,581,428.61	
Construction in Process	22,665.58	
		26,266,597.58
Accumulated Depreciation		(15,425,541.69)
Total capital assets		\$10,841,055.89

TOTAL ASSETS		\$21,552,012.83
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Platte Canyon Water & Sanitation District
Statement of Net Assets
February 28, 2019

LIABILITIES & NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$44,534.63	
Salaries Payable	46,961.85	
Vacation & Sick Leave Payable	134,861.08	
Merit Payable	245,196.59	
Colorado Withholding Payable	1,816.08	
Backcharges Prepaid	3,950.24	
Payroll deductions	(316.43)	
Total current liabilities		477,004.04

NET ASSETS

Net Assets - Beginning of Year		
Invested in capital assets	10,933,095.07	
Restricted	99,600.00	
Unrestricted	9,669,435.61	
Change in net assets - current year	372,878.11	

TOTAL NET ASSETS		\$21,075,008.79
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Platte Canyon Water & Sanitation District
Statement of Revenue, Expenses, and Changes in Net Assets
For the Two Months Ending February 28, 2019

OPERATING REVENUE		
Sewer Transmission Revenue	\$1,290.00	
Contract Maintenance	155,016.15	
	<hr/>	<hr/>
Total operating revenue		\$156,306.15
OPERATING EXPENSES		
Wages	\$207,194.51	
Payroll Taxes	12,303.09	
CCOERA Retirement	11,260.58	
Personnel Insurance	53,777.00	
Communications	2,260.57	
Equipment & Vehicles	22,569.75	
Insurance	7,507.28	
Maintenance Supplies	5,698.13	
Depreciation	111,943.68	
Office Expenses	12,421.13	
Engineering Fees - GIS	2,334.00	
Legal Fees	4,719.00	
Software Management	18,215.71	
Miscellaneous	533.16	
Sewer Maintenance & Operation	1,347.00	
Utility Notification - sewer	279.03	
Water Maintenance & Operation	585.53	
Pump Station Maintenance & Operation	2,423.33	
Water Contract Emergencies	3,918.20	
Utility Notification - water	279.03	
Repair and maint - Office/Maint Bldg	1,600.00	
Office/Maint Building lease amortization	2,576.74	
	<hr/>	<hr/>
Total operating expenses		485,746.45
(LOSS) FROM OPERATIONS		(329,440.30)
NONOPERATING REVENUE		
Tax Revenue	677,685.36	
Net Investment Income	33,759.15	
Miscellaneous Income	689.76	
	<hr/>	<hr/>
Total nonoperating revenue		712,134.27
NONOPERATING EXPENSES		
Treasurer's Fees	9,815.86	
	<hr/>	<hr/>
Total nonoperating expenses		9,815.86
INCOME (LOSS) BEFORE CONTRIBUTIONS		372,878.11
CAPITAL CONTRIBUTIONS		
	<hr/>	<hr/>
CHANGE IN NET ASSETS		372,878.11
NET ASSETS - BEGINNING OF YEAR		20,702,130.68
NET ASSETS - ENDING		\$21,075,008.79

Platte Canyon Water & Sanitation District
Schedule of Revenue and Expenditures - Budget & Actual
CM/YTD Actuals Compared to Annual Budget
For the Two Months Ending February 28, 2019

	CURRENT MONTH	YEAR TO DATE ACTUAL	ANNUAL BUDGET	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$628,864.65	\$677,685.36	\$1,773,828.00	(\$1,096,142.64)
Contract Maintenance	130,401.66	155,016.15	1,379,360.00	(1,224,343.85)
Sewer Transmission Fees		1,290.00	2,580.00	(1,290.00)
Tap Fees - Sewer			4,000.00	(4,000.00)
Proceeds from sale of property			9,000.00	(9,000.00)
Miscellaneous	599.76	689.76	1,500.00	(810.24)
Net Investment Income	15,763.73	33,759.15	175,220.00	(141,460.85)
TOTAL REVENUE	\$775,629.80	\$868,440.42	\$3,345,488.00	(\$2,477,047.58)
OPERATING EXPENDITURES				
PERSONNEL				
Wages	\$99,908.56	\$207,194.51	\$1,261,800.00	\$1,054,605.49
Payroll Taxes	8,305.43	12,303.09	95,360.00	83,056.91
CCOERA Retirement	7,585.11	11,260.58	98,287.00	87,026.42
Personnel Insurance	24,381.97	53,777.00	304,950.00	251,173.00
COMMUNICATIONS				
Communications	151.07	2,260.57	21,700.00	19,439.43
VEHICLES & EQUIPMENT				
Vehicles & Equipment	8,119.13	22,569.75	91,500.00	68,930.25
INSURANCE				
Insurance	3,838.90	7,507.28	50,000.00	42,492.72
MAINTENANCE SUPPLIES				
	2,500.73	5,698.13	25,500.00	19,801.87
OFFICE EXPENSES				
Office Expenses	6,934.73	12,421.13	97,380.00	84,958.87
PUBLIC RELATIONS				
			15,550.00	15,550.00
PROFESSIONAL & CONSULTING				
Audit Fees			7,200.00	7,200.00
Consulting			3,000.00	3,000.00
Consulting - TAC			3,550.00	3,550.00
Engineering Fees			10,000.00	10,000.00
Engineering Fees - GIS	829.50	2,334.00	25,000.00	22,666.00
Legal Fees	4,719.00	4,719.00	37,000.00	32,281.00
Software Management	10,814.52	18,215.71	93,250.00	75,034.29
TREASURERS FEES				
	9,270.25	9,815.86	24,760.00	14,944.14
DIRECTORS FEES				
	500.00	500.00	6,000.00	5,500.00
MISCELLANEOUS				
		33.16	250.00	216.84
SEWER OPERATIONS				
Sewer Mntc. & Operation	1,197.00	1,347.00	18,000.00	16,653.00
Sewer Contract Emergencies			15,000.00	15,000.00
Sewer Contract Remedial			25,000.00	25,000.00
Utility Notification - sewer	139.16	279.03	3,000.00	2,720.97
WATER OPERATIONS				
Water Mntc. & Operation	102.24	585.53	16,000.00	15,414.47
Pump Station Mntc & Oper.	526.26	2,423.33	17,440.00	15,016.67
Water Contract Emergencies		3,918.20	100,000.00	96,081.80
Water Contract Remedial			51,000.00	51,000.00
Utility Notification - water	139.16	279.03	3,000.00	2,720.97
REPAIR & MAINT - OFFICE/MAINT BLDG.				
	800.00	1,600.00	34,575.00	32,975.00
DIRECT BILLED EXPENSES				
	(49.90)			
TOTAL OPERATING EXPENDITURES	\$190,712.82	\$381,041.89	\$2,555,052.00	\$2,174,010.11

Platte Canyon Water & Sanitation District
Schedule of Revenue and Expenditures - Budget & Actual
CM/YTD Actuals Compared to Annual Budget
For the Two Months Ending February 28, 2019

	CURRENT MONTH	YEAR TO DATE ACTUAL	ANNUAL BUDGET	VARIANCE Favorable (Unfavorable)
MAINS, PLANT EQUIP SEWER				
Sewer Rehabilitation			\$25,000.00	\$25,000.00
Sheridan Blvd Rehab. (Leawood)	828.00	1,265.50	287,418.00	286,152.50
MAINS, PLANT EQUIP WATER				
S. Jay Ct. Replacement	3,179.06	4,286.97	284,234.00	279,947.03
S. Jay Dr. Replacement	1,520.42	2,050.29	133,094.00	131,043.71
W. Rowland Ave. Replacement	3,179.06	4,286.97	289,035.00	284,748.03
W. Leawood Dr. Replacement	5,943.46	8,014.77	537,868.00	529,853.23
MAINTENANCE EQUIPMENT				
Maintenance Computer Equipment				
Pickup (1/2 ton, 4WD)			36,000.00	36,000.00
Other Equipment			25,500.00	25,500.00
DISTRICT OFFICE EQUIPMENT				
Office Computer Equipment			2,500.00	2,500.00
Copier				
Other Equipment/Office Furniture			5,000.00	5,000.00
SOFTWARE				
GIS Software				
Office Software				
Maintenance Software				
PUMP STATION				
Property Acquisition from DWD				
CONTINGENCY/EMERGENCY RESERVE			256,030.00	256,030.00
TOTAL CAPITAL OUTLAY	\$14,650.00	\$19,904.50	\$1,881,679.00	\$1,861,774.50
TOTAL EXPENDITURES	\$205,362.82	\$400,946.39	\$4,436,731.00	\$4,035,784.61
REVENUE OVER (UNDER) EXPENDITURES	\$570,266.98	\$467,494.03	(\$1,091,243.00)	\$1,558,737.03
BEGINNING FUNDS AVAILABLE		\$9,434,328.67	\$9,434,328.67	
ENDING FUNDS AVAILABLE		\$9,901,822.70	\$8,343,085.67	

Platte Canyon Water & Sanitation District
Schedule of Revenue and Expenditures Budget & Actual
CM/YTD Actuals Compared to CM/YTD Budget
For the Two Months Ending February 28, 2019

	-----CURRENT MONTH-----			-----YEAR TO DATE-----		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE Favor(Unfavor)
REVENUE						
Taxes	\$628,864.65	\$355,242.42	\$273,622.23	\$677,685.36	\$429,484.84	\$248,200.52
Contract Maintenance	130,401.66	114,946.67	15,454.99	155,016.15	137,525.84	17,490.31
Sewer Transmission Fees				1,290.00	1,290.00	
Miscellaneous	599.76	125.00	474.76	689.76	250.00	439.76
Net Investment Income	15,763.73	14,601.67	1,162.06	33,759.15	29,203.34	4,555.81
TOTAL REVENUE	\$775,629.80	\$484,915.76	\$290,714.04	\$868,440.42	\$597,754.02	\$270,686.40
OPERATING EXPENDITURES						
PERSONNEL						
Wages	\$99,908.56	\$105,150.00	\$5,241.44	\$207,194.51	\$210,300.00	\$3,105.49
Payroll Taxes	8,305.43	7,630.83	(674.60)	12,303.09	15,261.66	2,958.57
CCOERA Retirement	7,585.11	8,190.58	605.47	11,260.58	16,381.16	5,120.58
Personnel Insurance	24,381.97	25,412.50	1,030.53	53,777.00	50,825.00	(2,952.00)
COMMUNICATIONS						
Communications	151.07	1,808.33	1,657.26	2,260.57	3,616.66	1,356.09
VEHICLES & EQUIPMENT						
Vehicles & Equipment	8,119.13	7,625.00	(494.13)	22,569.75	15,250.00	(7,319.75)
INSURANCE						
Insurance	3,838.90	4,166.66	327.76	7,507.28	8,333.32	826.04
MAINTENANCE SUPPLIES						
Office Expenses	2,500.73	2,125.00	(375.73)	5,698.13	4,250.00	(1,448.13)
OFFICE EXPENSES						
Office Expenses	6,934.73	8,114.99	1,180.26	12,421.13	16,229.98	3,808.85
PROFESSIONAL & CONSULTING						
Consulting - TAC		3,550.00	3,550.00		3,550.00	3,550.00
Engineering Fees		833.33	833.33		1,666.66	1,666.66
Engineering Fees - GIS	829.50	2,083.33	1,253.83	2,334.00	4,166.66	1,832.66
Legal Fees	4,719.00	3,083.33	(1,635.67)	4,719.00	6,166.66	1,447.66
Software Management	10,814.52	7,770.83	(3,043.69)	18,215.71	15,541.66	(2,674.05)
TREASURERS FEES						
Treasurers Fees	9,270.25	6,146.78	(3,123.47)	9,815.86	8,296.78	(1,519.08)
DIRECTORS FEES						
Directors Fees	500.00	500.00		500.00	1,000.00	500.00
MISCELLANEOUS						
Miscellaneous		50.00	50.00	33.16	50.00	16.84
SEWER OPERATIONS						
Sewer Mntc. & Operation	1,197.00	1,500.00	303.00	1,347.00	3,000.00	1,653.00
Sewer Contract Emergencies		1,250.00	1,250.00		2,500.00	2,500.00
Sewer Contract Remedial		2,083.33	2,083.33		4,166.66	4,166.66
Utility Notification - sewer	139.16	250.00	110.84	279.03	500.00	220.97
WATER OPERATIONS						
Water Mntc. & Operation	102.24	1,333.33	1,231.09	585.53	2,666.66	2,081.13
Pump Station Mntc & Oper.	526.26	1,453.33	927.07	2,423.33	2,906.66	483.33
Water Contract Emergencies		8,333.33	8,333.33	3,918.20	16,666.66	12,748.46
Water Contract Remedial		4,250.00	4,250.00		8,500.00	8,500.00
Utility Notification - water	139.16	250.00	110.84	279.03	500.00	220.97
REPAIR & MAINT - OFFICE/MAINT BLDG.						
Repair & Maint - Office/Maint Bldg.	800.00	2,881.25	2,081.25	1,600.00	5,762.50	4,162.50
DIRECT BILLED EXPENSES						
Direct Billed Expenses	(49.90)		49.90			
TOTAL OPERATING EXPENDITURES	\$190,712.82	\$217,826.06	\$27,113.24	\$381,041.89	\$428,055.34	\$47,013.45

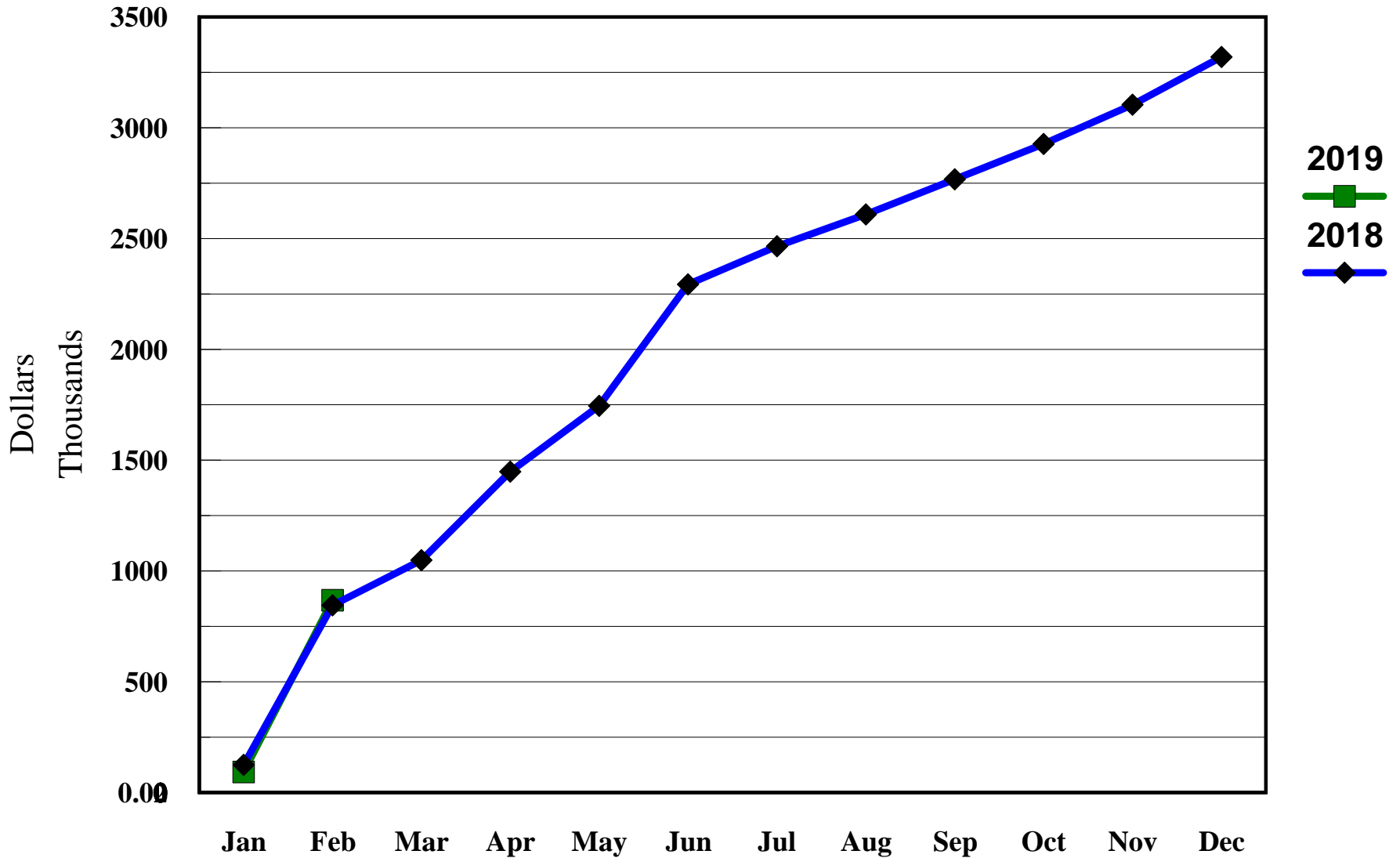
Platte Canyon Water & Sanitation District
Schedule of Revenue and Expenditures Budget & Actual
CM/YTD Actuals Compared to CM/YTD Budget
For the Two Months Ending February 28, 2019

	-----CURRENT MONTH-----			-----YEAR TO DATE-----		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE Favor(Unfavor)
CAPITAL OUTLAY						
MAINS, PLANT EQUIP SEWER						
Sewer Rehabilitation						
S. Sheridan Blvd. Rehab	828.00	1,500.00	672.00	1,265.50	2,000.00	734.50
MAINS, PLANT EQUIP WATER						
S. Jay Ct. Replacement	3,179.06	2,000.00	(1,179.06)	4,286.97	3,000.00	(1,286.97)
S. Jay Dr. Replacement	1,520.42	2,000.00	479.58	2,050.29	3,000.00	949.71
W. Rowland Ave. Replacement	3,179.06	2,000.00	(1,179.06)	4,286.97	3,000.00	(1,286.97)
W. Leawood Dr. Replacement	5,943.46	7,868.00	1,924.54	8,014.77	9,868.00	1,853.23
MAINTENANCE EQUIPMENT						
Maintenance Computer Equipment						
Pickup (1/2 ton, 4WD)						
Other Equipment						
DISTRICT OFFICE EQUIPMENT						
Office Computer Equipment						
Copier						
Other Equipment/Office Furniture						
SOFTWARE						
GIS Software						
Office Software						
Maintenance Software						
PUMP STATION						
SJM Pump Station Improvements						
Land Acquisition from DWD						
CONTINGENCY/EMERGENCY RESERVE		21,335.83	21,335.83		42,671.66	42,671.66
TOTAL CAPITAL OUTLAY	\$14,650.00	\$36,703.83	\$22,053.83	\$19,904.50	\$63,539.66	\$43,635.16
TOTAL EXPENDITURES	\$205,362.82	\$254,529.89	\$49,167.07	\$400,946.39	\$491,595.00	\$90,648.61
REVENUE OVER (UNDER)						
EXPENDITURES	\$570,266.98	\$230,385.87	\$339,881.11	\$467,494.03	\$106,159.02	\$361,335.01
BEGINNING FUNDS AVAILABLE				\$9,434,328.67	\$9,434,328.67	
ENDING FUNDS AVAILABLE				\$9,901,822.70	\$9,540,487.69	

Platte Canyon Water & Sanitation District

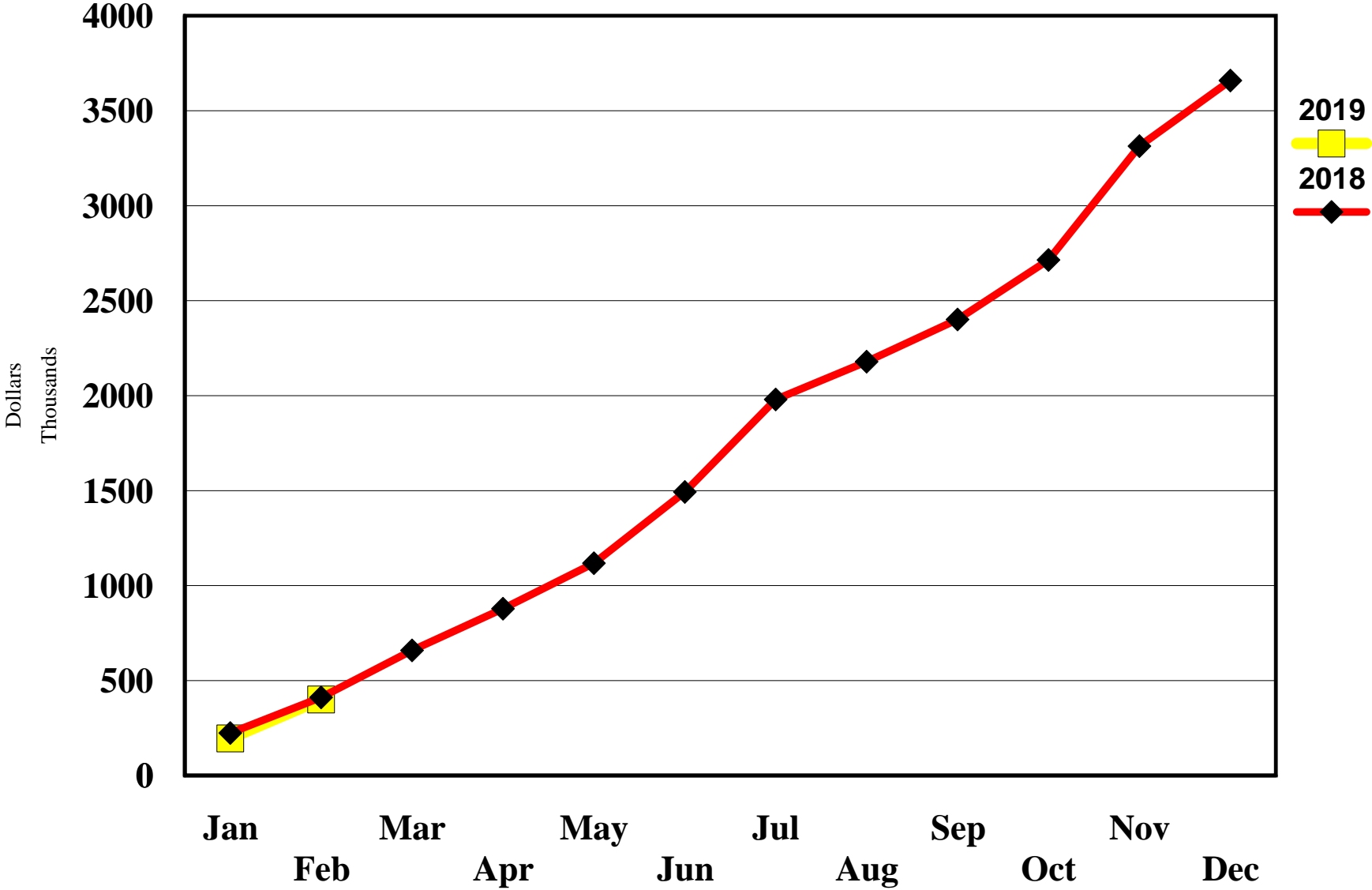
Cumulative Monthly Revenues

2019 Compared to 2018



Platte Canyon Water & Sanitation District

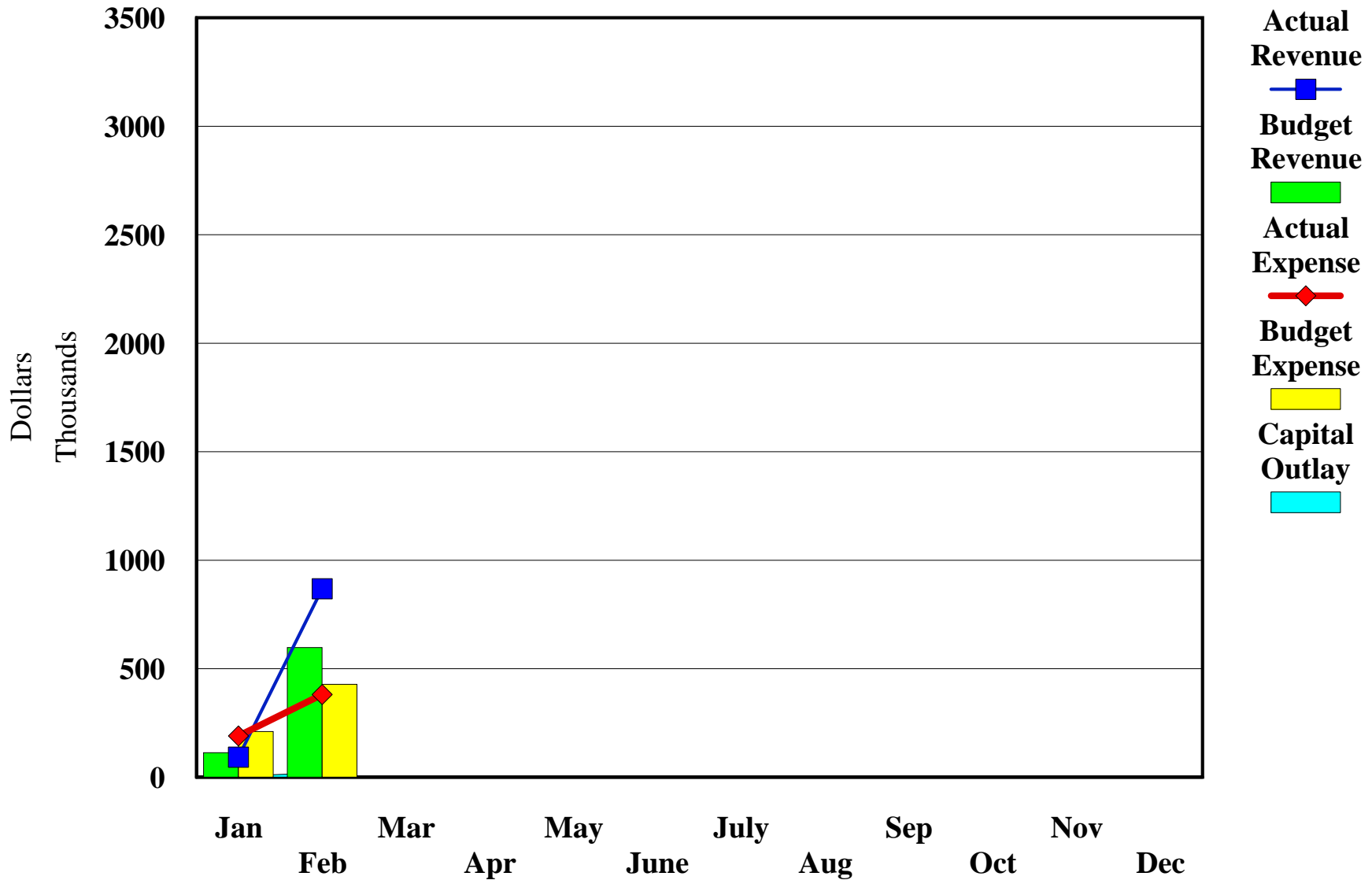
Cumulative Monthly Expenses (Inclusive of capital outlay)
2019 Compared to 2018



Platte Canyon Water & Sanitation District

Cumulative Revenues and Operating Expenditures Compared to Budget and YTD Capital Outlay

January 2019 to December 2019



Southwest Metropolitan Water & Sanitation District
Statement of Net Assets
February 28, 2019

CURRENT ASSETS

Cash - Checking	\$4,830.94	
Cash - ColoTrust PLUS	5,626,180.95	
Cash - Trust Account	190,873.37	
CD's Non Restricted	1,874,552.13	
U.S. Treasuries	17,000,000.00	
Fair Market Value Adjustment	(124,968.50)	
Deferred Interest	18,051.07	
Accrued Interest Receivable	40,265.51	
Prepaid Expenses	8,156.38	
Total current assets		24,637,941.85

CAPITAL ASSETS

Land and easements	64,818.77	
Water System	31,584,321.94	
Line Capacity - DWB Contract	4,186,356.06	
Const. in Process (W) System	9,421.10	
Sewer System	34,084,236.93	
Equipment & Tools	34,346.96	
Office/Maint Building	2,546,678.91	
Office Equipment & Furniture	37,954.79	
	72,548,135.46	
Accumulated Depreciation	(34,821,649.13)	
Total capital assets		37,726,486.33

TOTAL ASSETS		\$62,364,428.18
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Southwest Metropolitan Water & Sanitation District
Statement of Net Assets
February 28, 2019

CURRENT LIABILITIES

Accounts Payable	\$17,549.50	
FICA Payable	76.50	
Hydrant Deposits	2,773.50	
Unearned Backcharges	1,900.02	
Warranty Escrow	70,677.50	
Total current liabilities		92,977.02

NET ASSETS

Net Assets - Beginning of year		
Invested in capital assets	38,032,582.59	
Restricted	42,800.00	
Unrestricted	23,551,378.70	
Change in net assets - current year	644,689.87	

TOTAL NET ASSETS		\$62,271,451.16
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Southwest Metropolitan Water & Sanitation District
Statement of Revenue, Expenses and Changes in Net Assets
For the Two Months Ending February 28, 2019

OPERATING REVENUE		
OPERATING EXPENSES		
Office Administration	\$48,423.14	
Social Security	38.25	
Legal Notices - Ads	33.92	
Bank Charges	26.88	
Legal Services	2,958.00	
Legal Fees - Backcharges	547.50	
Engineering - Backcharges	1,891.20	
Engineering Water	182.22	
Engineering Sewer	144.72	
Engineering - GIS	1,262.00	
Insurance & Bonds	2,581.42	
Directors Fees	500.00	
Repairs & Maint - Office/Maint Bldg.	8,395.96	
Utilities & Telephone	6,131.46	
Miscellaneous	49.90	
Amortization - W&S Systems	48,793.32	
Depreciation	273,818.04	
Repairs & Maintenance - Water	46,378.77	
R&M (W) - Hogback Pump Station	720.00	
Utilities - Hogback Pump Station	4,294.03	
Telemetry - Hogback Pump Station	433.03	
R&M (W) Contract - Emergencies	33,445.20	
Repairs & Maintenance - Sewer	21,989.14	
R&M (S) Flow Meters	726.82	
Utilities - Flow Meters	143.24	
Telemetry - Flow Meters	483.30	
Utility Notification	1,375.98	
Total operating expenses		505,767.44
(LOSS) FROM OPERATIONS		(505,767.44)
NONOPERATING REVENUE		
Net Investment Income	85,682.44	
Sewer Lease/City of Littleton	7,500.00	
Office Rent Income	1,600.00	
Plan review and inspections	10,435.46	
W&S Tap Administration Fees	225.00	
Other Income	3,137.41	
Total nonoperating revenue		108,580.31
INCOME (LOSS) BEFORE CONTRIBUTIONS		(397,187.13)
CAPITAL CONTRIBUTIONS		
Tap Fees	1,041,877.00	
Total capital contributions		1,041,877.00
CHANGE IN NET ASSETS		644,689.87
NET ASSETS - BEGINNING		61,626,761.29
NET ASSETS - ENDING		62,271,451.16

Southwest Metropolitan Water & Sanitation District
Schedule of Revenue and Expenditures - Budget & Actual
CM/YTD Actual Compared to Annual Budget
For the Two Months Ending February 28, 2019

	CURRENT MONTH	YEAR TO DATE ACTUAL	ANNUAL BUDGET	VARIANCE Favorable (Unfavorable)
REVENUE				
Investment Income	\$42,615.75	\$85,682.44	\$476,640.00	(\$390,957.56)
Service fee			\$1,253,616.00	(\$1,253,616.00)
Sewer Lease/City of Littleton		7,500.00	15,000.00	(7,500.00)
Office Rent Income	800.00	1,600.00	32,175.00	(30,575.00)
Plan Review and Inspections	4,641.56	10,435.46	45,000.00	(34,564.54)
W&S Tap Administration Fees	225.00	225.00		225.00
Tap Fees - Water		658,000.00	70,000.00	588,000.00
Tap Fees - Sewer	1,327.00	383,877.00	11,000.00	372,877.00
Other Income	200.00	3,137.41	10,000.00	(6,862.59)
TOTAL REVENUE	\$49,809.31	\$1,150,457.31	\$1,913,431.00	(\$762,973.69)
OPERATING EXPENDITURES				
GENERAL OFFICE				
Office Administration	\$48,423.14	\$48,423.14	\$547,020.00	\$498,596.86
Dues & Seminars			2,000.00	2,000.00
Office Supplies			2,000.00	2,000.00
Public Relations			32,100.00	32,100.00
Legal Notices - Ads	33.92	33.92	200.00	166.08
Bank Charges	8.39	26.88		(26.88)
Miscellaneous	49.90	49.90	1,550.00	1,500.10
PROFESSIONAL & CONSULTING				
Audit			6,000.00	6,000.00
Legal Services	2,958.00	2,958.00	37,000.00	34,042.00
Legal Fees - Backcharges	547.50	547.50	5,000.00	4,452.50
Other Consulting			1,000.00	1,000.00
Technical Advisory Committee			7,500.00	7,500.00
Engineering - Backcharges	911.50	1,891.20	3,000.00	1,108.80
Engineering Water	102.23	182.22	5,000.00	4,817.78
Engineering Sewer	102.23	144.72	5,000.00	4,855.28
Engineering - GIS	293.50	1,262.00	15,000.00	13,738.00
DWD COLLECTION FEE			13,653.00	13,653.00
INSURANCE	1,115.71	2,581.42	15,990.00	13,408.58
DIRECTORS FEES	500.00	500.00	6,000.00	5,500.00
SOCIAL SECURITY/MEDICARE	38.25	38.25	480.00	441.75
REPAIR & MAINT - OFFICE BLDG	4,914.08	8,395.96	69,000.00	60,604.04
UTILITIES & TELEPHONE	2,149.97	6,131.46	33,250.00	27,118.54
WATER OPERATING EXPENDITURES				
Repairs & Maintenance	45,234.41	46,378.77	386,015.00	339,636.23
R&M - Hogback Pump Station	480.00	720.00	11,500.00	10,780.00
Utilities - Hogback Pump Station	1,921.21	4,294.03	27,500.00	23,205.97
Telemetry - Hogback Pump Station	315.10	433.03	1,950.00	1,516.97
R&M Contract - Emergencies	22,737.98	33,445.20	100,000.00	66,554.80
R&M Contract - Remedial			187,000.00	187,000.00
SEWER OPERATING EXPENDITURES				
Repairs & Maintenance	20,851.84	21,989.14	273,000.00	251,010.86
R&M Flow Meters	590.32	726.82	5,000.00	4,273.18
Utilities - Flow Meters		143.24	1,750.00	1,606.76
Telemetry - Flow Meters	483.30	483.30	6,000.00	5,516.70
R&M Contract - Emergencies			20,000.00	20,000.00
R&M Contract - Remedial			50,000.00	50,000.00
UTILITY NOTIFICATION	768.22	1,375.98	11,000.00	9,624.02
TOTAL OPERATING EXPENDITURES	\$155,530.70	\$183,156.08	\$1,888,458.00	\$1,705,301.92

Southwest Metropolitan Water & Sanitation District
Schedule of Revenue and Expenditures - Budget & Actual
CM/YTD Actual Compared to Annual Budget
For the Two Months Ending February 28, 2019

	CURRENT MONTH	YEAR TO DATE ACTUAL	ANNUAL BUDGET	VARIANCE Favorable (Unfavorable)
CAPITAL OUTLAY				
WATER PROJECTS:				
S. Garland St. Replacement	\$3,713.13	\$7,065.82	\$158,945.00	\$151,879.18
S. Holland St. Replacement	1,237.72	2,355.28	52,360.00	50,004.72
SEWER PROJECTS:				
Sewer Rehabilitation			25,000.00	25,000.00
OFFICE BUILDING IMPROVEMENTS		7,094.00	6,000.00	(1,094.00)
CONTINGENCY/EMERGENCIES			92,849.00	92,849.00
TOTAL CAPITAL OUTLAY	\$4,950.85	\$16,515.10	\$335,154.00	\$318,638.90
TOTAL EXPENDITURES	\$160,481.55	\$199,671.18	\$2,223,612.00	\$2,023,940.82
REVENUE OVER (UNDER) EXPENDITURES	(\$110,672.24)	\$950,786.13	(\$310,181.00)	\$1,260,967.13
BEGINNING FUNDS AVAILABLE		\$23,594,178.70	\$23,594,178.70	
ENDING FUNDS AVAILABLE		\$24,544,964.83	\$23,283,997.70	

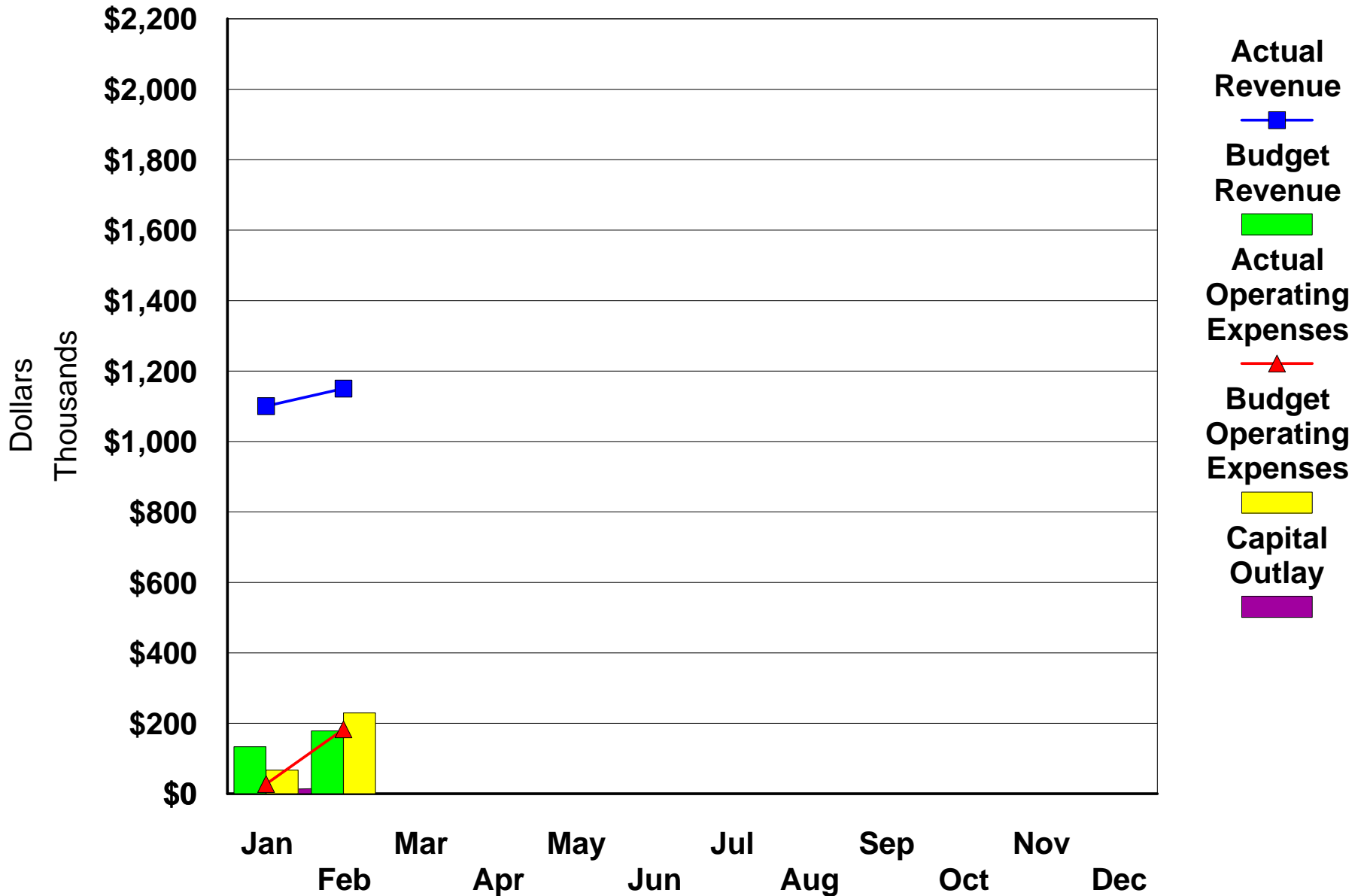
Southwest Metropolitan Water & Sanitation District
Schedule of Revenue and Expenditures Budget & Actual
CM/YTD Actual Compared to CM/YTD Budget
For the Two Months Ending February 28, 2019

	-----CURRENT MONTH-----			-----YEAR TO DATE-----		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE Favor(Unfavor)
REVENUE						
Investment Income	\$42,615.75	\$39,720.00	\$2,895.75	\$85,682.44	\$79,440.00	\$6,242.44
Sewer Lease/City of Littleton				7,500.00	7,500.00	
Office Rent Income	800.00	800.00		1,600.00	1,600.00	
Plan Review and Inspections	4,641.56	3,750.00	891.56	10,435.46	7,500.00	2,935.46
W&S Tap Administration Fees	225.00		225.00	225.00		225.00
Tap Fees - Water				658,000.00	70,000.00	588,000.00
Tap Fees - Sewer	1,327.00		1,327.00	383,877.00	11,000.00	372,877.00
Other Income	200.00	833.33	(633.33)	3,137.41	1,666.66	1,470.75
TOTAL REVENUE	\$49,809.31	\$45,103.33	\$4,705.98	\$1,150,457.31	\$178,706.66	\$971,750.65
OPERATING EXPENDITURES						
GENERAL OFFICE						
Office Administration	\$48,423.14	\$45,585.00	(\$2,838.14)	\$48,423.14	\$45,585.00	(\$2,838.14)
Dues & Seminars		166.67	166.67		333.34	333.34
Office Supplies		166.67	166.67		333.34	333.34
Public Relations		2,675.00	2,675.00		5,350.00	5,350.00
Legal Notices - Ads	33.92	16.67	(17.25)	33.92	33.34	(0.58)
Bank Charges	8.39		(8.39)	26.88		(26.88)
Miscellaneous	49.90	129.17	79.27	49.90	258.34	208.44
PROFESSIONAL & CONSULTING						
Legal Services	2,958.00	3,083.33	125.33	2,958.00	6,166.66	3,208.66
Legal Fees - Backcharges	547.50	416.67	(130.83)	547.50	833.34	285.84
Technical Advisory Committee					7,500.00	7,500.00
Engineering - Backcharges	911.50	250.00	(661.50)	1,891.20	500.00	(1,391.20)
Engineering Water	102.23	416.67	314.44	182.22	833.34	651.12
Engineering Sewer	102.23	416.67	314.44	144.72	833.34	688.62
Engineering - GIS	293.50	1,250.00	956.50	1,262.00	2,500.00	1,238.00
INSURANCE	1,115.71	1,332.50	216.79	2,581.42	2,665.00	83.58
DIRECTORS FEES	500.00	500.00		500.00	1,000.00	500.00
SOCIAL SECURITY/MEDICARE	38.25	40.00	1.75	38.25	80.00	41.75
REPAIR & MAINT - OFFICE BLDG	4,914.08	5,750.00	835.92	8,395.96	11,500.00	3,104.04
UTILITIES & TELEPHONE	2,149.97	2,770.83	620.86	6,131.46	5,541.66	(589.80)
WATER OPERATING EXPENDITURES						
Repairs & Maintenance	45,234.41	32,167.92	(13,066.49)	46,378.77	37,167.92	(9,210.85)
R&M - Hogback Pump Station	480.00	958.33	478.33	720.00	1,916.66	1,196.66
Utilities - Hogback Pump Station	1,921.21	2,291.67	370.46	4,294.03	4,583.34	289.31
Telemetry - Hogback Pump Station	315.10	162.50	(152.60)	433.03	325.00	(108.03)
R&M Contract - Emergencies	22,737.98	8,333.33	(14,404.65)	33,445.20	16,666.66	(16,778.54)
R&M Contract - Remedial		15,583.33	15,583.33		31,166.66	31,166.66
SEWER OPERATING EXPENDITURES						
Repairs & Maintenance	20,851.84	30,000.00	9,148.16	21,989.14	30,000.00	8,010.86
R&M Flow Meters	590.32	416.67	(173.65)	726.82	833.34	106.52
Utilities - Flow Meters		145.83	145.83	143.24	291.66	148.42
Telemetry - Flow Meters	483.30	500.00	16.70	483.30	1,000.00	516.70
R&M Contract - Emergencies		1,666.67	1,666.67		3,333.34	3,333.34
R&M Contract - Remedial		4,166.67	4,166.67		8,333.34	8,333.34
UTILITY NOTIFICATION	768.22	916.67	148.45	1,375.98	1,833.34	457.36
TOTAL OPERATING EXPENDITURES	\$155,530.70	\$162,275.44	\$6,744.74	\$183,156.08	\$229,297.96	\$46,141.88

Southwest Metropolitan Water & Sanitation District
Schedule of Revenue and Expenditures Budget & Actual
CM/YTD Actual Compared to CM/YTD Budget
For the Two Months Ending February 28, 2019

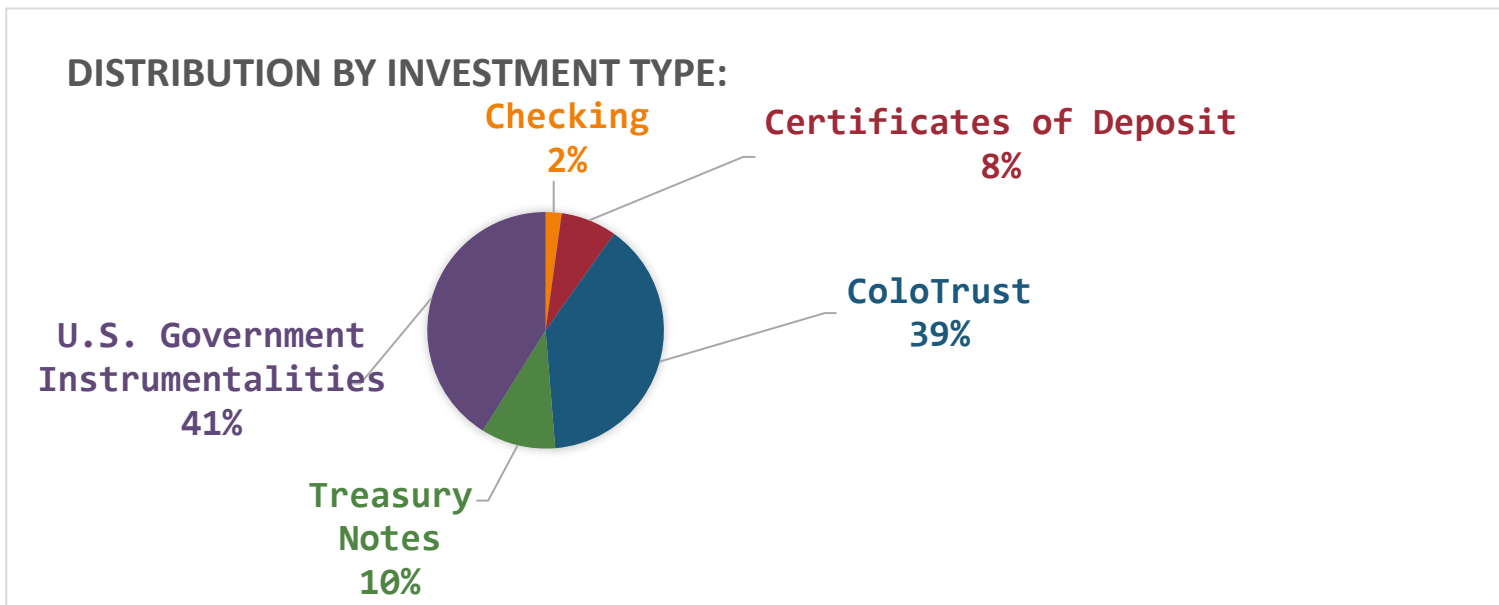
	-----CURRENT MONTH-----			-----YEAR TO DATE-----		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE Favor(Unfavor)
CAPITAL OUTLAY						
WATER PROJECTS:						
S. Garland St. Replacement	\$3,713.13	\$3,000.00	(\$713.13)	\$7,065.82	\$6,500.00	(\$565.82)
S. Holland St. Replacement	1,237.72	1,500.00	262.28	2,355.28	3,500.00	1,144.72
SEWER PROJECTS:						
OFFICE BUILDING IMPROVEMENTS				7,094.00	6,000.00	(1,094.00)
EQUIPMENT						
CONTINGENCY/EMERGENCIES		7,737.42	7,737.42		15,474.84	15,474.84
TOTAL CAPITAL OUTLAY	\$4,950.85	\$12,237.42	\$7,286.57	\$16,515.10	\$31,474.84	\$14,959.74
TOTAL EXPENDITURES	\$160,481.55	\$174,512.86	\$14,031.31	\$199,671.18	\$260,772.80	\$61,101.62
REVENUE OVER (UNDER)						
EXPENDITURES	(\$110,672.24)	(\$129,409.53)	\$18,737.29	\$950,786.13	(\$82,066.14)	\$1,032,852.27
BEGINNING FUNDS AVAILABLE				\$23,594,178.70	\$23,594,178.70	
ENDING FUNDS AVAILABLE				\$24,544,964.83	\$23,512,112.56	

Southwest Metropolitan Water & Sanitation District
 Cumulative Revenues and Operating Expenditures Compared to Budget and YTD Capital Outlay
 January 2019 to December 2019



Platte Canyon Water & Sanitation District
 Schedule of Investment Balances
 Investments Held by Type
 As of February 28, 2019

Investment Type	Amount	Percentage
Cash - Checking	\$212,167.02	2.18%
Certificates of Deposit	\$744,000.00	7.65%
Colotrust - Prime	0.00	0.00%
Colotrust - Plus	2,673,354.51	27.49%
ColoTrust - Trust Account	1,106,443.64	11.38%
Treasury Bills	0.00	0.00%
Treasury Notes	991,548.96	10.20%
U.S. Government Instrumentalities	<u>3,998,056.11</u>	<u>41.11%</u>
Totals	<u><u>\$9,725,570.24</u></u>	<u><u>100.00%</u></u>



Platte Canyon Water & Sanitation District
Schedule of Investment Balances
February 28, 2019

****T-Bills Activity****

DATE OF PURCHASE	DATE OF MATURITY	YIELD	FACE AMOUNT	BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	MATURITIES	BALANCE AT 02/28/19
			\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>							
			\$ -	\$ -	\$ -	\$ -	\$ -

****Treasury Note Activity****

DATE OF PURCHASE	DATE OF MATURITY	YIELD	FACE AMOUNT	BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	MATURITIES	BALANCE AT 02/28/19
12/21/2018	12/31/2019	2.657%	\$ 1,000,000.00	\$ 990,773.13	\$ 775.83	\$ -	\$ 991,548.96
			\$ 1,000,000.00	\$ 990,773.13	\$ 775.83	\$ -	\$ 991,548.96

**** Agency Activity****

DATE OF PURCHASE	DATE OF MATURITY	YIELD	FACE AMOUNT	BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	MATURITIES	BALANCE AT 02/28/19
FHLMC							
07/02/13	06/11/19	1.928%	500,000.00	\$ 499,033.38	208.19	0.00	499,241.57
FHLMC							
11/27/13	06/11/19	1.800%	1,000,000.00	\$ 998,489.12	325.42	0.00	998,814.54
FNMA							
08/25/16	08/25/21	1.450%	1,500,000.00	\$ 1,500,000.00	0.00	0.00	1,500,000.00
FFCB							
07/19/16	01/19/23	1.875%	1,000,000.00	\$ 1,000,000.00	0.00	0.00	1,000,000.00
			\$ 4,000,000.00	\$ 3,997,522.50	\$ 533.61	\$ -	\$ 3,998,056.11

Platte Canyon Water & Sanitation District
Schedule of Investment Balances
February 28, 2019

** Certificate of Deposit Activity **

DATE OF PURCHASE	DATE OF MATURITY	YIELD	PRINCIPAL	BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	MATURITIES	BALANCE AT 02/28/19
Fowler State Bank							
04/03/18	04/03/19	1.7500%	100,000.00	100,000.00	0.00	0.00	100,000.00
Solera National Bank							
04/19/18	04/19/19	2.0000%	249,000.00	249,000.00	0.00	0.00	249,000.00
Fowler State Bank							
06/11/18	06/11/19	2.1000%	150,000.00	150,000.00	0.00	0.00	150,000.00
Bank of Denver							
10/04/18	10/04/19	2.2000%	100,000.00	100,000.00	0.00	0.00	100,000.00
Flatirons Bank							
10/06/18	09/22/20	2.5000%	145,000.00	145,000.00	0.00	0.00	145,000.00
<hr/>							
			\$ 744,000.00	\$ 744,000.00	\$ -	\$ -	\$ 744,000.00

Platte Canyon Water & Sanitation District
Schedule of Investment Balances
February 28, 2019

**** ColoTrust PRIME ****

DATE OF PURCHASE	DATE OF MATURITY	YIELD		BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	REDEMPTIONS	BALANCE AT 02/28/19
ColoTrust Prime							
01/31/19	02/28/19	2.3000%		\$ -	\$ -	\$ -	\$ -
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**** ColoTrust PLUS ****

DATE OF PURCHASE	DATE OF MATURITY	YIELD		BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	REDEMPTIONS	BALANCE AT 02/28/19
ColoTrust Plus							
01/31/19	02/28/19	2.6000%		\$ 2,664,265.82	\$ 9,088.69	\$ -	\$ 2,673,354.51
				<u>\$ 2,664,265.82</u>	<u>\$ 9,088.69</u>	<u>\$ -</u>	<u>\$ 2,673,354.51</u>

**** ColoTrust - Trust Account ****

DATE OF PURCHASE	DATE OF MATURITY	YIELD		BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	REDEMPTIONS	BALANCE AT 02/28/19
ColoTrust Plus - UMB							
01/31/19	02/28/19	2.6000%		\$ 1,093,379.17	\$ 13,064.47	\$ -	\$ 1,106,443.64
				<u>\$ 1,093,379.17</u>	<u>\$ 13,064.47</u>	<u>\$ -</u>	<u>\$ 1,106,443.64</u>

Platte Canyon Water & Sanitation District
Schedule of Investment Balances
Summary by Month of Maturity at Par Value
2/28/19

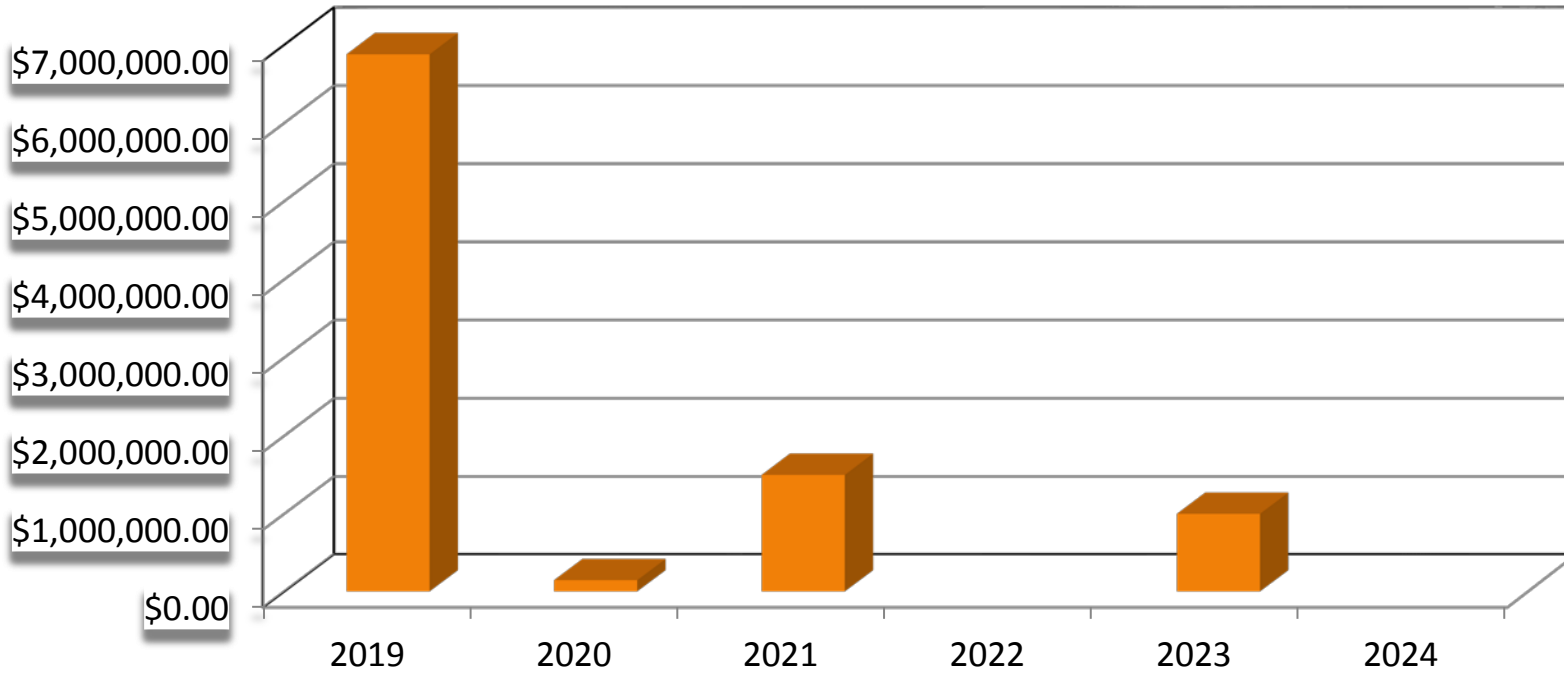
Mar-19	\$3,779,798.15
Apr-19	349,000.00
May-19	0.00
Jun-19	1,650,000.00
Jul-19	0.00
Aug-19	0.00
Sep-19	0.00
Oct-19	100,000.00
Nov-19	0.00
Dec-19	1,000,000.00
Jan-20	0.00
Feb-20	0.00
Mar-20	0.00
Apr-20	0.00
May-20	0.00
Jun-20	0.00
Jul-20	0.00
Aug-20	0.00
Sep-20	145,000.00
Oct-20	0.00
Nov-20	0.00
Dec-20	0.00
Jan-21	0.00
Feb-21	0.00
Mar-21	0.00
Apr-21	0.00
May-21	0.00
Jun-21	0.00
Jul-21	0.00
Aug-21	1,500,000.00
Sep-21	0.00
Oct-21	0.00
Nov-21	0.00
Dec-21	0.00
Jan-22	0.00
Feb-22	0.00
Mar-22	0.00
Apr-22	0.00
May-22	0.00
Jun-22	0.00
Jul-22	0.00
Beyond	1,000,000.00

Total	<u><u>\$9,523,798.15</u></u>
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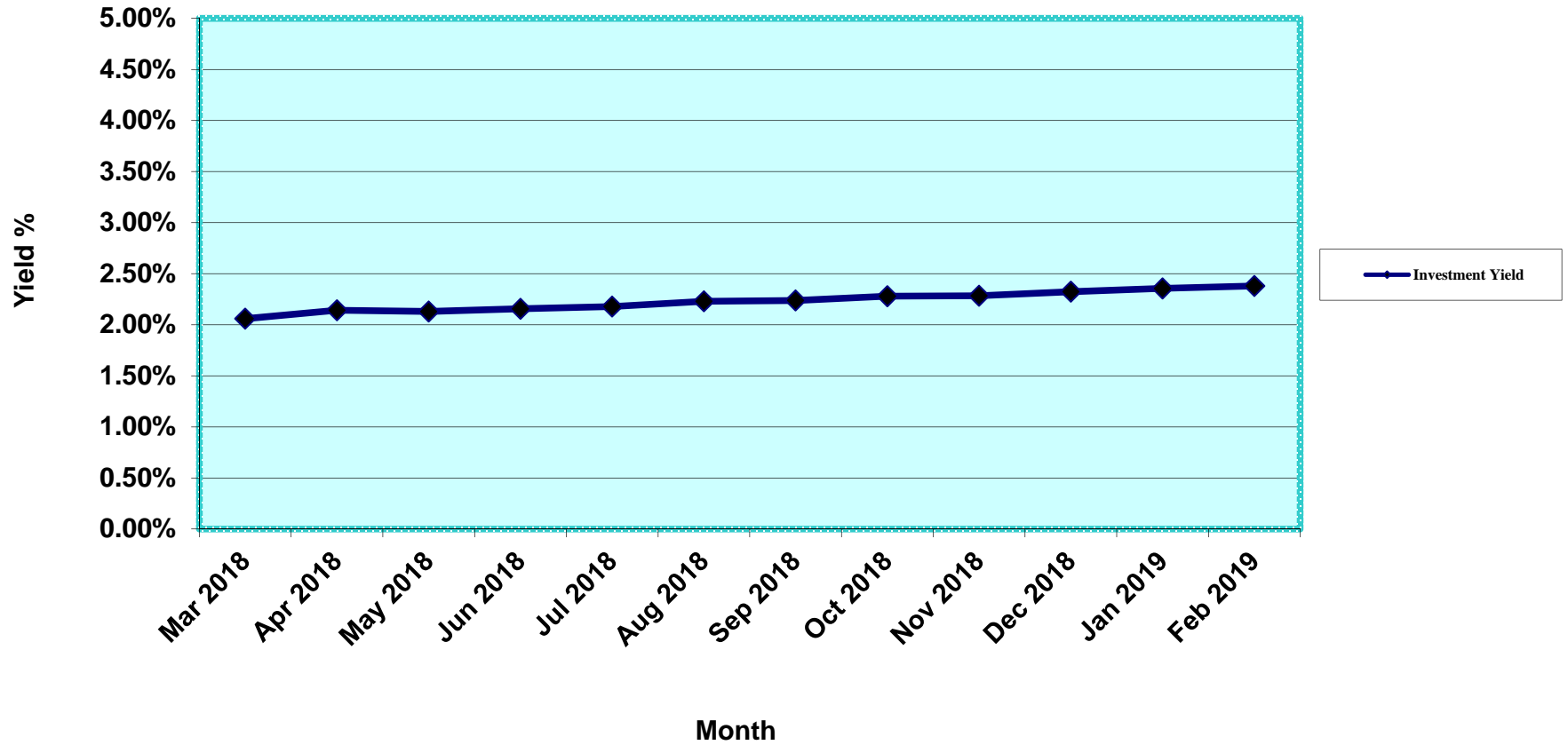
Average Yield	2.1885%
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Estimated Income/Month	\$17,369
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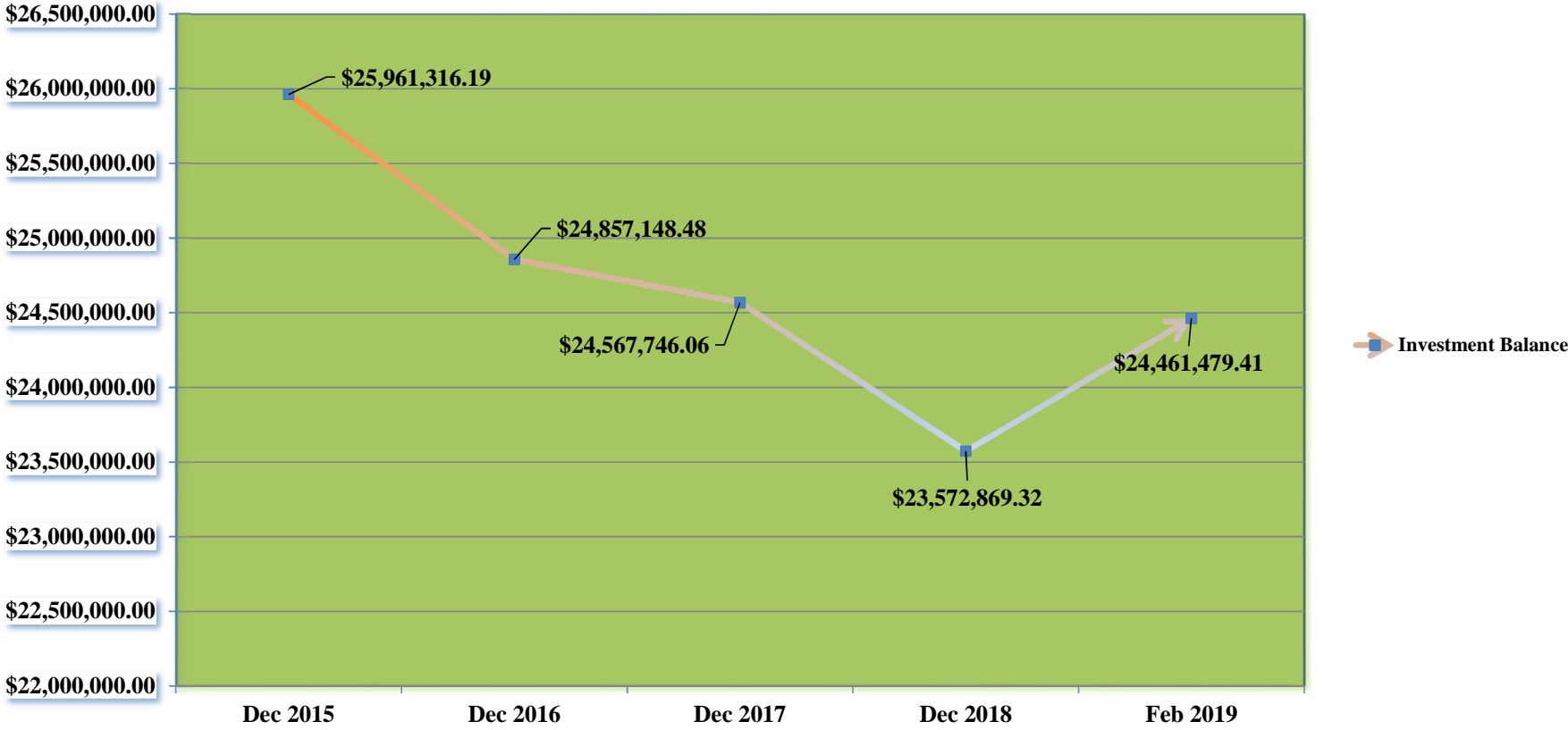
Platte Canyon Water & Sanitation District Distribution by Maturity:



Southwest Metropolitan Water & Sanitation District Investment Yield

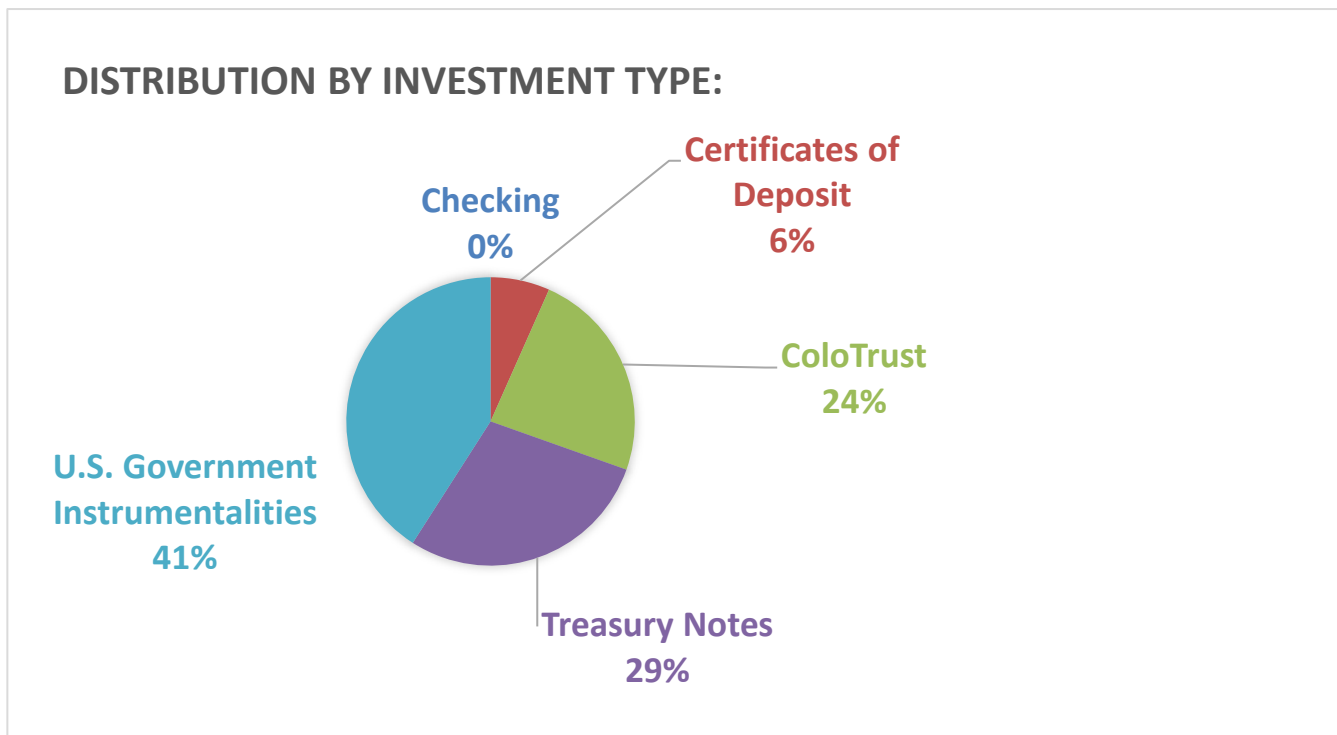


Southwest Metro Water & Sanitation District Five Year Investment Balance Comparison



Southwest Metropolitan Water & Sanitation District
 Schedule of Investment Balances
 Investments Held by Type
 As of February 28, 2019

Investment Type	Amount	Percentage
Cash - Checking	\$4,830.94	0.02%
Certificates of Deposit	\$1,621,543.08	6.63%
Colotrust - Prime	0.00	0.00%
Colotrust - Plus	5,626,180.95	23.00%
ColoTrust - Trust Account	190,873.37	0.78%
Treasury Bills	0.00	0.00%
Treasury Notes	7,004,045.61	28.63%
U.S. Government Instrumentalities	<u>10,014,005.46</u>	<u>40.94%</u>
Totals	<u><u>\$24,461,479.41</u></u>	<u><u>100.00%</u></u>



Southwest Metropolitan Water & Sanitation District
Schedule of Investment Balances

T-Bills Activity for Month
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD	FACE AMOUNT	BALANCE AT 01/31/19	ADDITIONS/PURCHASES	MATURITIES	BALANCE AT 02/28/19
01/01/02	01/02/02	0.000%	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -

Treasury Note Activity
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD	FACE AMOUNT	BALANCE AT 01/31/19	ADDITIONS/PURCHASES	MATURITIES	BALANCE AT 02/28/19
11/10/17	10/31/19	1.633%	1,000,000.00	999,026.04	100.26	0.00	999,126.30
12/21/18	12/31/19	2.657%	1,000,000.00	990,773.13	775.83	0.00	991,548.96
04/06/11	02/15/21	3.463%	5,000,000.00	5,013,892.48	(522.13)	0.00	5,013,370.35
			\$ 7,000,000.00	\$ 7,003,691.65	\$ 353.96	\$ -	\$ 7,004,045.61

Agency Activity
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD	FACE AMOUNT	BALANCE AT 01/31/19	ADDITIONS/PURCHASES	MATURITIES	BALANCE AT 02/28/19
Federal Farm Credit Bank							
05/02/11	04/06/20	3.530%	\$ 1,000,000.00	\$ 1,017,727.28	\$ (1,154.33)	\$ -	\$ 1,016,572.94
Federal Home Loan Bank							
07/19/16	01/19/21	1.429%	3,000,000.00	2,998,363.22	63.83	0.00	2,998,427.05
Federal National Mortgage Association							
08/25/16	08/25/21	1.450%	2,000,000.00	2,000,000.00	0.00	0.00	2,000,000.00
Federal Home Loan Mortgage Corp							
08/25/16	08/25/21	1.621%	2,000,000.00	1,998,974.80	30.67	0.00	1,999,005.47
Federal Farm Credit Bank							
07/19/16	01/19/23	1.875%	2,000,000.00	2,000,000.00	0.00	0.00	2,000,000.00
			\$ 10,000,000.00	\$ 10,015,065.30	(\$1,059.84)	\$0.00	\$ 10,014,005.46

Southwest Metropolitan Water & Sanitation District
Schedule of Investment Balances

** Certificate of Deposit Activity**
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD	PRINCIPAL	BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	MATURITIES	BALANCE AT 02/28/19
Solera Bank							
02/24/16	02/24/19	1.2400%	249,000.00	249,000.00	0.00	249,000.00	0.00
Fowler State Bank							
06/11/18	06/11/19	2.2200%	150,000.00	150,000.00	0.00	0.00	150,000.00
CDARS: BCB Community Bank							
08/23/18	08/22/19	2.2200%	242,906.73	242,906.73	0.00	0.00	242,906.73
CDARS: BOKF, National Association							
08/23/18	08/22/19	2.2200%	242,906.73	242,906.73	0.00	0.00	242,906.73
CDARS: Central Bank of St. Louis							
08/23/18	08/22/19	2.2200%	155,916.16	155,916.16	0.00	0.00	155,916.16
CDARS: Landmark Bank							
08/23/18	08/22/19	2.2200%	242,906.73	242,906.73	0.00	0.00	242,906.73
CDARS: Western Alliance Bank							
08/23/18	08/22/19	2.2200%	242,906.73	242,906.73	0.00	0.00	242,906.73
Bank of Denver							
10/01/18	10/01/19	2.2000%	100,000.00	100,000.00	0.00	0.00	100,000.00
FlatIrons Bank							
10/06/18	09/22/20	2.5000%	145,000.00	145,000.00	0.00	0.00	145,000.00
Fowler State Bank							
07/17/18	01/17/21	2.2500%	99,000.00	99,000.00	0.00	0.00	99,000.00
\$ 1,870,543.08				\$ 1,870,543.08	\$ -	\$ 249,000.00	\$ 1,621,543.08

Southwest Metropolitan Water & Sanitation District
Schedule of Investment Balances

** ColoTrust PRIME**
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD		BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	REDEMPTIONS	BALANCE AT 02/28/19
ColoTrust Prime							
01/31/19	02/28/19	2.3000%		\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -

** ColoTrust PLUS**
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD		BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	REDEMPTIONS	BALANCE AT 02/28/19
ColoTrust Plus							
01/31/19	02/28/19	2.6000%		\$ 4,635,228.53	\$ 1,055,952.42	\$ 65,000.00	\$ 5,626,180.95
				\$ 4,635,228.53	\$ 1,055,952.42	\$ 65,000.00	\$ 5,626,180.95

** ColoTrust - Trust Account**
February 28, 2019

DATE OF PURCHASE	DATE OF MATURITY	YIELD		BALANCE AT 01/31/19	ADDITIONS/ PURCHASES	REDEMPTIONS	BALANCE AT 02/28/19
ColoTrust Plus UMB							
01/31/19	02/28/19	2.6000%		\$ 160,046.73	\$ 30,826.64	\$ -	\$ 190,873.37
				\$ 160,046.73	\$ 30,826.64	\$ -	\$ 190,873.37

Southwest Metropolitan Water & Sanitation District
Schedule of Investment Balances
Summary by Month of Maturity at Par Value
2/28/19

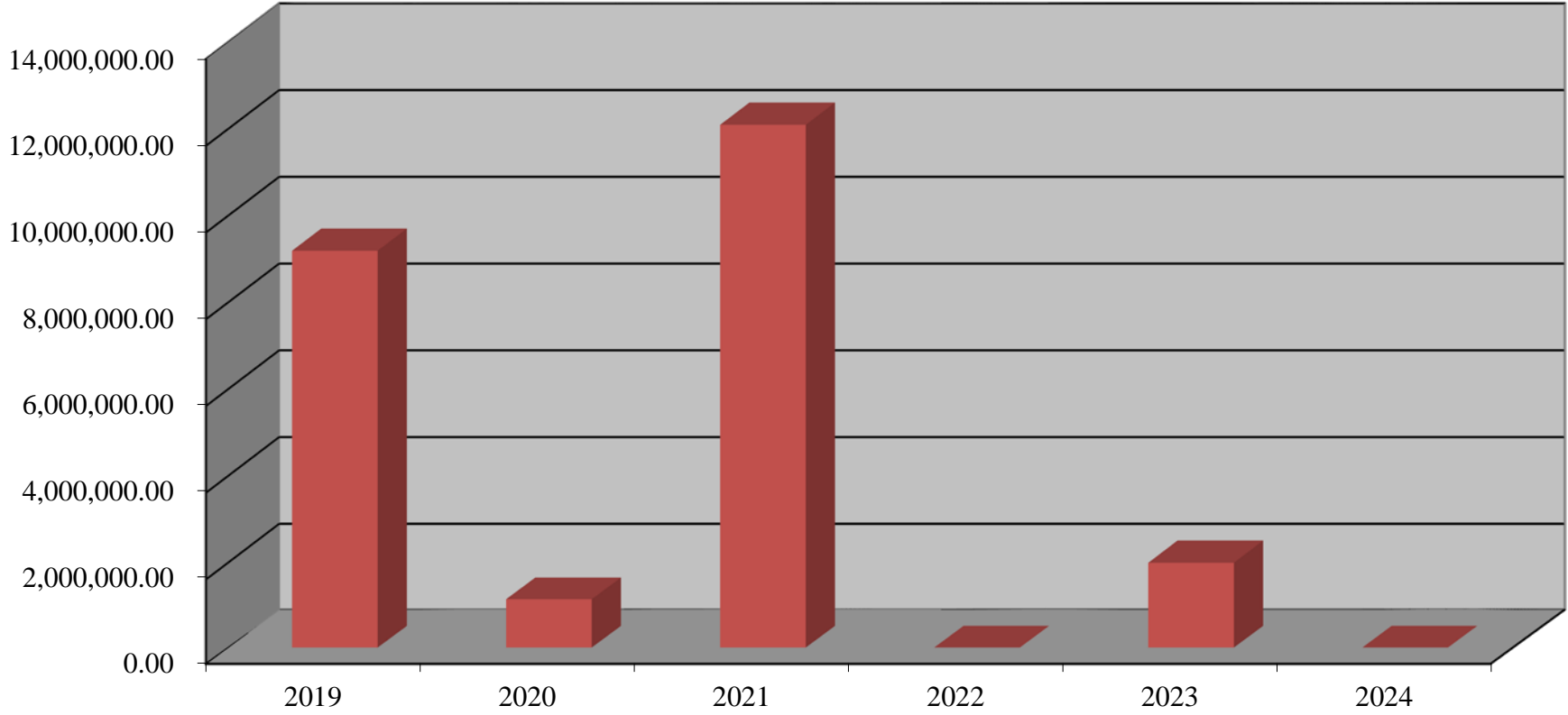
Mar-19	\$5,817,054.32
Apr-19	0.00
May-19	0.00
Jun-19	150,000.00
Jul-19	0.00
Aug-19	1,127,543.08
Sep-19	0.00
Oct-19	1,100,000.00
Nov-19	0.00
Dec-19	1,000,000.00
Jan-20	0.00
Feb-20	0.00
Mar-20	0.00
Apr-20	1,000,000.00
May-20	0.00
Jun-20	0.00
Jul-20	0.00
Aug-20	0.00
Sep-20	145,000.00
Oct-20	0.00
Nov-20	0.00
Dec-20	0.00
Jan-21	3,099,000.00
Feb-21	5,000,000.00
Mar-21	0.00
Apr-21	0.00
May-21	0.00
Jun-21	0.00
Jul-21	0.00
Aug-21	4,000,000.00
Sep-21	0.00
Oct-21	0.00
Nov-21	0.00
Dec-21	0.00
Jan-22	0.00
Feb-22	0.00
Mar-22	0.00
Apr-22	0.00
May-22	0.00
Jun-22	0.00
Jul-22	0.00
Beyond	2,000,000.00

Total	<u><u>\$24,438,597.40</u></u>
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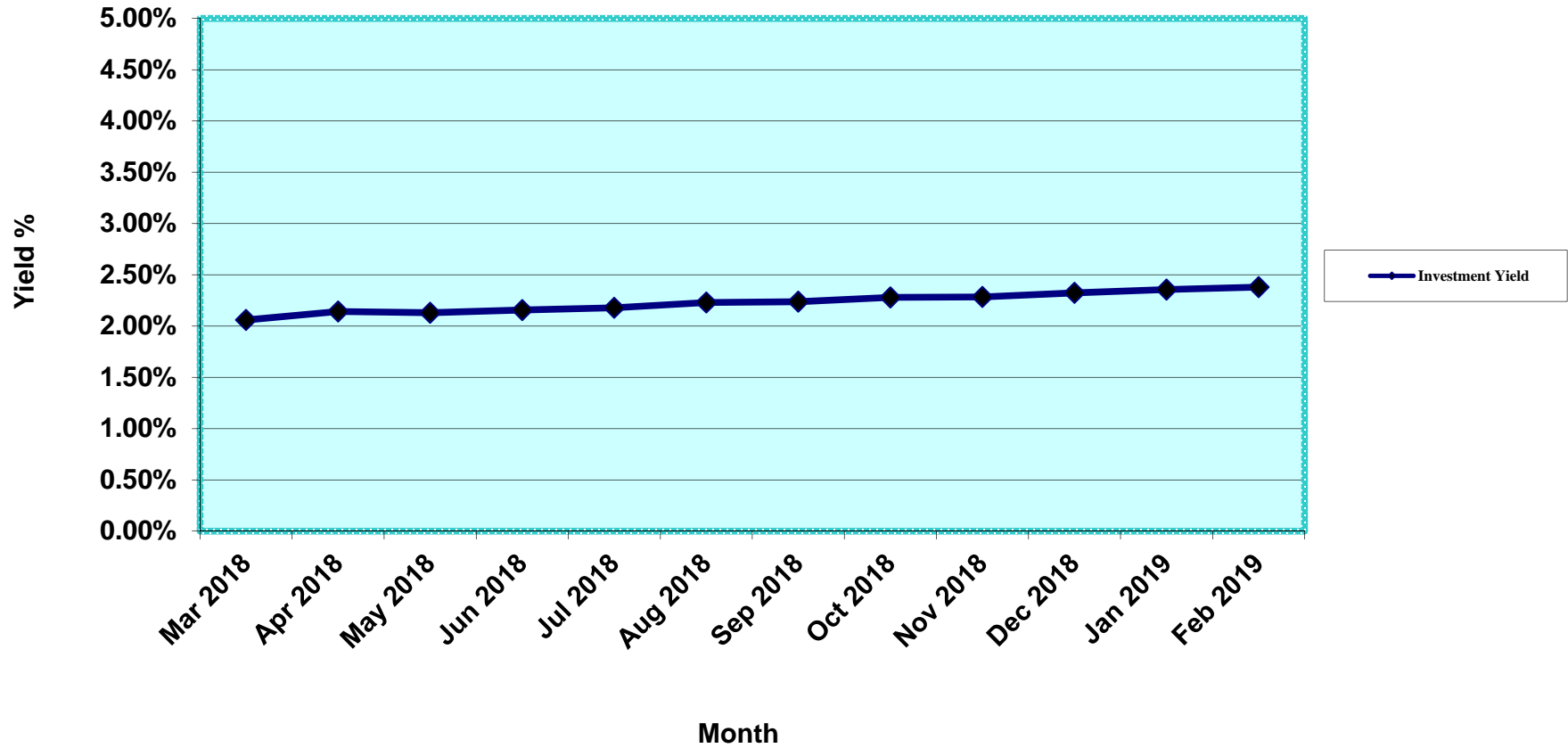
Average Yield	2.3797%
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Estimated Income/Month	\$48,464
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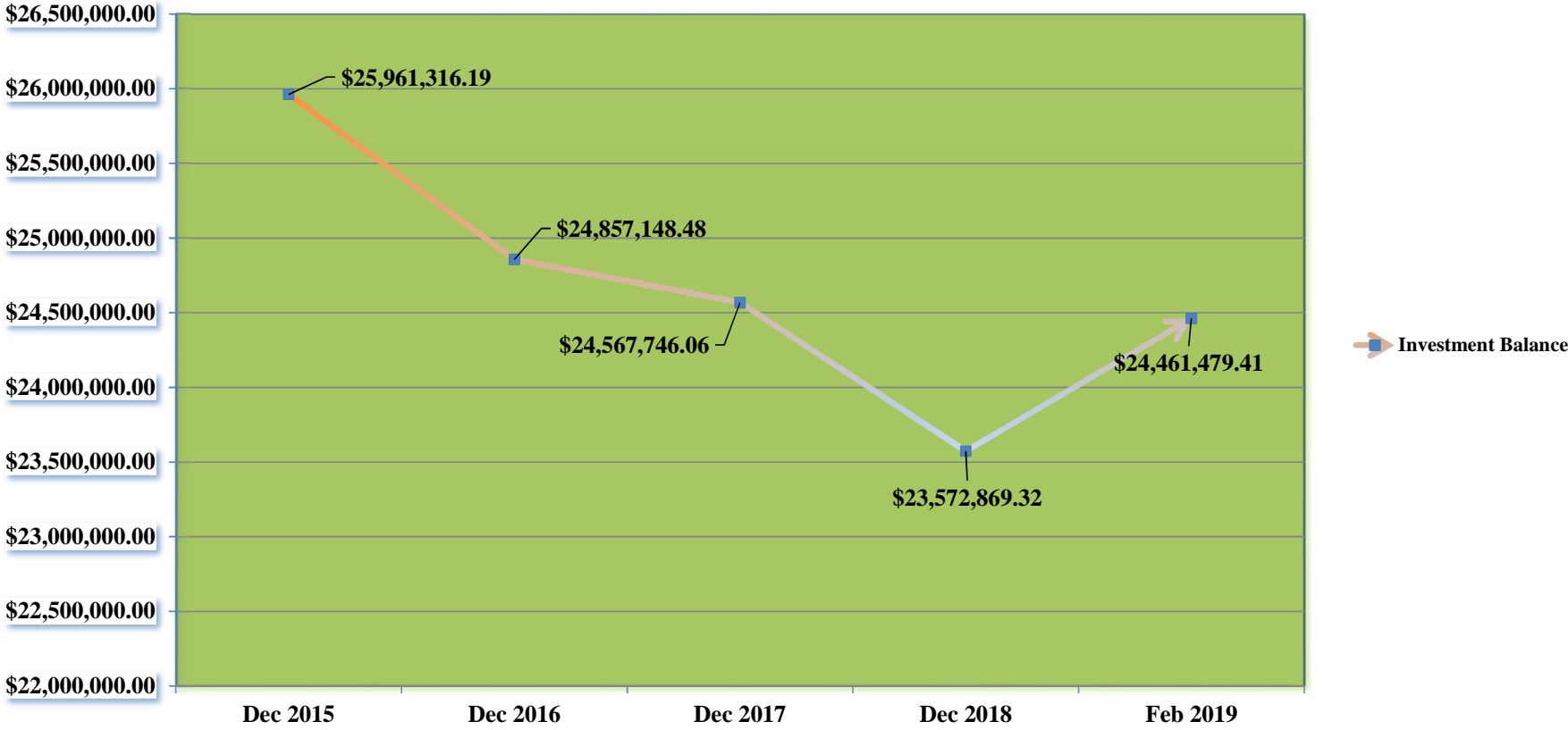
**Southwest Metro Water & Sanitation District
Distribution by Maturity:**



Southwest Metropolitan Water & Sanitation District Investment Yield



Southwest Metro Water & Sanitation District Five Year Investment Balance Comparison



Management Report Platte Canyon Water and Sanitation District Southwest Metropolitan Water and Sanitation District March 2019

Note: Headings in black were prepared by Pat Fitzgerald. Headings in blue were prepared by Cynthia Lane. The Colorado and Federal Legislative, Regulation and Litigation sections of this report are done in a progressive format showing new information in bolt text.

Board of Directors – Staff Lunch

Several staff members requested that I convey their appreciation to the Boards of Directors for the opportunity to meet with them during the recent lunch. The sincerely appreciate the Boards' efforts to recognize and meet with them periodically.

Staffing Item

Taylor Newkirk has submitted her letter of resignation with her last day at the district being April 5, 2019. She is returning to California with her husband as he has taken new job out there. A search has begun for her replacement with several good resumes already received. Resumes will be accepted until March 25th and the interview process will begin the following week.

File Management Project (PC & SWM)

Taylor continues to scan historical business records into Worldox and should finish that project up before her departure. It's unlikely the District records retention policies will be fully updated before she leaves so that project will be assigned to her replacement.

District Communication Plans (PC & SWM)

Here are updates on the various major components of the Communications Plans:

Website – The website has continued to work well on the administrative side as well as viewers side. We have been able to use the websites to post emergency updates as well as direct contractors and customers to specific locations within the sites.

Newsletter – Tayler pulled the analytics from the Newsletter page and was pleased with the results. There is definite traffic and interest in the Newsletter Article page. Since each newsletter article is new to the website, there were no analytics traced within each specific article page, but this has been created for the March Newsletter that was sent out last week.

Community communications – Tayler and Cory went to Kipling Villas HOA meeting held on February 5, 2019. This was their first customer outreach presentation. Tayler reported that there were fifteen attendees at the HOA meeting. They were asked to speak for fifteen minutes on our districts history and why it is important for their community to know their water and sewer service. They ended up speaking for a little over thirty minutes. Cory talked about the maintenance the operators do and how it is necessary to prevent breaks and backups from occurring. Attendees asked questions mostly on their service line and when they should be replaced. They talked about preventative maintenance they can do to avoid damage to their lines.

Kipling Villas provides new homeowners in their community with a “welcome packet” which Tayler has asked to let us provide a small brochure and magnet so each new homeowner can become familiar with their water and sewer district. Tayler has created the brochure and they have been delivered to the HOA representative. The representative informed Tayler there have been a few distributed so far.

Water Main Evaluation Project (PC & SWM)

Work is in-progress for the water main evaluation process for the Southwest Metro water mains. While the rating process for each segment is generally complete, the full analysis will not be run for another few weeks. Due to some concerns over the condition of the district’s asbestos cement pipe, a full structural analysis is being conducted on some segments removed from the ground due to recent water main breaks. The results of that analysis may impact the pipe material rating factor used in the algorithm.

The project is still on schedule with the first round of results available by late June. The full CIP will be presented to the SWM Board in the last half of 2019 during the 2020 budgeting process.

For Platte Canyon, a new data analysis has been completed and preliminary results have been evaluated by staff. The results of the service charge evaluation will be presented to the Board at the April meeting.

Information Technology and Data Integration Plan (PC & SWM)

Staff is proceeding with the expanded usage of the Esri product suite to enhance our operation and management capabilities. The online mapping functionality will be rolled out to staff in late March along with a training event for everyone using it. This upgrade will allow for the creation of data analytic dashboards, story maps, increased customer communications, financial predictions, and other tools that will be useful for district management and operations staff.

The system administrators have completed the required training ensure they know how to manage this new system. Other key staff are scheduled for focused training in early April around specific modules that allow for more data analysis for enhanced operation and management of the district.

Burglar and Fire Alarms (PC & SWM)

After extensive research Alyssa Quinn and Scott Hand have determined that Safe Systems, Inc. has the is the most qualified and lowest priced contractor for supplying the Districts' security requirements at the District office and all external facilities. They are in the final stages of negotiating five annual, successive agreements that will limit potential price increases to the rate of inflation. Once the agreements are completed, the existing agreement with Johnson Controls will be terminated.

Cybersecurity Project (PC & SWM)

There is not a significant update to report. Staff continues to use our membership in the Center for Internet Security (CIS) and Multi-State Information Sharing and Analysis Center (MS-ISAC) to remain up-to-date on what is happening in the government sector. A large cybersecurity conference will be held in Denver in late April. Government agencies pay no registration fee to attend so Alyssa Quinn and Adam Morse are tentatively scheduled to be at the conference and learn from peer utilities.

In the near future, staff will explore the possibility of a third-party audit of our IT systems to determine any vulnerabilities. If some are identified, solutions to remedy these issues will be found and implemented.

Meadowbrook-Fairview Metropolitan District Request for Addition Sewer Capacity (SWM)

Meadowbrook-Fairview Metropolitan District (M-F) is allowed to connect 1,886 single family equivalent (SFE) sewer taps to Southwest Metropolitan sewer mains in accordance with an agreement initiated in 1976 and subsequently amended in 1997 and 1999. M-F has requested that the agreement be amended to expand the District's capacity to 2400 taps, an addition of 514 taps. The additional capacity is needed to serve a high-density single-family development in the District. The proposed development will only require approximately 100 additional taps, but the additional taps are requested to accommodate any future needs. Southwest staff have indicated opposition to tying up capacity to serve 400 additional taps with no specific plan for their use. I am working with Tim Flynn to prepare an agreement to expand M-F's capacity by 114 additional taps, to bring the District's total capacity to 2,000 SREs. We anticipate submitting the agreement to the Southwest Metropolitan Board of Directors in April.

Water Research Foundation Project – Implementing Innovation within Water Utilities (PC & SWM)

The first project workshop (Innovation Leaders and Engagement Strategies) has been scheduled for all day on April 24th at the Washington Suburban Sanitary Commission (located just outside of Washington DC). Staff has reviewed the agenda and is planning to attend both that and a Digital Transformation Work Session scheduled for the day before. Additionally, staff will be completing the first major project survey called *the Leadership and Recognition Survey*. This survey will capture more information about any innovation efforts the partner utilities engage in including team responsibilities and profile, information on any reward and recognition programs, and insights into experiences using organizational culture assessments

As a reminder, the District was asked to join a team for a research project that looks at how to implement a previously developed framework to help utilities launch innovation programs to transform their organizations, improve their services and increase value delivered to stakeholders. We are participating as a representative of the small/medium-sized utility community.

PRV & Direct Connections Project (PC & SWM)

Staff has received the final set of maps for all the district PRVs and are currently review those for accuracy. A meeting will be scheduled in early April between District and DW staff to discuss potential operational changes to some of the PRVs. Additionally, staff will be discussing a potential legal issue that just arose regarding work in easements owned by the other entity. This issue could have significant impact on the path forward so more details are being obtained in the next few weeks.

CDPHE Regulation 22 Revision (PC & SWM)

The Interceptor and Lift Station Workgroup continues to meet and develop proposed revisions to this regulation. The most recent meeting (February 4th) resulted in a substantial rework of previously accomplished items due to an unexpected decision from the CDPHE AG's office. Workgroup members and CDPHE are still evaluating the potential path forward and will come to a resolution in the next few weeks.

CDPHE continues to state they want some type of process for collecting historical records to document the location of existing interceptors and lift stations. This may impact Platte Canyon and Southwest Metro (and potentially some contract districts) as both have existing interceptors that were likely installed without site location approval. This is due to the timing of the construction, not that the process wasn't followed.

As a reminder, this effort is part of the CDPHE-managed stakeholder process to adopt meaningful modifications to Regulation 22 – Site Location and Design Approval Regulations for Domestic Wastewater Treatment Works. This regulation also sets design guidelines for wastewater

interceptors and lift stations. More details can be found at this website: [REGULATION 22 Stakeholder Process Work Plan](#).

Denver Post Opinion Column on Special Districts

A recent Denver Post opinion column written by Megan Shrader was highly critical on metropolitan districts specifically and all special districts in general. Rather than responding to factual errors and misstatements the Special District Association had decided the better alternative is to offer no response at the present time. If legislators express any concern with Ms. Shrader's statements or conclusions the SDA will provide a detailed response. A copy of the article is available [here](#).

Colorado Underground Damage Prevention Safety Commission (PC & SWM)

Starting from scratch the Commission has been required to complete several initiatives in a limited amount of time to meet the new state statutory requirements. It has adopted bylaws, a code of conduct, a memorandum of understanding with Colorado 811, complaint forms, hearing procedures, emergency regulations, and procedures for conducting hearings on complaints filed with the Commission. The Commission is now focusing on forming damage complaint review committees and conducting complaint hearings. Permanent regulations must be adopted in the next three months to replace the temporary, emergency regulations. This requires notice to the public, stakeholder meetings, and public hearings.

Gallagher and TABOR Amendments (PC & SWM)

Colorado legislators have not settled on a preferred approach for dealing with the conflict although there continues to be interest in overturning the Gallagher Amendment in a state-wide vote. Given that a yes vote would dramatically increase residential property taxes I do not see that as a practical solution.

Democrat legislators are also interested in permanently de-Brucing state revenues and splitting the excess revenue between K-12 education, higher education, and transportation. This proposal would permanently eliminate TABOR refunds. See a Sun Colorado article pertaining to this proposal [here](#).

Jefferson County Speaker Squad

I recently received an email from Jefferson County explaining the formation of a Jefferson County Speaker Squad with the goal of "fostering community relationships, be a presence in the County and inform the community of the services and highlights in the County." The County has offered

to present a 30-minute program called “Get to Know Your County” at a future Board meeting. See a copy of the email [here](#).

Intergovernmental Services

Bow Mar Water and Sanitation District

Next Meeting

May 8, 2019

Columbine Water and Sanitation District

TABOR Election

Last year the Columbine Board of Directors agreed to hold a TABOR election to increase the District’s mill levy to reimburse Valley Sanitation District for a prorated portion of the Outfall Sewer Main Replacement Project. The contract that allows Columbine to transmit wastewater through Valley’s sewer system excludes a requirement for Columbine to financially participate in any capital expenses and the Board was unwilling to fund participation from existing reserves. The Board meeting scheduled for March will include a discussion of the proposed election this November.

Next Meeting

March 15, 2019

Lochmoor Water and Sanitation District

Dissolution and Annexation to Lakehurst Water and Sanitation District

The Valley Board of Directors held a special meeting on February 13 to once again discuss the dissolution of the District and subsequent annexation of some of the property into Lakehurst Water and Sanitation District. A large area within the District is located within the City of Denver and currently receives water and sewer services directly from Denver. There is thus no need to annex that area into Lakehurst. The Lochmoor Board continues to support dissolution and annexation and is actively involved with communicating their support to District residents.

Next Meeting

To be scheduled by the Board of Directors

Valley Sanitation District

Contract work with Valley Sanitation District

Interceptor Relocation Project – The project was released for bid on February 25th and a mandatory re-bid meeting was held on March 11th. There was a strong showing from local contractors with 12 attending the meeting and one attending the optional site visit.

Negotiations continue with the one remaining private property owner regarding the easement that crosses his property. Once that is finalized, CDPHE will issue the final project approval letter.

Staff remains concerned about the current construction climate and the possibility the District may be unable to afford the project. Once bids are received, Valley will discuss the available options and determine the most appropriate path forward.

Property Annexation Project – The final petition for inclusion was approved by the Board at their January meeting. It was filed with the county courts in late January and accepted in early February. Staff is working with Englewood to ensure the updated boundary maps are filed with them appropriately.

Next Meeting

March 20, 2019

Denver Water Department Matters

Board - Distributor Communication

The February Distributor Forum meeting included a discussion regarding review requirements for distributor capital improvement project plans and an update on the Gross Reservoir expansion project. A copy of presentation materials for the meeting is available [here](#).

The March Forum meeting will be held on March 19 at Denver Water and will include presentations on the Optimum Corrosion Control Treatment program and Denver Water's asset management program.

Denver Water Decision on Corrosion Control

Staff has been actively participating in the OCCT stakeholder engagement process that is managed by CDPHE. Current work efforts are described below:

- Drinking water workgroup – There have been no significant updates since the last meeting. Pilot data review is ongoing with the goal of determining the lowest equivalent dose of orthophosphate to reduce wastewater treatment and environmental impacts.
- Wastewater and watershed workgroup – This group has been working to quantify the financial impacts of orthophosphate addition on wastewater treatment plants and local watersheds. Work continues on this effort although defensibly quantifying many impacts is proving difficult. The first full cost projection will be available at the next meeting on April 1.

Discussions are still ongoing regarding the variance that Denver Water will request from the USEPA. This variance will include a combination of corrosion control using pH adjustment, an accelerated lead service line removal program, POU filters for homeowners with lead service lines, and expanded customer outreach/education. A ruling on the variance would be expected in September 2019.

DW is also starting a data collection effort from the distributor network to determine a reasonable estimate on how many LSLs might be in the suburbs. More info on that effort will be provided during the Board meeting as a discussion on this will occur on March 19th.

Gross Reservoir Expansion

The Boulder County Commissioners will hold a hearing on March 14 to consider Denver Water’s appeal of a decision by the County’s Land Use Department that Denver Water must submit the Gross Reservoir Expansion Project for review under the County’s “1041” review process before construction can begin. Denver Water has expressed the opinion that the project is not subject to review under 1041 regulations, but it is willing to discuss the project with the County in a non-regulatory review process. A copy of a Peak to Peak News article about the hearing can be viewed [here](#).

A coalition of six environmental groups have filed lawsuit in U.S. District court in Denver challenging the decision of the U.S. Army Corps of Engineers to issue a permit for the Gross Reservoir Expansion Project. The lawsuit is filed against the ACOE, U.S Secretary of the Interior Ryan Zinke, and the acting director of the U.S Fish and Wildlife Service. It claims that Denver Water does not have a need for the project, that reasonable alternatives were not considered and that damage to the environment is too severe to allow the project to move forward. The unambiguous intention of the plaintiffs is to stop the project and not to resolve any specific issue or complaint. A copy of the complaint can be found [here](#), and a statement issued by Jim Lochhead can be found [here](#).

South Platte Water Renewal Partners Matters

South Platte Water Renewal Partners Wastewater Treatment Plant

The Supervisory Committee last met on February 28, 2019. The following were action items of the meeting:

- **APPROVED** – New Industrial Pretreatment Local Limits as drafted and preliminarily approved by the USEPA. Local limits are wastewater limitations on pollutants like metals and solvents that apply to commercial and industrial facilities. Local limits put controls on the discharge of toxic pollutants into the treatment system. The EPA requires wastewater plants to set new local limits each time they receive a discharge permit. As there were some significant changes in some of the limits, the facility is managing the communications with the impacted industrial dischargers.
- **APPROVED** – A professional services agreements with AmWest Controls, Inc in the amount of \$30,000 and Golden Automation in the amount of \$65,000 to provide service and support for the SPWRP process control network. Services under this agreement will include troubleshooting, maintenance, procurement, installation and configuration of instrumentation and their associated communication networks. The companies will also provide and maintain updated instrumentation and controls drawings, on-call service, training for SPWRP SCADA personnel, and quarterly review meetings. Services may also include planning or design of modifications to maintain reliability or upgrade obsolete systems with current technology.

The Supervisory also started discussion of a procurement policy specifically for purchases made at the plant. The current process allows for both city councils to have approval authority, which can significantly delay purchases. The new policy would formally provide the plant director with potentially up to \$100k in spending authority with Supervisory Committee approval required for purchases over that amount. A full draft of the proposed policy is expected within the next month.

Colorado Legislation, Regulation, and Litigation

Note: This section of the Management Report is prepared in progressive style with new text highlighted.

SDA Legislative Committee

I am attending Colorado Water Congress State Affairs and Special District Association Executive Legislative Committee meetings during the 2019 legislative session. Periodic Legislative Reports will be posted to the Board Portal during the session.

February 2019: The initial report on the 2019 Colorado legislative session has been posted to the Board Portal. The report will be periodically updated throughout the session.

CDPHE Regulation 22 Revision

The Interceptor and Lift Station Workgroup continues to meet and develop proposed revisions to this regulation. The next meeting is scheduled for March 20th. The main topic will be the recent direction from the AG's office and how the workgroup will proceed with revising the Reg 22 language as a result.

As a reminder, this effort is part of the CDPHE-managed stakeholder process to adopt meaningful modifications to Regulation 22 – Site Location and Design Approval Regulations for Domestic Wastewater Treatment Works. This regulation also sets design guidelines for wastewater interceptors and lift stations. More details can be found at this website: [REGULATION 22 Stakeholder Process Work Plan](#).

Colorado Water Plan

The Colorado General Assembly and Colorado Water Conservation Board have established a goal for funding Colorado Water Plan implementation activities at \$10 million per year. For the 2018-2019 fiscal year the goal will not be met because of a steep decline in severance tax revenue which has been used to fund the program. The decline is caused by lower oil and gas activity combined with the state losing a lawsuit filed by British Petroleum over property tax deductions. Severance tax revenue dropped to \$19.5 million in 2016-2017 from \$300 million in 2014. Funding for the Water Plan is expected to be \$7 million in 2018-2019. The funding includes \$3 million for storage work; \$1 million for agriculture-water projects; another \$1 million for grants that would put into action strategies for conservation, land use and drought planning; and \$1.5 million for environmental recreational projects.

Republican Senator Don Corem from Montrose has indicated that he will introduce a bill in 2019 to establish permanent funding for Water Plan activities. He has stated that he is not ready to divulge the source of funding except that it will not include severance taxes.

November 2019: The Colorado Water Plan, which was completed in 2016 identified a significant financial shortfall in the ability of the State to meet the needs identified in the Plan. Several groups have been discussing this shortfall and advancing possible solutions including a bottle tax, a water tap fee or a water service fee, a sports betting tax, a sales tax, and a lodging tax. None of the plans have reached the point of being ready to introduce in the state legislature; however, Governor

Hickenlooper in his 2019-2020 budget request proposed an allocation of \$30 million for the next three years for implementation of the Water Plan.

An informative article on the Colorado Water Plan from the *Colorado Independent* authored by Susan Green can be found at: [Colorado Water Plan Article by Susan Greene](#).

Colorado Drought Mitigation and Response Plan

The Colorado Water Conservation Board approved on September 20 a revised Drought Mitigation and Response Plan. “The revised plan uses state of the art planning techniques to prepare Colorado for drought and integrates lessons learned from the last five years. The revised plan outlines a step by step procedure to respond to drought; updates mitigation efforts that will help the state and local communities reduce impacts from drought; and includes a revised vulnerability assessment of sectors affected by drought statewide, including a new drought visualization tool.” The drought plan can be found at the following website: [Drought Plan](#).

Conceptual Framework

Future water diversions from the West Slope to the East Slope was one of the most controversial topics during the development of the Colorado Water Plan. The controversy was somewhat resolved with the creation of the Conceptual Framework which provides guidelines on the issues and agreements that would need to be established for water diversions to be approved. Little discussion has occurred since the Water Plan was completed until recently when a Conceptual Framework Committee was formed and met on March 16, 2018. They are revisiting the framework to determine how to move it forward in a proactive, positive way. They intend to promote an education and outreach effort in coming months. CWCB staff has been asked to develop an education and outreach plan on this issue and will have staff coordinating activities with the various river basin roundtables.

Statewide Water Supply Initiative Update

The Statewide Water Supply Initiative Update serves two purposes; 1) provide a consistent statewide framework for examining future water supply and demand under different scenarios, and 2) provide tools and data for Basin Roundtables to use in updating their Basin Implementation Plans and developing detailed local solution to identified gaps. The Colorado Water Conservation Board appointed Technical Advisory Groups to help draft the update. These groups met over the week of September 25, 2017 and drafted several technical memoranda to guide development of the update. A list of TAG participants and all methodology documentation is posted on the CWCB website at: [SWSI Update](#).

December 2017: CWCB’s technical team revised the draft methodology and documented each comment received and the related response. The documentation is available for review on the above referenced website. Also available are meeting summaries, lists of TAG members, and the

full presentation materials from each initial TAG meeting. The technical team is now completing the methodology documentation before moving into Phase 2 of the project: performing the technical evaluations. CWCB staff will also now work with basin roundtables and other stakeholders to communicate the key aspects of the SWSI update.

March 2018: A recent update on the progress of the SWSI reports that the technical analyses for the update are underway with a small core group of key personnel from the technical team. Due to the sequencing necessary to complete different components of the study, the final report is planned to be completed in June 2019. However, many of the deliverables will be available by December 2018, including much of the data, technical memos and online tools.

November 2018: The Statewide Water Supply Initiative (SWSI) update is continuing to move forward with data analysis and modeling. At the same time, CWCB staff are actively coordinating on long-term integration with Basin Implementation plans (BIPs) and the Colorado Water Plan. This includes developing communications, tools and planning strategies that enhance basin roundtable (BRT) engagement and set the stage for BIP updates. CWCB staff is currently meeting with each BRT to layout this the timeline and identify the best ways they can engage and support BRTs and other stakeholders. A state-wide BRT summit is tentatively planned for September 2019, just after release of the SWSI update in July 2019.

Interbasin Compact Committee (IBCC)

The IBCC held its second 2017 meeting in Denver on November 30. During the all-day session the group developed a work plan for 2018 which is available upon request. Three task groups were established to:

1. Draft a letter to 2019 gubernatorial and legislature candidates about water issues.
2. Identify next steps for the Conceptual Framework: and,
3. Flesh out new funding concepts for implementation of the Colorado Water Plan.

The IBCC plans to meet four times in 2018, the first two of which will occur in February and April or May.

March 2018: The IBCC met in Golden, Colorado on February 20, 2018. The meeting focused on the three new task groups and their ongoing efforts to complete goals set in November 2017. The Conceptual Framework Task Group is working with the CWCB to engage in a statewide education and outreach campaign about both the Conceptual Framework and current Colorado River issues and activities. These efforts are being coordinated with the interstate and Federal Section as well as the Office of the Attorney General. The Candidate Letter Task Group drafted a letter to prospective candidates for statewide office, i.e. Governor, state representatives, senators, etc. to briefly outline major water issues in Colorado and emphasize their importance. The IBCC plans to work with basin roundtables to distribute the letter in May, prior to the primaries in June. Finally, the Funding Concepts Task Group is refining input on potential parameters for a concrete spending plan and related messaging around a possible new revenue source for investment in meeting Colorado's identified water needs.

South Platte River Storage Study

The Colorado General Assembly in House Bill 16-1256 authorized a study of potential storage sites on the South Platte River between Kersey and the Nebraska state line to mitigate or alleviate the anticipated gap in water supply in the South Platte basin. According to the study, it is estimated that the South Platte carries almost 300,000-acre feet of water per year out of Colorado in excess of the amount needed to satisfy the South Platte River Compact with Nebraska. The study reports that the best way to meet Colorado's growing water demand and still protect irrigations water rights is a combination of increased surface storage and underground, or aquifer storage. But even that combination will not bridge the gap between supply and demand. The report also says that considerably more water is available at the Julesburg end of the section of river considered in the study than at the Kersey end, primarily because of return flows from irrigation. That indicates the need for a large reservoir to capture water before it leaves the state. The study further reports that capturing all the excess water is simply not feasible.

“The work in the South Platte Storage Study is a starting point for more specific alternative investigations, but substantial additional analysis will be required to test the feasibility of specific storage options base on points of diversion, intake systems, and methods of operation to meet demands,” according to the study report. The study is available at: [South Platte Storage Study](#).

November 2018: A group of water providers called the South Platte Regional Opportunities Working Group (SPROWG) including South Metro Water Supply Authority, Aurora, Denver Water, Colorado Water Conservancy District, North Sterling Irrigation District, Left Hand Water Conservancy District and Lower South Platte Water Conservancy District are pursuing funding to advance the study of options to develop downstream storage on the South Platte River to capture and store water that is not required to meet supply obligations to Nebraska. The group was recently awarded grants worth \$350,000 from the Metro and South Platte Basin Roundtables and has pledged another \$120,000 from members to continue researching the proposals.

Water Reuse - Graywater Control Regulation

As reference above under Legislation, Denver Water is pursing legislation to allow for additional approved uses for reclaimed water. The agency is also continuing to promote changes in water quality regulations to accomplish the same goal. In conjunction with the Colorado Water Quality Control Division, Denver Water is continuing to organize workshops and promote amendments to Regulation 84 – Reclaimed Water Use to expand allowable uses of reclaimed water. Uses currently allowed include industrial uses (evaporative, wash water, and non-evaporative industrial processes), non-discharging construction and road maintenance, zoo operations, commercial laundries, automated and manual vehicle washing, landscape irrigation (restricted, unrestricted, and resident-controlled), agricultural irrigation (non-food crop irrigation and silviculture, nonresidential and residential fire protection. Denver Water proposed uses include livestock washing, irrigation of crops for human consumption and other uses within community gardens and other resident-controlled, unrestricted locations, irrigation of crops for human consumption in commercial agriculture applications, and indoor urinal and toilet flushing.

At the conclusion of the workshops in the first quarter of 2018, a proposal for amendments to the regulation will be presented to the Colorado Water Quality Control Commission. The commission will then go through its normal notice and hearing process resulting in a public hearing in August 2018.

May 2018: Three of four bills introduced in the Colorado General Assembly that provide for more allowable uses of reclaimed water passed; use for food crop irrigation, use for industrial hemp cultivation and use toilet flushing. A bill that would have allowed reclaimed water to be used for marijuana cultivation failed due to opposition from the marijuana industry.

The Colorado Water Quality Control Division will establish control regulations for each type of use approved by legislation.

September 2018: the Colorado Water Quality Control Commission performs a review of regulations on a three-year cycle. In 2018, the Commission will perform a triennial review of Regulation 86: Graywater Control Regulation. As of April 2018, only two local governments have adopted a graywater control program, the City and County of Denver and Pitkin County. No graywater treatment systems have been installed under the local graywater control programs.

The triennial review will focus on the following staff recommendations:

- Encourage small-scale graywater use by clarifying “laundry to landscape” requirements
- Evaluate the potential inclusion of toilet tank sinks
- Evaluate additional graywater uses within existing treatment requirements including irrigation of green roofs, fire suppression for decentralized fire systems and dust suppression for a landfill site.

February 2019: The Colorado Department of Health and Environment approved Regulation 86, Groundwater Control Regulation, in May of 2015. It required that counties approve the program and adopt standards and enforcement mechanisms. Only two counties, Denver and Pitkin, have adopted greywater ordinances. This is disconcerting to supporters of greywater use and representatives from the City and County of Denver and Pitkin County are encouraging more counties to consider adoption of the regulation. More information is available [here](#).

Chatfield Reservoir Reallocation Project

Construction of mitigation measures for the Chatfield Reallocation Project is scheduled to begin this winter. The swim beach and north boat ramp will be reconstructed to accommodate the future shoreline. By the end of 2019, many features of the park, including the marina, day use areas and the South Platte Bridge will be completed. The project will cost an estimated \$160 million and will be funded by project partners. For additional information on the project and the mitigation plan please visit the Chatfield Storage Reallocation Project website at chatfieldreallocation.org.

February 2018 The Audubon Society has filed an appeal of its lawsuit against the U.S. Army Corps of Engineers with the 10th Circuit Court of Appeals. The group claims that the Corps did not consider all reasonable alternatives that would result in less environmental damage. The group is also seeking an injunction to halt construction on the project until a decision is made on the appeal.

April 2018: Despite ongoing litigation challenging the permit for the Chatfield Reallocation Project, construction of recreation mitigation projects is moving forward. A description of the work being done, and status of construction can be found at www.chatfieldreallocation.org.

November 2018: The U. S. Court of Appeals for the Tenth Circuit on November 5, 2018 denied the petition of the Audubon Society of Greater Denver to overturn the Army Corps of Engineers approval of a permit for Chatfield Reallocation Project.

Federal Legislation

Note: This section of the Management Report is prepared in progressive style with new text highlighted.

The First Session of the 116th Congress convened on January 3, 2019. Bills of interest will be tracked as they are introduced and move through the legislative process.

H.R. 807 The Water and Agriculture Tax Reform Act of 2019

This bill was introduced by Representative Ken Buck and would amend the Internal Revenue Code of 1986 to facilitate water leasing and water transfers to promote conservation and efficiency. It allows ditch companies to sell water to cities, energy companies, and other outside parties while still maintaining nonprofit status, so long as the proceeds of the sales pay for maintenance and repair of irrigation infrastructure. The House approved the bill last session.

Status: Referred to the House Committee on Ways and Means.

H.R. 852 Get the Lead Out of Schools Act

This bill would amend the Safe Drinking Water Act to require the EPA Administrator to promulgate a national primary drinking water regulation for school drinking water that would 1) establish a lead action level for schools, 2) require each public water system to

sample for lead in the drinking water at schools, and 3) require the public water system that serves the school to notify the local educational agency that has jurisdiction over the school, relevant health agencies, the municipality and the State as soon as practicable, but not later than 24 hours after the public water system receives sampling results that meet or exceed the lead action level.

Status: Referred to the House Committee on Energy and Commerce.

H.R. 1162 To Establish a Grant Program for the Funding of Water Recycling and Reuse Projects, and for Other Purposes.

This bill would increase federal grants for water recycling to \$500 million.

Status: Referred to the Committee on Natural Resources.

H.R. 1417 The Water Affordability, Transparency, Equity and Reliability Act

This is a companion bill to S. 611 and would provide up to \$34.85 billion to create a trust fund for increasing Safe Drinking Water and Clean Water Revolving Fund expenditures.

Status: Referred to the Transportation and Infrastructure, Energy and Commerce, Ways and Means and Agriculture Committee

H.R. 1429 The Drinking Water Infrastructure for Job Creation Act

This bill would authorize a supplemental appropriation of \$7.5 billion in funding for the Drinking Water State Revolving Fund program and be available for six years.

Status: Referred to the Appropriation and Budget Committees

S. 611 The Water Affordability, Transparency, Equity and Reliability (WATER) Act

This bill would increase the corporate income tax from 21 to 24.5 percent. Up to \$34.85 billion of that revenue would be dedicated to a WATER Trust Fund, with all other monies going to the general Treasury. Most of the trust fund (90 percent) would be allocated to the pre-existing Clean Water and Drinking Water state revolving funds. The bill would also require the EPA to study discrimination by water and sewer providers and potential violations of civil rights by providers, as well as looking into how water shut-offs disproportionately affect low-income or minority communities.

Status: Referred to the Environment and Public Works Committee

Federal Regulation

Clean Water Act - Waters of the United States (WOTUS) Rule

On June 27, 2017 the Army Corps of Engineers published a proposed rule for publication in the Federal Register to initiate the first step in a two-step process of reviewing and revising the definition of WOTUS. The first step will rescind the 2015 WOTUS rule and recodify the definition of waters of the United States as it existed prior to the 2015 Rule. The second-step will be to propose a definition that is consistent with the plurality opinion in *Rapanos v. EPA* which would have removed “isolated waters” (water without a surface connection to traditionally navigable waters) from federal jurisdiction under the Clean Water Act.

The EPA and the ACOE have scheduled ten teleconferences to receive comments and recommendations from stakeholders on how to revise the definition of Waters of the United States. Nine of the teleconferences will be tailored to specific sectors, i.e., agriculture, conservation, small entities, construction and transportation, environment and public advocacy mining, industry, scientific organizations and academia, and stormwater, wastewater management, and drinking water agencies. One of the teleconferences will be open to the general public. The teleconferences will begin on September 19 and conclude on October 23.

November 2017: On October 11th, the U.S. Supreme Court heard oral arguments on whether an appellate court is the proper venue for Clean Water Rule review (*Association of Manufacturer’s v. Department of Defense (Army Corps of Engineers)*). Justices wrestled with questions about judicial efficiency and fairness in trying to determine whether federal district or appeals courts should first hear suits over the WOTUS rule, and whether the EPA’s bid to repeal the rule moots the case. Industry groups, Republican-led states and several environmental organizations are urging the high court to reverse a divided ruling from the U.S. Court of Appeals for the 6th Circuit that said appellate courts and not federal district courts are the correct venue for hearing challenges to the jurisdiction rule. The Justice Department (DOJ) has countered that having an appellate court hear the case is more efficient than having several federal district courts rule, which could then be challenged in appeals court before a possible Supreme Court bid.

The justices during the oral arguments appeared to like the simplicity and apparent efficiency of the DOJ position, with Justice Sonia Sotomayor calling it “attractive, simple” and “certainly no more complex than the challengers’ position in terms of its consequences. Chief Justice John Roberts Jr. pressed industry attorney Tim S. Bishop to acknowledge that having challenges brought in multiple district courts is “inefficient.” Justice Ruth Bader Ginsburg asked both sides attorneys whether the case could become moot at any moment if EPA finalizes a rule to repeal WOTUS, as the Trump administration is currently planning.

The EPA showing concern the Supreme Court may rule that federal district courts are the proper venue for WOTUS challenges, is working to delay the effective date of the Obama-era regulation.

Such a ruling by the Court would possibly eliminate the stay on implementation of the rule issued by the 6th Circuit Court of Appeals thus allowing the rule to go into effect.

December 2017: The EPA's series of teleconferences has been completed. The sessions have confirmed a split amongst stakeholder groups on major issues including whether to use the expansive Clean Water Act test set out by Justice Antony Kennedy in the 2006 Supreme Court decision *Rapanos v. United States* or the narrower standard advanced by the late Justice Antonin Scalia in the same case as well as how to craft exemptions from permit requirements for stormwater ponds, ditches and farming practices.

February 2018: The U.S. Supreme Court on January 22, 2018, issued a unanimous opinion finding that the Waters of the United States Act (WOTUS) does not fall into any of the discrete categories laid out in the judicial review section of the law that requires challenges to be decided in the federal appeals courts. Following the decision, the 11th Circuit Court of Appeals issued a per curium ruling in the State of Georgia, et al., v. EPA, et al., returning the case to the U.S. District Court for the Southern District of Georgia. The court also dismissed a district judge's order that said circuit courts were the proper venue for challenging the WOTUS rule. However, the 11th Circuit is not scheduled to issue its mandate in the case which would finalize the ruling until March 19. Georgia and 10 other Southern states have asked the court to issue its mandate immediately, saying the order is vital to ensure their case can resume before the WOTUS rule comes back into effect following the Supreme Court ruling. The 11th Circuit had issued an injunction halting enforcement of the rule.

In the meantime, the EPA has issued a rule to delay the "applicability date" of the rule for two years. Initially, EPA had proposed to delay the "effective date" of the rule, but courts have ruled in the past that the effective date of a rule cannot be changed after it takes effect. The rule changing the applicability date has also now been challenged in federal courts.

To further confuse the issue, a previous ruling by the U.S. Court for the District of North Dakota that granted an injunction blocking the WOTUS rule with the borders of 13 states (including Colorado) is not affected by the Supreme Court ruling and remains in effect. Thus, the rule may be applied in 37 states and not in the other 13 states. Also, the EPA has issued a rule repealing the WOTUS rule and continues to work toward issuing a replacement rule later this year.

March 2018: Following the EPA's issuance of a rule to delay the "applicability date" of the WOTUS rule, ten environmental groups and 11 Democratic-led states filed law suits in two separate district courts seeking to overturn the latest rule. They claim that the delay rule violates both the Clean Water Act and the Administrative Procedure Act's requirements for rulemaking, including that the agencies offer reasoned justification for their rules, that they provide ample time for public comment – as opposed to the 21 days allowed on the delay – and that they record binding regulations in the Code of Federal Regulations. The Department of Justice is (DOJ) attempting to transfer both suits to a federal district court in Texas which is considering the legality of the WOTUS rule. The DOJ claims the suits are inextricably linked and should not be considered separately.

In the meantime, the U.S. Court of Appeals for the 11th Circuit which issued a stay on implementation of WOTUS granted a motion to speed up the resumption of district-level litigation over the rule after formally deciding in January that a case there would be allowed to move forward. Colorado is one of the litigants seeking to overturn the WOTUS rule in that case.

Finally, EPA is seeking to issue a replacement to the WOTUS rule before the end of 2018.

April 2018: The EPA and ACOE are proposing a “supplemental proposal” to enhance their pending repeal of the WOTUS rule. In 2017, the agencies first proposed to repeal the Obama-era rule and took public comment. Hundreds of thousands of stakeholders submitted comments and, after reviewing them, EPA and ACOE have decided to address the issues raised by issuing a supplemental proposal to provide additional clarity on the scope of their efforts to repeal the rule. The proposal has been forwarded to the White House for review after which it will be published and subjected to another round of public comments.

In the meantime, EPA Administrator Scott Pruitt is centralizing power in his office over final approval of “certain” Clean Water Act (CWA) jurisdictional determinations, removing that power from regional administrators and creating a new process that a leaked memo says will involve Pruitt’s office “early on” in decisions over the law’s scope. The decision appears in line with other steps Pruitt has taken to assert more authority of jurisdictional determinations to achieve the Trump administration’s push for a narrower interpretation of the CWA compared to the Obama administration.

Finally, many lawsuits are continuing to wend their way through the legal process, but there are no major decisions or opinions to report at this time.

May 2018: Both the Farm Bill and the EPA Appropriations Bill contain language to repeal the Obama-era Waters of the United States (WOTUS) rule.

A federal district court judge has upheld a magistrate’s order re-starting litigation over the WOTUS rule in North Dakota, rejecting the Trump administration’s objections that doing so will prejudice its pending plan to repeal the Obama-era rule and replace it with a narrower jurisdiction standard. Colorado is one of 14 state plaintiffs in the case.

Eleven states are asking a federal district court in New York to scrap the Trump administrations delay on implementing the WOTUS rule for two years while a new rule is proposed as a replacement.

EPA water chief David Ross ordered revisions to the proposed repeal of the WOTUS rule to bolster the proposal’s legal basis in expected litigation. Ross has been saying that there are legal deficiencies to the Step 1 proposal to repeal the rule and he wants to fix them before the new rule is finalized so it has a better chance of surviving litigation.

A federal district court in Georgia has set a May 31 hearing on blocking enforcement of the WOTUS rule either nationwide or within 10 states challenging the policy. The rule is currently

blocked from implementation in 11 states including Colorado by a North Dakota federal district court.

After repeatedly stating the replacement WOTUS rule would be promulgated by June 2018, the EPA is now stating that an additional nine months will be required to review and **respond to** previous comments and release the new rule. The EPA now proposes to release the rule in September 2019.

June 2018: The Federal District Court for the Southern District of Georgia recently issued a ruling stating that the plaintiffs in a lawsuit challenging the legality of the WOTUS have a “substantial likelihood of success on the merits” of their claims that the WOTUS rule violates both the Clean Water Act and the Administrative Procedure Act. The ruling bars implementation of the rule within the 11 states that filed the lawsuit. Similar rulings in other federal district courts will leave the rule enforceable in only 26 states if the Trump administration rule delaying implementation of the rule is overturned.

EPA Administrator Scott Pruitt in a recent meeting with farmers pledged to send the WOTUS replacement rule to the Office of Management and Budget the week of June 11. The OMB must approve the rule prior to publication and filing a notice for public comment.

July 2018: EPA and the Army Corps of Engineers have released an overhauled proposal to withdraw the 2015 WOTUS rule. The proposal greatly expands the legal arguments for abandoning the rule in an effort to fend off expected legal challenges. The proposal states that “the agencies interpretation of the ‘significant nexus’ standard as applied in the 2015 rule expansive and does not comport with and accurately implement the limits on jurisdiction reflected in the CWA and decisions of the Supreme Court.” The agencies also expressed concern that the rule lacks sufficient statutory basis. The proposal was published in the Federal Register and is open for a 30-day comment period.

The EPA sent a narrower WOTUS rule to replace the 2015 rule to the White House for pre-publication review on June 15. The Office of Management and Budget will now review the proposed rule prior to publication in the Federal Register. OMB review normally takes 90 days.

In the meantime, prior to leaving office EPA Administrator Scott Pruitt ordered the Office of Water to draft a rulemaking limiting the agency’s power to “veto” CWA dredge and fill permits issued by the ACOE or states.

August 2018: A federal judge for the U.S. District Court for the District of South Carolina has ruled that the EPA’s two-year delay on implementing the WOTUS rule violated the Administrative Procedure Act (APS) notice-and-comment requirements, thus reinstating the rule in 26 states. The delay remains in effect in the other 24 states.

September 2018: A federal judge in Texas has blocked enforcement of EPA’s 2015 WOTUS rule in Texas, Louisiana and Mississippi, granting a request from the states to block its implementation but rejecting their request for a nationwide order in lieu of a state-specific one. The new injunction cuts the number of states where the 2015 rule is in effect down to 23. The other 27 states are

covered by a patchwork of three district-level injunctions: the Texas court’s order, one from the district court for North Dakota that was issued in 2015, and a 2018 order from a federal judge in Georgia.

November 2018: The EPA is once again delaying the timetable for repealing the Waters of the United States Rule by at least four months. The agency is now planning on finalizing the repeal in March of 2019, rather than this month as originally planned. This means the rule will stay in effect in some state into the new year.

January 2019: on December 11, the U.S. Army Corps of Engineers (ACOE) and the U.S. Environmental Protection Agency (EPA) proposed a new Waters of the United States (WOTUS) rule. The proposed rule is intended to replace the 2015 rule issued during the Obama administration. The two agencies stated that the new rule is intended to “further clarify jurisdictional questions, eliminate case-by-case determinations, and narrow Clean Water Act. (CWA) jurisdiction to align with Justice Scalia’s opinion in *Rapanos v. United States*.” The agencies definition encompasses “relatively permanent flowing and standing waterbodies that are traditional navigable waters in their own right or that have a specific connection to traditional navigable waters, as well as wetlands abutting or having a direct hydrologic surface connection to those waters.” The new rule expressly excludes certain waters from the definition of “waters of the United States.” Specifically, the proposal’s exclusions include:

- groundwater
- ephemeral surface features and diffuse stormwater run-off
- ditches that do not fall into the category of jurisdictional ditches
- prior converted cropland
- artificial irrigated areas
- artificial lakes and ponds constructed in uplands
- most stormwater control features
- wastewater recycling features
- waste treatment systems

For additional information, a copy of a summary of the proposed revised definition of the Waters of the United States Rule can be found [here](#), a copy of an economic analysis of the new rule can be found [here](#), a summary of key proposed changes in the rule can be found [here](#), and a comparison between the Obama and Trump rules can be found [here](#).

The comment period for the new rule is proposed to run for 60 days from the date of publication in the Federal Register but will likely be extended.

February 2019: The proposed rule “Revised Definition of Waters of the United States” was published in the Federal Register on February 14, 2019. This begins a 60-day comment period which is likely to be extended prior to the end of the 60 days. Democrat lawmakers in Congress have requested that the comment period be extended to 2017 days, the same amount of time the public ultimately had to comment on the Obama administration’s Clean Water Rule. The EPA had scheduled a public hearing in Kansas City on the proposed rule but had to reschedule it due to the government shutdown. It is now scheduled to occur on February 27. A copy of the Federal Register notice is available [here](#).

March 2019: Colorado Attorney General Phil Weiser has requested comments from the Colorado Water Congress on a proposal to withdraw Colorado from ongoing litigation in U.S. District Court for the District of North Dakota on the 2015 Water of the United States (WOTUS) Rule. CWC responded with several questions including why he would withdraw at this point when the district court found “that the States were reasonably likely to succeed on the merits of their challenges to the 2015 Rule. The CWC further requested a meeting to discuss the issue with the AG or his designated representative. See copy of letter from CWC to the Attorney General [here](#).

Clean Water Act Section 401 Certification

Under Section 401 of the Clean Water Act (CWA), states have the ability to evaluate whether activities under a federal permit will undermine attainment of state water quality standards, and a state certification that water quality will be protected is necessary for projects requiring such permits, including CWA permits, to proceed. Legislation has now been introduced in the Senate to amend when and how states can put water quality conditions on federal permits for energy projects, citing concerns about state abuses of the CWA section 401 process. The changes to the law include clarifying that the review are limited to water quality impacts only: clarifying that states can only consider discharges that would result from the federally permitted or licensed activity itself and not other sources; requiring states to publish clear requirements for water quality certification requests; requiring states to make a final decision in writing on whether to grant or deny a request for a 401 certification; and requiring states to inform a project applicant within 90 days whether the states have all of the materials needed to process a certification request.

The Western Governors’ Association issued a letter to congressional leaders opposing the legislation.

September 2018: The Association of Clean Water Administrators (ACWA) has objected to proposed legislation to amend the CWA section 401 process. The organization claims that the proposed legislation would limit its rights to block federally approved projects under section 401 of the CWA, and therefor limit its ability to protect state water quality and provide critical input on the impacts posed by federal permits and licenses.

Affordability

Philadelphia, PA recently became the first utility in the Nation to base water utility bills on income. “The utility will charge lower water rates for households with incomes at or below 150 percent of the federal poverty line (which is roughly \$3,075 per month for a family of four). Participating households will pay between two percent and four percent of their monthly income, which could mean bills as low as \$12 a month. Last year, the average Philadelphia resident paid about \$71 a month in combined water, sewer and stormwater charges. The city estimates that as many as 60,000 households are eligible for the income-based program. [Governing Magazine]

An increasing number of water and sewer utilities are adopting utility bill payment assistance or amending rate structures to assist low income customers pay their utility bills. Aging infrastructure, increasingly stringent regulations (particularly for storm water control), and a reduction in federal and state financial assistance are causing utilities to increase rates at levels higher than increases in income and higher than general cost of living increases. The sometimes-dramatic increase in water and sewer rates in Midwestern and eastern cities is making it more and more difficult for low income property owners to pay their utility bills and making it more difficult for utilities to avoid water shut offs and continue to generate the revenue needed to operate the utility.

December 2017: The U.S. Congress in a 2016 budget deal ordered the National Academy of Public Administration (NAPA), an organization that works to make government more effective, to evaluate the EPA's water affordability guidance and suggest improvements. The final report was issued by NAPA in October. It contains 21 recommendations that range from better communication between headquarters and regional offices to helping communities develop customer aid programs for poor households. It also includes guidelines for utilities that want to look holistically at clean water investments, a process the EPA calls "integrated planning." The core of the report, however, is four suggestions for improving the EPA's affordability calculations. The calculations are required for infrastructure projects that bring cities into compliance with federal clean water statutes. NAPA acknowledged that median household income is inadequate for measuring affordability and masks severe financial burdens in the poorest households. Instead of a replacement metric for MHI, NAPA offered five attributes that new guidance should reflect: calculated from public data, clearly defined, easy to understand, reliable, and comparable between utilities. The EPA is now in the process of reviewing the report and considering which, if any, of the recommendations to implement. [From Circle of Blue]

September 2018: EPA is exploring at least three new metrics for measuring communities' ability to afford water infrastructure projects as it seeks to respond to congressional and other pressure to revise existing guidance to account for utilities' infrastructure needs and enforcement compliance and move beyond its current. Controversial metric of median household income (MHI).

The three alternatives to MHI the agency is exploring include two which were developed by Manuel Teodoro, associate professor and director of politics and policy program at Texas A&M University. These are the affordability ratio, which assesses affordability at the 20th percentile rather than at median income, and the hours of labor at minimum wage needed to pay for water and sewer at 50 gallons per day. Teodora suggests that under the second metric, affordability should be defined as no more than eight hours of labor.

The third metric is the Weighted Average Residential Index (WARi), which calculates the weighted-average financial burdens across all income levels, in census tracts in a given utility's service area. WARi was developed by engineering and consulting firm MWh Global, now a part of Stantec.

Lead and Copper Rule

The EPA has announced that the revised lead and copper rule will not be published until January 2018, six months later than the timeline EPA proposed one year ago. Once published the rule will proceed through a notice and comment period and further review by the agency. The earliest the rule would be implemented is July of 2019.

April 2018: In response to EPA's request for comments on development of revisions to the Lead and Copper Rule, several drinking water utilities and organizations are urging the agency to focus on "financially prudent" ways to reduce human health risks and cautioning that it may not be able to propose a rule that addresses all of the changes that the National Drinking Water Council (NDWC) recommended in 2015.

"A revised lead and copper rule (LCR) should result in water systems developing an inventory of lead service lines and crafting plans for the complete removal of such lines, including those on private property; reducing the corrosivity of water reaching customers' homes, which can increase lead leaching from pipes and other fixtures; and communicating with the public about lead risks and steps households can take to evaluate and reduce lead in drinking water, March 8 comments from the American Water Works Association stated."

AWWA also stated that some of the NDWC recommendations that will take more time to address include: "identifying a level of lead in drinking water of public health concern – what NDWAC termed a household action level" substantiating the benefit of revision the rule with respect to copper; identifying corrosion control changes that will reduce lead levels further for systems already reliably below the action level while also not leading to undesirable unintended consequences; and dramatically changing the method used to collect tap samples." The reference to unintended consequences of corrosion control is highlighted by the current situation facing Denver Water where implementation of the state mandated method will exacerbate problems faced by wastewater treatment plants in removing constituents being added to the water supply for corrosion control. Further, treated water used for irrigation and other uses that does not flow to a treatment plant will result in other environmental impacts by degrading the water quality in streams and lakes.

The EPA has proposed releasing a proposed revised LCR by August 2018.

March 2019: For the eighth time, EPA has announced a delay in release of a revised Lead and Copper Rule. Agency Administrator Andrew Wheeler sent the proposed revision back to EPA staff for further review on February 25. Mr. Wheeler is concerned that revisions to the rule could place undue burdens on communities to replace all existing lead service laterals. He emphasized his desire for the Agency to first focus on the most corrosive lead lines in use. EPA has estimated that the cost to remove 6 to 10 million lead service pipes could exceed \$123 billion. During meetings held to gather information and comments on potential revisions to the rule, EPA focused on five areas; lead service line replacement, corrosion control treatment, tap sampling, public education and transparency, and copper requirements. Lead service line replacement, which some stakeholders have called for to be implemented nationwide, has proven to be the most controversial revision for cost, legal,

implementation and enforcement reasons. The Agency has not identified a new date for release of the revised rule.

Groundwater Discharge Policy

EPA is expected to issue regulations related to discharges into groundwater sometime this spring. The proposed regulation will decide whether the Clean Water Act (CWA) should apply to pollution that moves through groundwater before reaching a federally regulated waterway. U.S. Circuit Court's of Appeals have issued conflicting opinions on the issue (see *County of Maui Hawaii v. Hawai'i Wildlife Fund* under Federal Litigation). The Trump Administration has urged the U.S. Supreme Court to take up on one of the conflicting cases in hopes of reversing the lower court decisions in favor of greater regulation.

Federal Litigation

Catskill Mountains Chapter of Trout Unlimited, Inc. et al v. EPA

The U.S. Court of Appeals for the 2nd Circuit has denied a request from states, tribes and environmental groups to reconsider a January ruling that upheld EPA's 2008 rule exempting water transfers between protected waterbodies from Clean Water Act (CWA) permit mandates.

Environmental Groups and a New York – led coalition of states have asked the Supreme Court to overturn the above decision that reinstated U.S. EPA's contentious "water transfers" rule. Colorado, California and other Western states intervened in opposition of New York in the lower court case and opposes the latest effort to overturn the rule.

March 2018: The U.S. Supreme Court has denied petitions from opponents of the 2008 Clean Water Act rule exempting water transfers from discharge permit mandates, letting stand a U.S. Court of Appeals for the 2nd Circuit decision that upheld the rule, and avoiding a new debate over when courts should defer to EPA's interpretation of laws.

County of Maui, Hawaii v. Hawai'i Wildlife Fund

The U.S. Supreme Court has agreed to hear the case *County of Maui, Hawaii v. Hawai'i Wildlife Fund* on appeal from the 9th Circuit Court of Appeals. The case focuses on sewage that is treated and discharged on the island of Maui, where the county government injects its treated wastewater underground, via four wells. Some of the effluent, however, seeps into the Pacific Ocean. Environmentalists sued Maui County claiming that discharging the treated waste through groundwater and into the ocean was prohibited under the Clean

Water Act unless the facility received regulator permission. Maui responded that it did not need permission under the act because groundwater wasn't covered by the federal clean water law. The 9th Circuit Court of Appeals agreed with the plaintiffs, but other courts have found the Clean Water Act doesn't apply to pollution that migrates through groundwater. The case will give the Supreme Court a chance to clarify the extent to which the federal law, which covers navigable waters, also applies to localized pollution that may eventually reach those waters.

General Federal Related Matters

Colorado River Operations

The Central Arizona Project (CAP) created a major stir in Colorado River Operations when they not only admitted but bragged about gaming the water allocation system to their benefit despite all the other upper and lower basin states emphasizing and conducting water conservation efforts to prevent Lake Mead from declining to a level that would require cut backs in water deliveries to all Colorado basin states. The Bureau of Reclamation sent a letter to CAP warning them of the harm being done to the cooperative attitude of all states to work together to prevent a call on the river. Denver Water which has spent millions of dollars encouraging conservation only to have CAP take it also sent a letter stating that water conservation expenditures would be halted if CAP does not agree to cooperate with other basin states. CAP has now agreed to meet with other states and be more collaborative in the effort to work together to prevent further reductions in Lake Mead storage.

In the meantime, the Bureau of Reclamation has release projections showing a 52 percent chance that Lake Mead will fall low enough in 2020 to trigger cutbacks under agreement governing water allocations. The projections increase the possibility of mandatory reductions to over 60 percent in 2021, 2022 and 2023. Bureau of Reclamation chief Brenda Burman recently stated that, "we need action and we need it now. We can't afford to wait for a crisis before we implement drought contingency plans." Burman encouraged states to finish the plans by the end of the year.

Development, Planning and Construction Activity

Platte Canyon

Cadence Capital - Pierce St. and Ken Caryl Ave. Development

District staff have responded to a Jefferson Count referral for a proposed plat of 7500 S. Pierce St. The plat proposes the combination of three tracts of land and creation of two lots on 3.19 acres of property. Water and sewer services are available from Platte Canyon.

Development of Denver Water Property on W. Bowles Ave. in Bow Mar South (WaterMark Developers)

The City of Littleton has requested comments on another proposed development of the Denver Water property on W. Bowles Ave. in Bow Mar South. This one proposed construction of 90 rental units with no garages on one entrance into and out of the development. We have advised the City that substantial changes must be made to the proposed development in order for the District to provide water and sewer service.

Southwest Metropolitan

No activity to report

Platte Canyon Tap Permit Sales

Permits issued in February 2019			
<u>Water Taps</u>		<u>Sewer Taps</u>	
0	1/2-inch new water tap permits	0.00	s.f.e. sewer tap permits
0	1-inch new water tap permits	0.00	s.f.e. renewal sewer tap permits
0	12-inch water tap permits	0.00	s.f.e. equivalent (commercial)
0	2-inch water tap permits		

Permits issued Year to Date 2019			
<u>Water Taps</u>		<u>Sewer Taps</u>	
0	:-inch new water tap permits	0.00	s.f.e. sewer tap permits
0	1-inch new water tap permits	0.00	s.f.e. renewal sewer tap permits
0	12-inch water tap permits	0.00	s.f.e. equivalent (commercial)
0	2-inch water tap permits		

Southwest Metropolitan Tap Permit Sales

Permits issued in February 2019			
<u>Water Taps</u>		<u>Sewer Taps</u>	
0	:-inch new water tap permits	0.00	s.f.e. sewer tap permits
7	1-inch new water tap permits	0.00	s.f.e. renewal sewer tap permits
6	12-inch water tap permits	0.00	s.f.e. equivalent (commercial)
7	2-inch water tap permits		
0	3-inch water tap permits		

Permits issued Year to Date 2019			
<u>Water Taps</u>		<u>Sewer Taps</u>	
0	:-inch new water tap permits	345.0	s.f.e. sewer tap permits
7	1-inch new water tap permits	0.00	s.f.e. renewal sewer tap permits
6	12-inch water tap permits	0.00	s.f.e. equivalent (commercial)
7	2-inch water tap permits		
0	3-inch water tap permits		

Platte Canyon and Southwest Metropolitan Sales and Revenue Graphs can be found [here](#).

Miscellaneous

Platte Canyon and Southwest Metropolitan Water and Sanitation Districts

Operation and Maintenance Summary Report February, 2019

Service Interruptions - Water

Platte Canyon

No water service interruptions this reporting period.

Southwest Metropolitan

LOCATION: 6082 S. Dudley Wy.
DATE: February 1, 2019
PROBLEM: Beam Break
TYPE: 6" A.C.P.
AGE: 1974
OUTAGE: Customers: Twenty-Seven
Duration: 6 RT; 1.5 OT
COSTS: Permit: \$ 175.00
Contractor repair: \$ 7,241.00
Asphalt/Concrete: \$ 850.00
District: \$ 2,560.04
Total: \$10,826.04
COMMENTS: Removed two feet of A.C.P. and replaced with P.V.C.

LOCATION: 6062 S. Dudley Wy.
DATE: February 5, 2019
PROBLEM: Valve Failure
TYPE: 2" Blow Off Assembly
AGE: 2016
OUTAGE: Customers: Five
Duration: 8 RT
COSTS: Permit: \$ 175.00
Contractor repair: \$ 7,419.12
Asphalt/Concrete: \$ 850.00

District: \$ 1,774.66
Total: \$10,218.78

COMMENTS: Ball Valve failed causing a leak. Replaced ball valve and standpipe.

Service Interruptions - Sewer

Platte Canyon

No sewer service interruptions this reporting period.

Southwest Metropolitan

No sewer service interruptions this reporting period.

General Operations Information

Platte Canyon - Sewer Notice Letters

Zero sewer notice letters were sent to customers warning of a potential problem resulting from root intrusion.

Southwest Metropolitan - Sewer Notice Letters

Zero sewer notice letters were sent to customers warning of a potential problem resulting from root intrusion.

Remedial Water Repairs 2019 (PC & SWM)

February, 2019 – C&L is working on nozzle repairs. Crews deliver two or three at a time then exchange with additional nozzle sections as it progresses.

January, 2019 – Remedial repairs will commence for 2019 in the next few weeks. Due to weather, we will begin repairing leaking fire hydrant nozzles before we begin valve repairs.

District Facilities Status

Scott J. Morse Pump Station (PC)

Site Expansion Project

February, 2019 – No information this reporting period.

January, 2019 – Tony is working with Jefferson County resolving their concerns before the sign can be installed.

December, 2018 – The only item remaining is installation of the sign.

October, 2018 – The Ken Caryl gates have been installed. The contractor is finalizing the project and cleaning the site. Tony is working on the sign for the pump station.

September, 2018 – The west gate has been installed. Still waiting for material to be delivered for the Ken Caryl gates.

August, 2018 – Fence installation is 90% complete. Remaining are installation of two vehicle gates and the pedestrian gate. The final item, Tony is working on the sign.

July, 2018 – Asphalt is complete. Work is moving forward to install the new fencing. Tony's construction report will provide more information.

June, 2018 – The concrete structure has been formed and poured. Currently, they are preparing the area for asphalt installation.

May, 2018 – Jeff Co finally approved the plans. The contractor has begun dirt work for the concrete structures.

April, 2018 – Tony is still working out the Jeff Co permit for this work to commence.

March, 2018 – Work has not begun as of this report. It appears work will commence mid to late April.

February, 2018 – Tony attended the bid opening on February 20, 2018. The low bidder is WO Danielson. It was presented to the board during the February meeting for approval. Work is expected to begin sometime late March.

January, 2018 – Bid opening for the project is scheduled for Tuesday, February 20, 2018.

Meetings/Training

Maintenance Staff Meeting

Monthly staff and safety meeting was held on **Wednesday, February 13, 2019**. These staff meetings are held monthly to discuss operational, personnel, and safety matters.

Operator Certification / Training

October, 2018 – All Operations Staff have been registered to attend a one-day re-certification course for Pipeline Assessment Certification Program. (P.A.C.P.) All operators have been certified for years. Three-year re-certification is mandatory.

General Information

Flow Monitoring Instrumentation Replacement (SWM)

February, 2019 – No information to report.

January, 2019 – Some minor issue arose with communication errors. I worked with the engineer and all issues seem to be resolved.

December, 2018 – This project is 100% complete. Data is being collected on the new instrumentation equipment.

October, 2018- Browns Hill has acquired all equipment and materials to start construction. Work is scheduled to begin November 7, 2018.

September, 2018 - Southwest Metropolitan owns eight sewer flow monitoring sites. The instrumentation utilizes electronic equipment and a transducer to measure flow, level and totalized flows. Recently, it was learned the manufacturer will no longer supply parts (specifically the transducer) or support this model. Currently, three of the sites' transducers have failed and the data is not being recorded into SCADA. Staff discussed the issue and Pat authorized we move ahead this year and replace all sites to a current model of instrumentation. An agreement with Browns Hill was executed for this project in the amount of \$35,931. Materials have been ordered by Browns Hill and expect the project to begin in two weeks and should take approximately two weeks.

New CCTV Van and NASSCO Implementation (PC)

February, 2019 – Staff continues to progress through the implementation. Field training and the entire process is expected to be fully operational early April.

January, 2019 – Staff has held several meetings with the manufacturer implementing the new procedures. Some field training has been completed with the operations staff. Progress is being made and still expect at least another month before fully operational utilizing the new processes.

December, 2018 – With the arrival on the new inspection equipment, efforts are beginning to convert our inspection processes to the new pipeline assessment procedures (P.A.C.P.). It will take approximately two months for all programs and procedures to be in place. In the future, staff will have the ability to score or rate sewer pipelines for remedial or replacement capital projects.

Service Contracts

Bow Mar

February, 2019

Completed **298** meter readings.
Responded to **one** customer service requests.
Completed **twelve** utility locate requests.
Completed **one** water corrective item.

Columbine

February, 2019

Performed weekly and monthly lift station maintenance.
Completed **one** customer service request.
Completed **twenty-six** utility locate requests.

Lochmoor

February, 2019

Completed **one** sewer corrective item.

Valley

February, 2019

Attended monthly board meeting.
Completed **4,915** feet of television inspections.
Completed **164** feet of root cutting.
Completed **4,450** feet of hydraulic cleaning.
Completed **one** customer service request.
Completed **fifteen** utility locate requests.

**PLATTE CANYON WATER AND SANITATION DISTRICT
OPERATIONS & MAINTENANCE REPORT**

FEBRUARY, 2019

2/28/2019

(FINAL)

Job Code	Description	Accomplishments			Man-hours			
		Scheduled	Completed	%	Scheduled	Completed	O.T.	%
1101	General Water	0	0		8.00	0.00		0%
1102	Pump Station	4	4	100%	5.00	8.50	0.00	170%
1103	Customer Service		5		6.00	2.50	4.00	42%
1104	Utility Location		25		4.00	20.00	0.00	500%
1105	Valve Inspection / Maintenance	0	0	0%	0.00	0.00		0%
1106	Hydrant Inspections / Maintenance	0	0	0%	0.00	0.00		0%
1116	Hydrant Painting	0	0	0%	0.00	0.00		0%
1107	Distribution System Flushing / Testing	4	4	100%	1.00	2.50		250%
1108	P.R.V. Inspections / Maintenance	0	0	0%	0.00	0.00		0%
1109	Air-Vac Inspections / Maintenance	0	0	0%	0.00	0.00		0%
1110	Valve & Hydrant Repair	5	4	80%	23.00	15.00		65%
1120	Pressure Monitoring	0	0	0%	0.00	0.00		0%
1130	Water Break Repair		0			0.00	0.00	
1151	Construction Inspection / Testing (Warranty)	0	0	0%	0.00	0.00		0%
1160	Overlay Operations - Water	0	0	0%		0.00		
1201	General Sewer		0	0%	6.00	0.00		0%
1202	Lift Station							
1203	Customer Service		4		6.00	0.00		0%
1204	Utility Location		26		4.00	9.00	0.00	225%
1205	Hydraulic Main Cleaning	6,983	7,350	105%	30.00	36.00		120%
1206	Television Inspections	8,397	8,397	100%	38.00	36.00		95%
1207	Root Cutting / Root Treatment	9,641	12,694	132%	69.00	85.00		123%
1208	Grease Trap Inspections	0	0	0%	0.00	0.00		0%
1209	Manhole Repairs / Inspections	0	3	0%	12.00	2.00		17%
1220	Flow Monitoring							
1230	Sewer Stoppage		0			0.00	0.00	
1251	Construction Inspection / Testing (Warranty)	0	0	0%	0.00	2.00		0%
1260	Overlay Operations - Sewer	0	0			0.00		
4301	Vehicle / Equipment Maintenance				20.00	54.00		270%
4302	Building / Landscape Maintenance				10.00	9.00		90%
4303	Errands / Messenger				10.00	4.00		40%
4304	General Administrative Activities				67.00	52.00	0.00	78%
4315	Purchasing / Inventory	4	4		20.00	3.50		18%
4318	Training / Seminar	2	2		0.00	4.00		0%
4320	Staff Meetings	4	5		15.00	20.00		133%
	Total Hours				354.00	365.00	4.00	
	Working Days in the Month			23				
	Total Working Hours in the Month			1,264				
	Days Since Last Sewer Main Backup/Spill			437				
	Record Days for Sewer Backup/Spill			1,779				
	Days Since Last Safety Incident			207				
	Location Requests							
	Number of Requests			207				
	Number of Locations Provided			51				

PLATTE CANYON WATER AND SANITATION DISTRICT

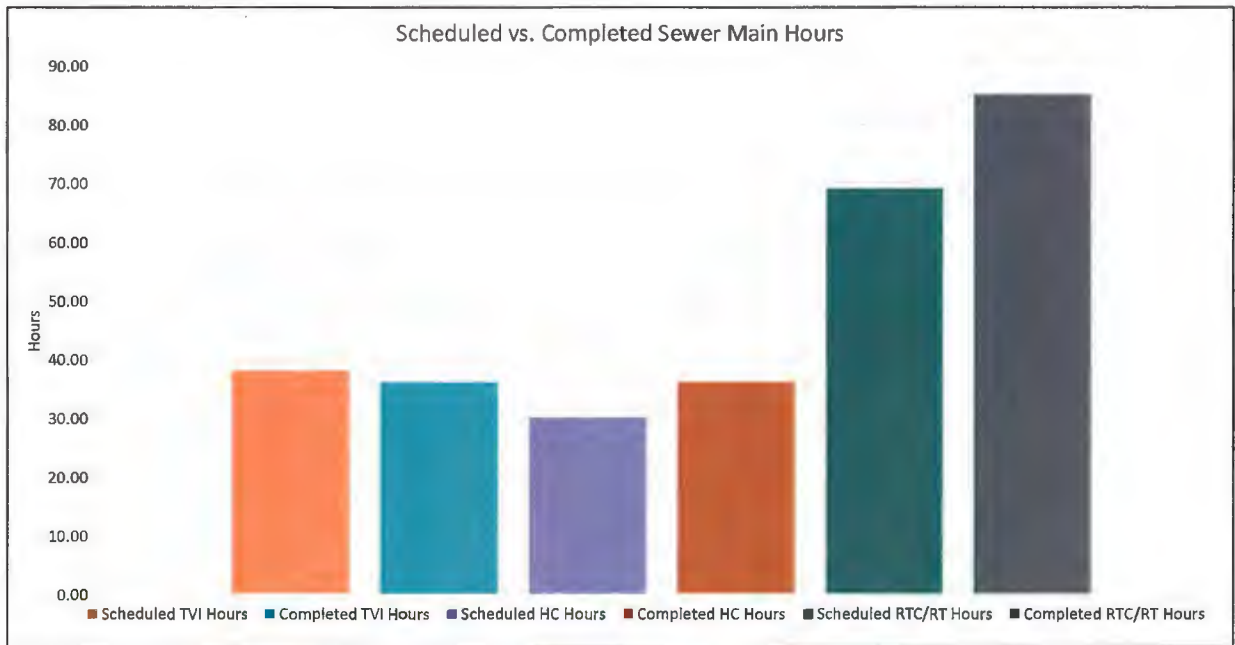
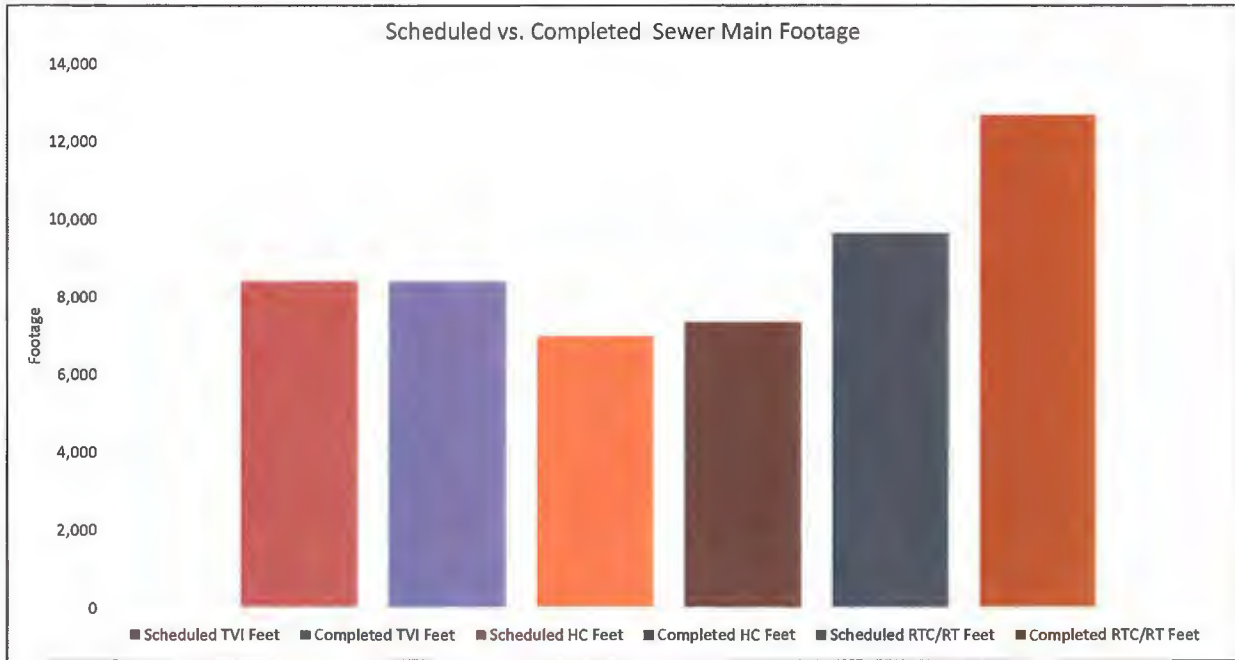
OPERATIONS & MAINTENANCE REPORT

MARCH, 2019

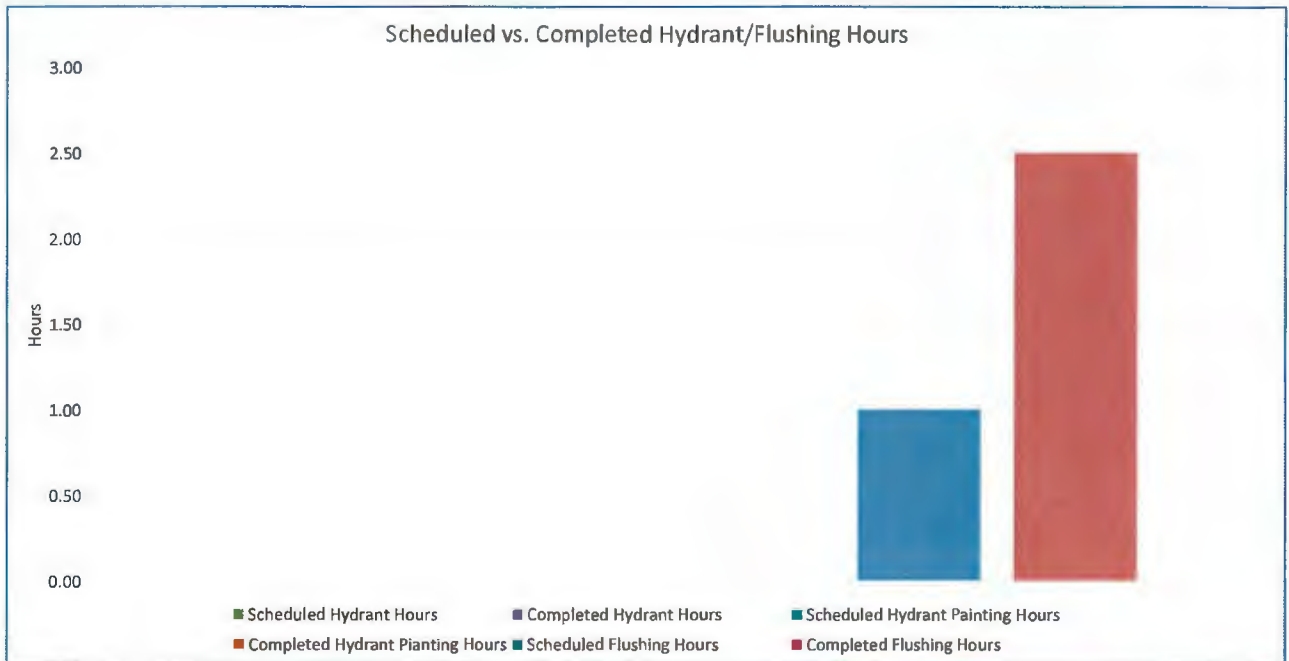
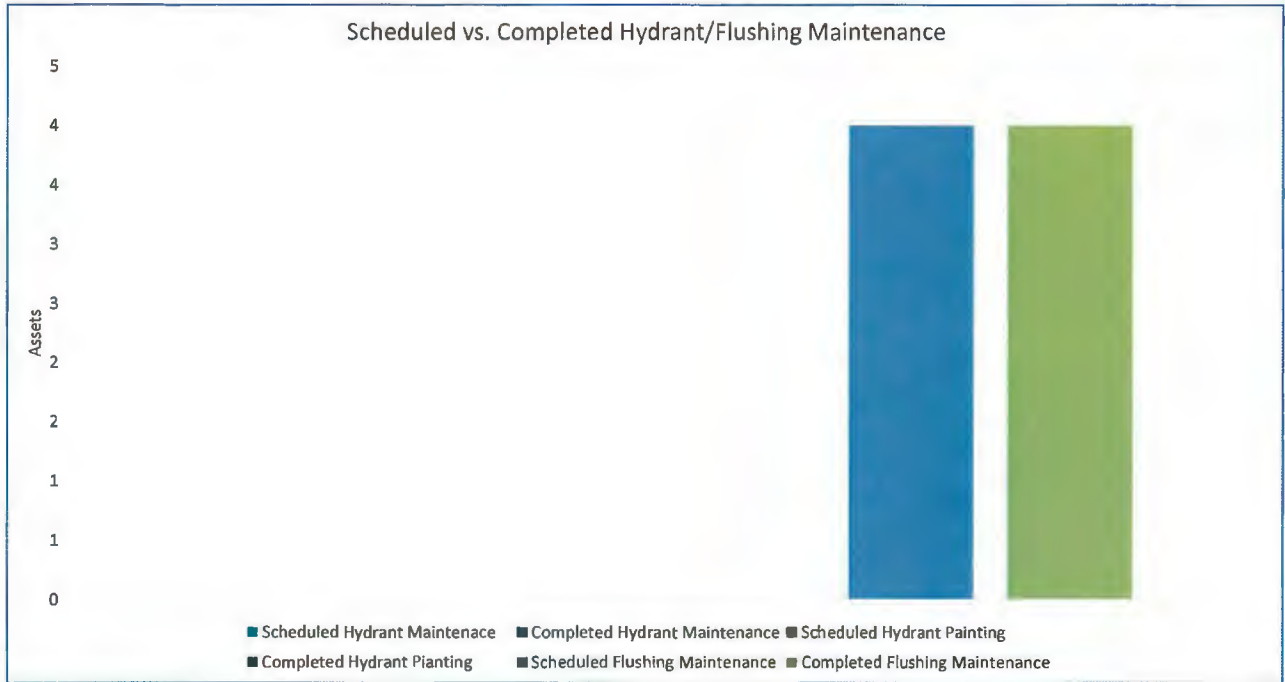
3/1/2019

Job Code	Description	Accomplishments			Man-hours			
		Scheduled	Completed	%	Scheduled	Completed	O.T.	%
1101	General Water	0	0		8.00	0.00		0%
1102	Pump Station	4	0	0%	5.00	0.00		0%
1103	Customer Service		0		6.00	0.00		0%
1104	Utility Location		0		4.00	0.00		0%
1105	Valve Inspection / Maintenance	131	0	0%	30.00	0.00		0%
1106	Hydrant Inspections / Maintenance	0	0	0%	0.00	0.00		0%
1116	Hydrant Painting	0	0	0%	0.00	0.00		0%
1107	Distribution System Flushing / Testing	17	0	0%	5.00	0.00		0%
1108	P.R.V. Inspections / Maintenance	0	0	0%	0.00	0.00		0%
1109	Air-Vac Inspections / Maintenance	7	0	0%	11.00	0.00		0%
1110	Valve & Hydrant Repair	5	0	0%	23.00	0.00		0%
1120	Pressure Monitoring	0	0	0%	0.00	0.00		0%
1130	Water Break Repair		0			0.00		
1151	Construction Inspection / Testing (Warranty)	0	0	0%	0.00	0.00		0%
1160	Overlay Operations - Water	0	0	0%				
1201	General Sewer			0%	6.00	0.00		0%
1202	Lift Station							
1203	Customer Service				6.00	0.00		0%
1204	Utility Location				4.00	0.00		0%
1205	Hydraulic Main Cleaning	17,853	0	0%	76.00	0.00		0%
1206	Television Inspections	15,835	0	0%	72.00	0.00		0%
1207	Root Cutting / Root Treatment	10,992	0	0%	78.00	0.00		0%
1208	Grease Trap Inspections	0	0	0%	0.00	0.00		0%
1209	Manhole Repairs / Inspections	0	0	0%	8.00	0.00		0%
1220	Flow Monitoring							
1230	Sewer Stoppage					0.00		
1251	Construction Inspection / Testing (Warranty)	0	0	0%	0.00	0.00		0%
1260	Overlay Operations - Sewer	0	0					
4301	Vehicle / Equipment Maintenance				20.00	0.00		0
4302	Building / Landscape Maintenance				10.00	0.00		0
4303	Errands / Messenger				10.00	0.00		0
4304	General Administrative Activities				67.00	0.00		0
4315	Purchasing / Inventory	4	0		20.00	0.00		0
4318	Training / Seminar	2	0		10.00	0.00		0
4320	Staff Meetings	5	0		15.00	0.00		0
Total Hours					494.00	0.00	0.00	
Working Days in the Month								21
Total Working Hours in the Month								1,112

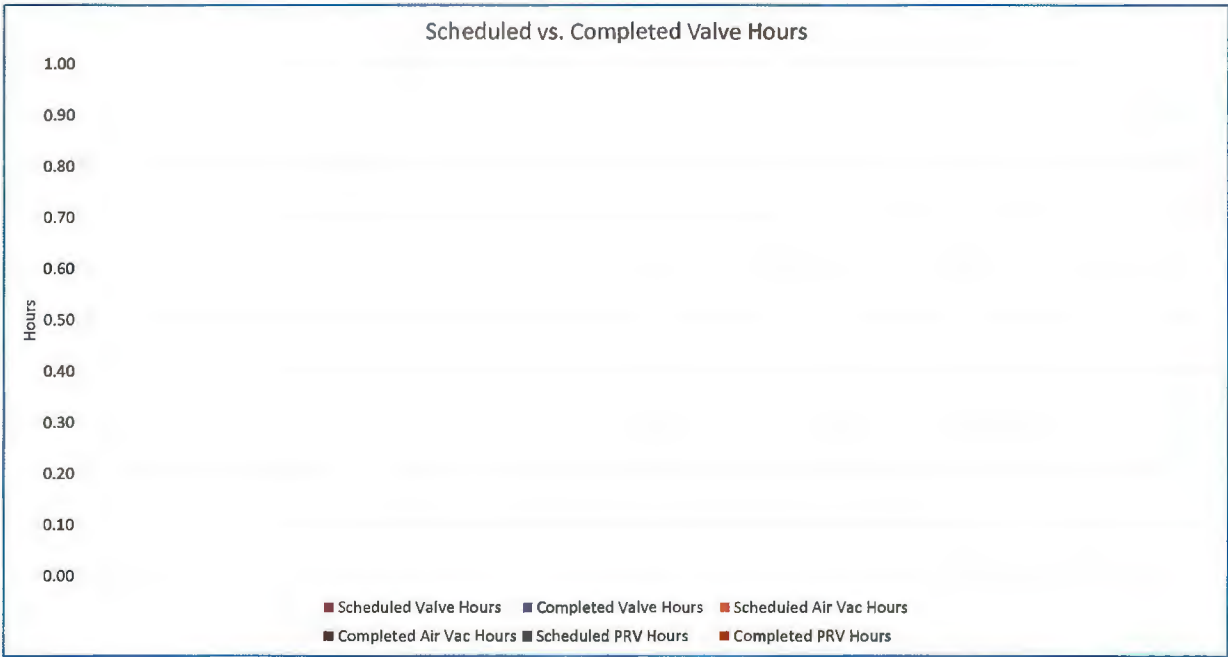
Platte Canyon Water and Sanitation District
 FEBRUARY, 2019
 Scheduled vs. Completed Sewer Maintenance/Hours



Platte Canyon Water and Sanitation District
FEBRUARY, 2019
Scheduled vs. Completed Water Maintenance/Hours



Platte Canyon Water and Sanitation District
FEBRUARY, 2019
Scheduled vs. Completed Water Maintenance/Hours



**SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
OPERATIONS & MAINTENANCE REPORT**

FEBRUARY, 2019

2/28/2019

(FINAL)

Job Code	Description	Accomplishments			Man-hours			
		Scheduled	Completed	%	Scheduled	Completed	O.T.	%
2101	General Water		1		10.00	13.50		135%
2102	Pump Station	4	4	100%	5.00	6.00	1.00	120%
2103	Customer Service		15		10.00	10.50	4.00	105%
2104	Utility Location		129		10.00	42.50	0.00	425%
2105	Valve Inspection / Maintenance	0	0	0%	0.00	0.00		0%
2106	Hydrant Inspections / Maintenance	0	0	0%	0.00	0.00		0%
2116	Hydrant Painting	0	3	0%	0.00	1.00		0%
2107	Distribution System Flushing / Testing	12	12	100%	3.00	7.00		233%
2108	P.R.V. Inspections / Maintenance	0	0	0%	0.00	0.00		0%
2109	Air-Vac Inspections / Maintenance	0	0	0%	0.00	0.00		0%
2110	Valve & Hydrant Repair	10	12	120%	31.00	51.00		165%
2120	Pressure Monitoring	0	0	0%	0.00	0.00		0%
2130	Water Break Repair		2			23.50	11.50	
2151	Construction Inspection / Testing (Warranty)	0	0	0%	0.00	0.00	0.00	0%
2160	Overlay Operations - Water	0	0	0%		0.00		
2201	General Sewer	0	0	0%	6.00	0.00		0%
2202	Lift Station					0.00		
2203	Customer Service		2		10.00	1.00		10%
2204	Utility Location		115		10.00	29.00	0.00	290%
2205	Hydraulic Main Cleaning	11,709	11,709	100%	50.00	32.50		65%
2206	Television Inspections	20,869	20,869	100%	95.00	87.00		92%
2207	Root Cutting / Root Treatment	1,383	1,383	100%	10.00	11.50		115%
2208	Grease Trap Inspections	9	0	0%	5.00	0.00		0%
2209	Manhole Repairs / Inspections	0	6	0%	28.00	30.00		107%
2220	Flow Monitoring	0	1	0%	0.00	6.50		
2230	Sewer Stoppage	0	0	0%		0.00		
2251	Construction Inspection / Testing (Warranty)	4,383	787	18%	55.00	22.50		41%
2260	Overlay Operations - Sewer	0	0	0%		0.00		
4301	Vehicle / Equipment Maintenance				20.00	54.00		270%
4302	Building / Landscape Maintenance				10.00	9.00		90%
4303	Errands / Messenger				10.00	4.00		40%
4304	General Administrative Activities				67.00	52.00		78%
4315	Purchasing / Inventory	4	4		20.00	3.50		18%
4318	Training / Seminar	2	2		10.00	4.00		40%
4320	Staff Meetings	5	5		15.00	20.00		133%
Total Hours					490.00	521.50	16.50	
Working Days in the Month				23				
Total Working Hours in the Month				1,264				
Days Since Last Sewer Main Backup/Spill				1,117				
Record Days for Sewer Backup/Spill				3,052				
Days Since Last Safety Incident				207				
Location Requests								
Number of Requests				557				
Number of Locations Provided				244				

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

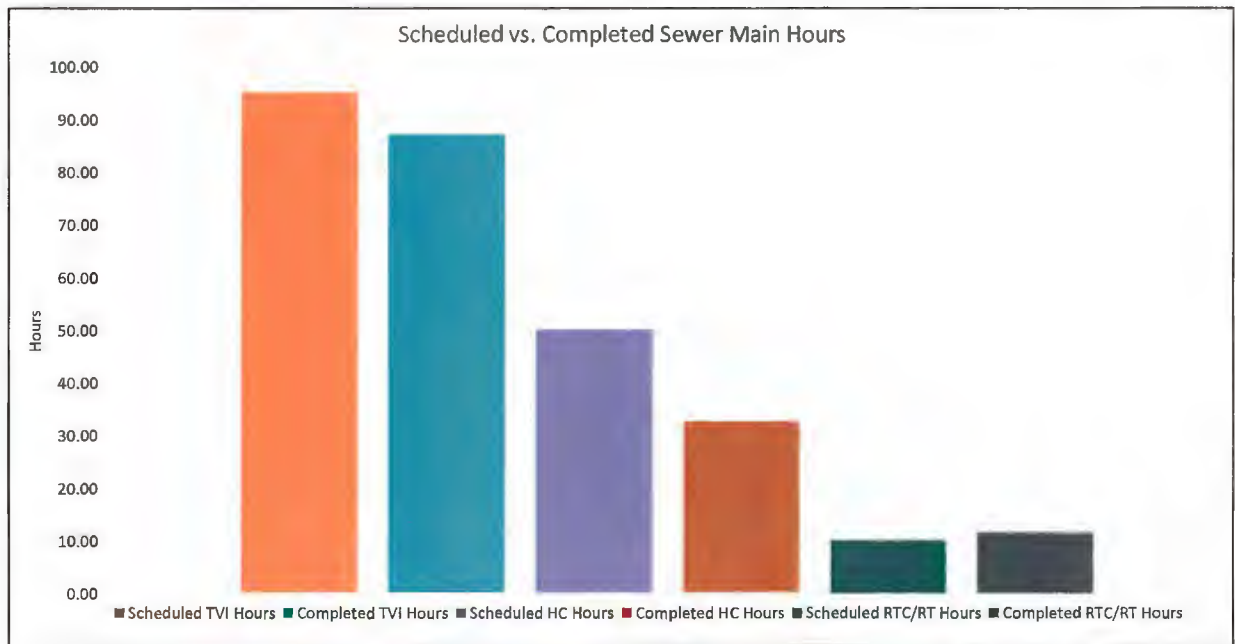
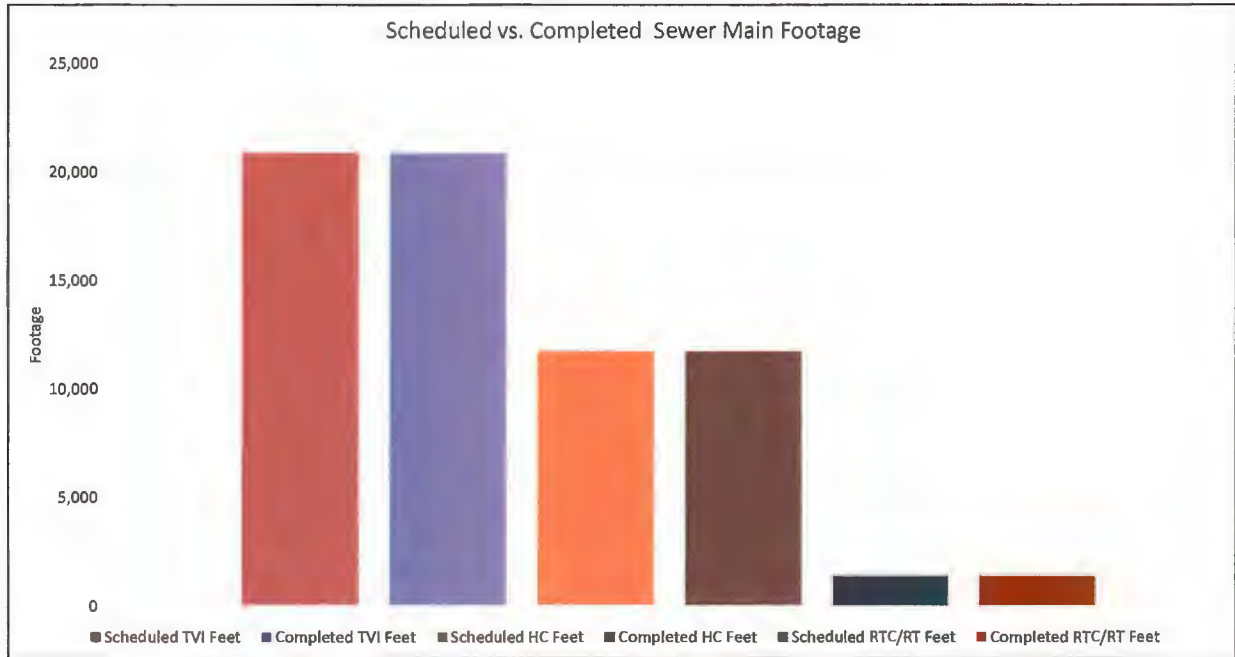
OPERATIONS & MAINTENANCE REPORT

MARCH, 2019

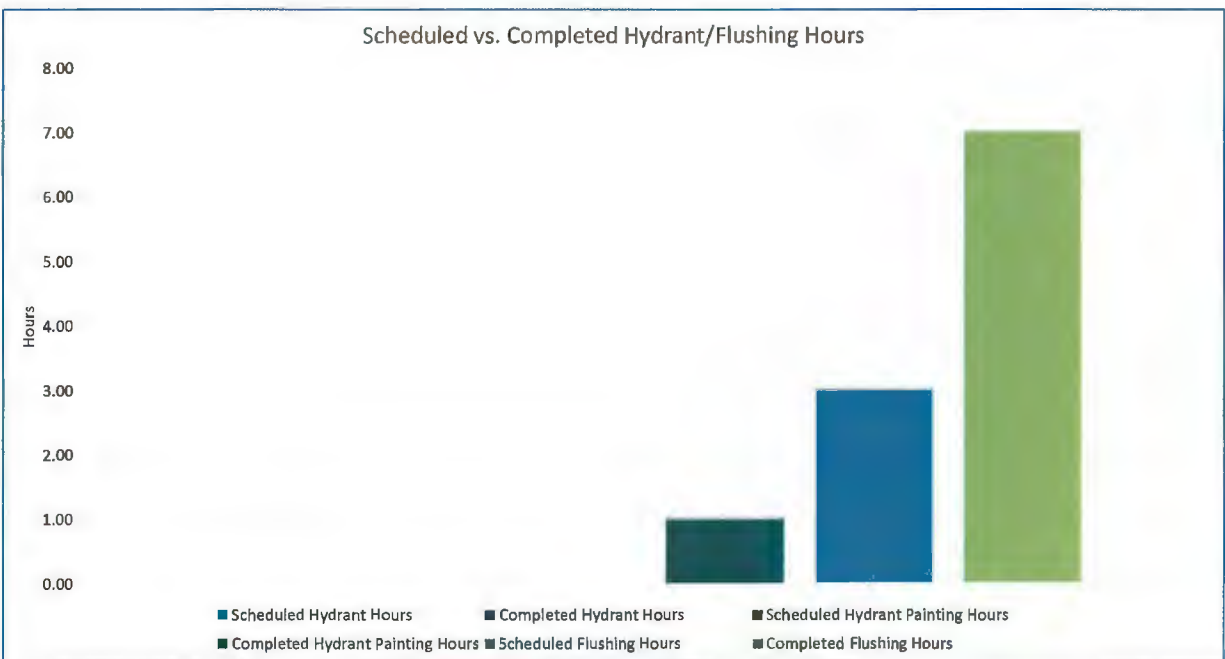
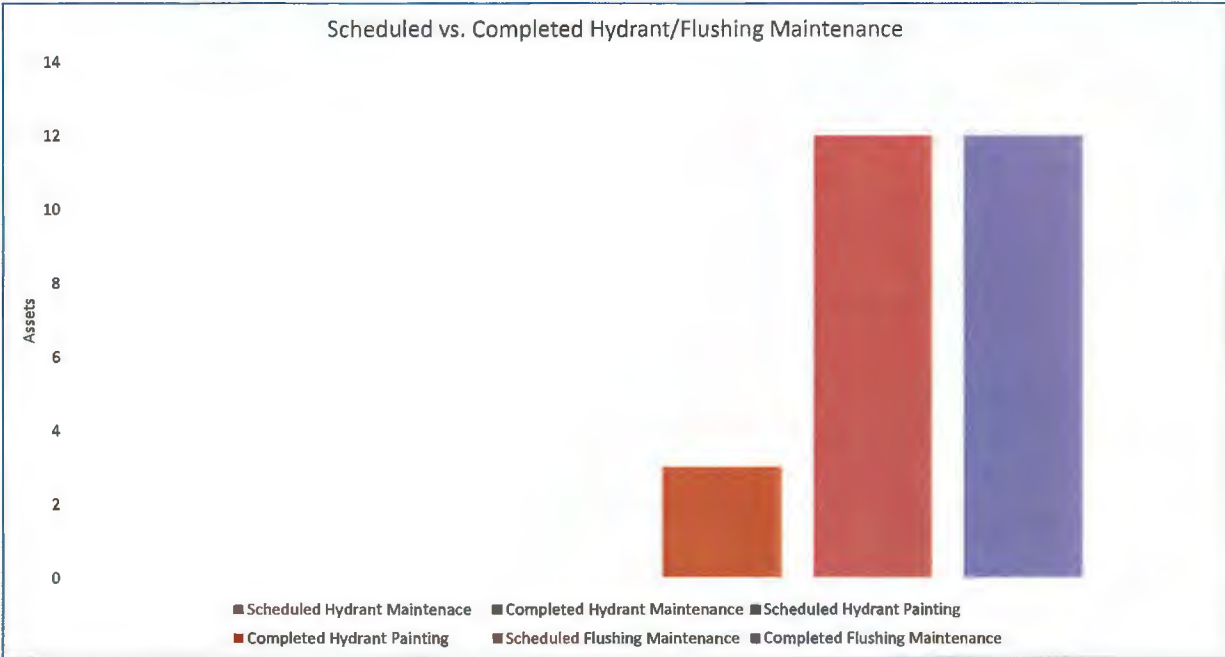
3/1/2019

Job Code	Description	Accomplishments			Man-hours			
		Scheduled	Completed	%	Scheduled	Completed	O.T.	%
2101	General Water		0		10.00	0.00		0%
2102	Pump Station	4	0	0%	5.00	0.00		0%
2103	Customer Service		0		10.00	0.00		0%
2104	Utility Location		0		10.00	0.00		0%
2105	Valve Inspection / Maintenance	419	0	0%	96.00	0.00		0%
2106	Hydrant Inspections / Maintenance	0	0	0%	0.00	0.00		0%
2116	Hydrant Painting	0	0	0%	0.00	0.00		0%
2107	Distribution System Flushing / Testing	74	0	0%	20.00	0.00		0%
2108	P.R.V. Inspections / Maintenance	0	0	0%	0.00	0.00		0%
2109	Air-Vac Inspections / Maintenance	40	0	0%	64.00	0.00		0%
2110	Valve & Hydrant Repair	10	0	0%	31.00	0.00		0%
2120	Pressure Monitoring	0	0	0%	0.00	0.00		0%
2130	Water Break Repair		0			0.00		
2151	Construction Inspection / Testing (Warranty)	0	0	0%	0.00	0.00		0%
2160	Overlay Operations - Water	0	0	0%		0.00		
2201	General Sewer	0	0	0%	6.00	0.00		0%
2202	Lift Station					0.00		
2203	Customer Service		0		10.00	0.00		0%
2204	Utility Location		0		10.00	0.00		0%
2205	Hydraulic Main Cleaning	22,069	0	0%	94.00	0.00		0%
2206	Television Inspections	8,567	0	0%	39.00	0.00		0%
2207	Root Cutting / Root Treatment	0	0	0%	0.00	0.00		0%
2208	Grease Trap Inspections	0	0	0%	0.00	0.00		0%
2209	Manhole Repairs / Inspections	0	0	0%	8.00	0.00		0%
2220	Flow Monitoring	0	0	0%	8.00	0.00		
2230	Sewer Stoppage		0			0.00		
2251	Construction Inspection / Testing (Warranty)	5,887	0	0%	27.00	0.00		0%
2260	Overlay Operations - Sewer	0	0	0%		0.00		
4301	Vehicle / Equipment Maintenance				20.00	0.00		0
4302	Building / Landscape Maintenance				10.00	0.00		0
4303	Errands / Messenger				10.00	0.00		0
4304	General Administrative Activities				67.00	0.00		0
4315	Purchasing / Inventory	4	0		20.00	0.00		0
4318	Training / Seminar	2	0		10.00	0.00		0
4320	Staff Meetings	5	0		15.00	0.00		0
Total Hours					600.00	0.00	0.00	
Working Days in the Month								21
Total Working Hours in the Month								1,112

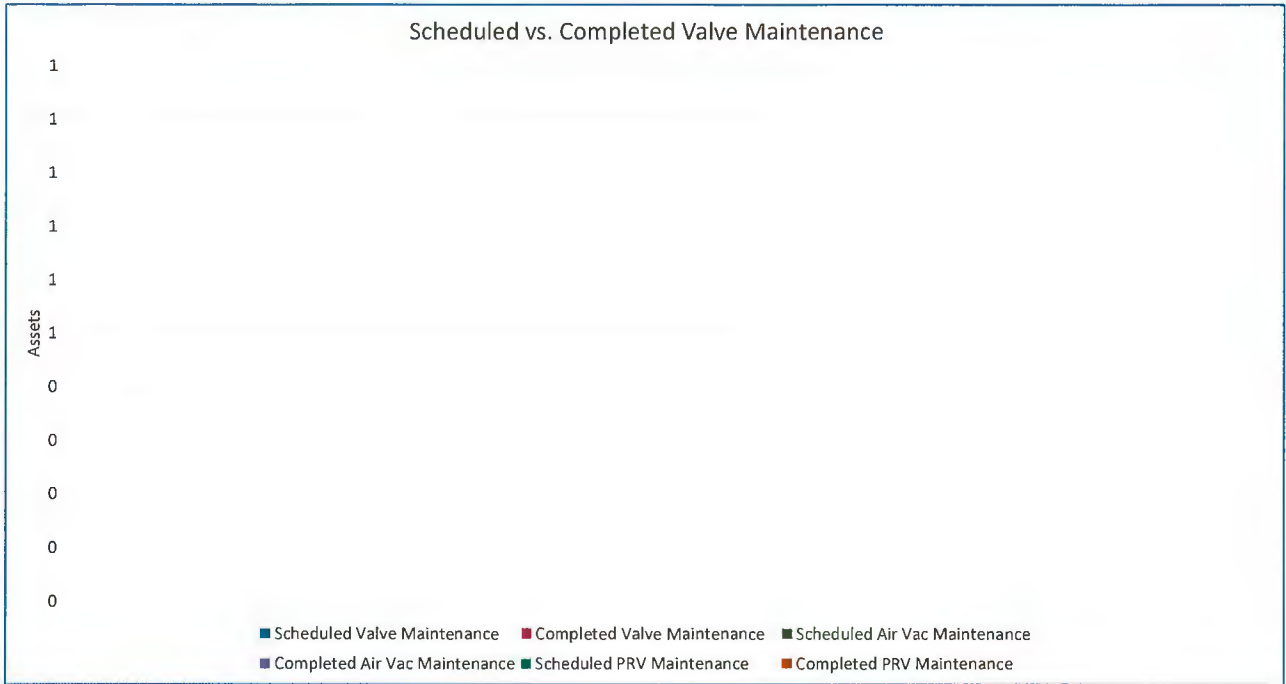
Southwest Metropolitan Water and Sanitation District
 FEBRUARY, 2019
 Scheduled vs. Completed Sewer Maintenance / Hours



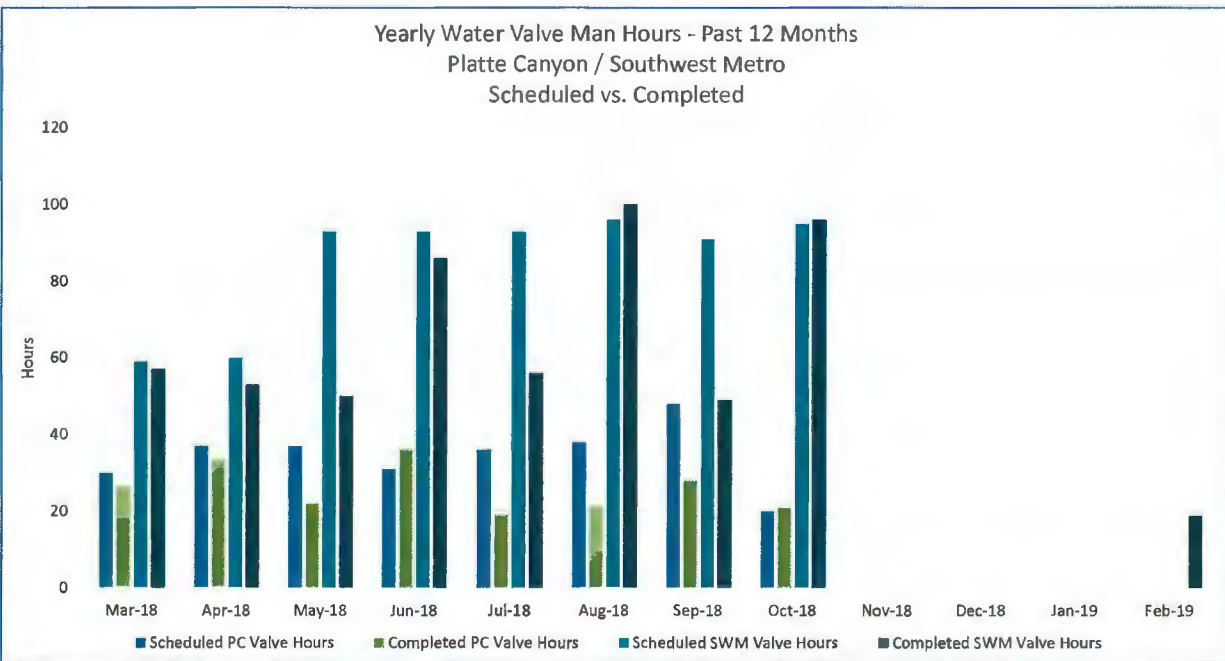
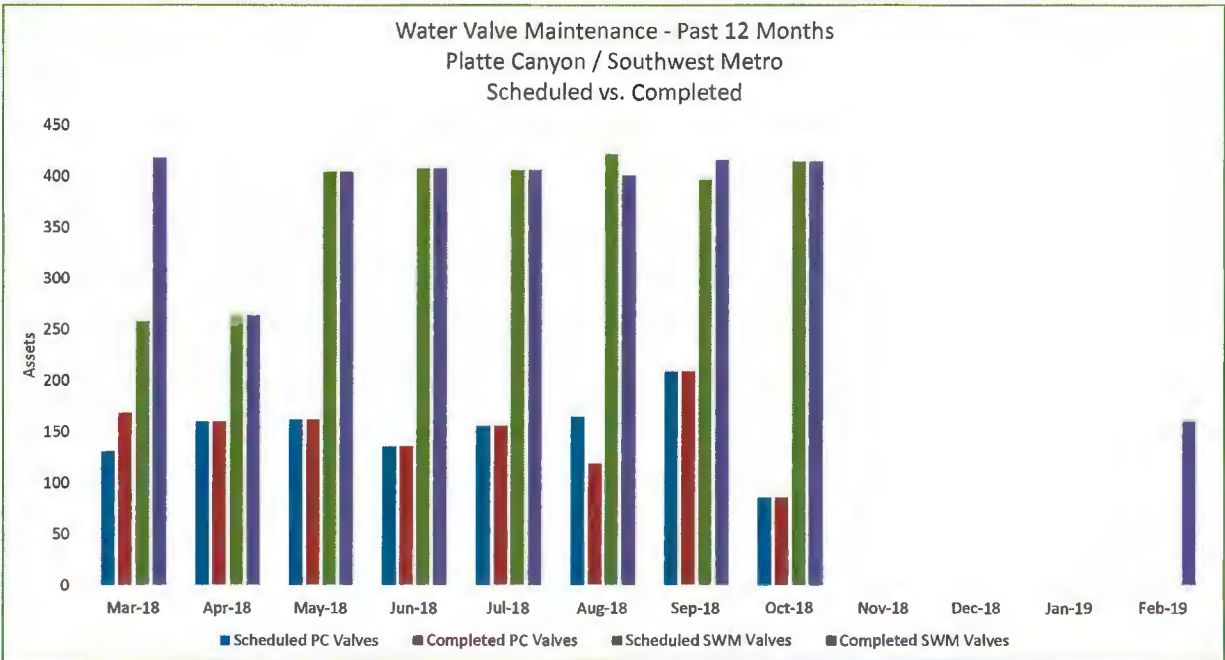
Southwest Metropolitan Water and Sanitation District
 FEBRUARY, 2019
 Scheduled vs. Completed Water Maintenance / Hours



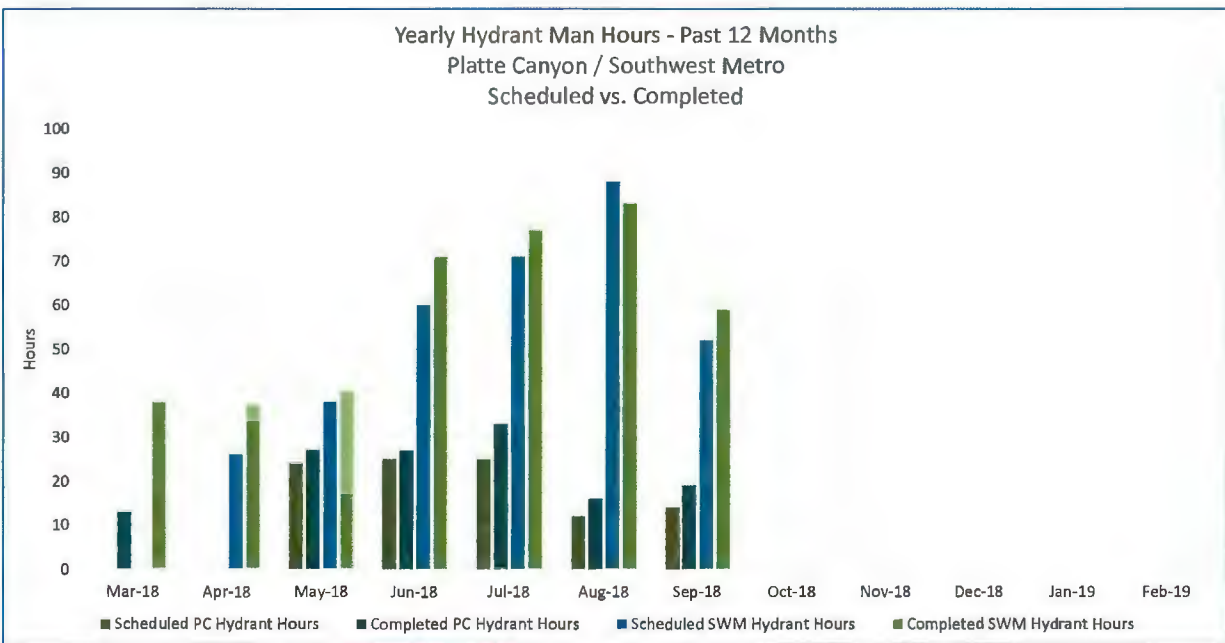
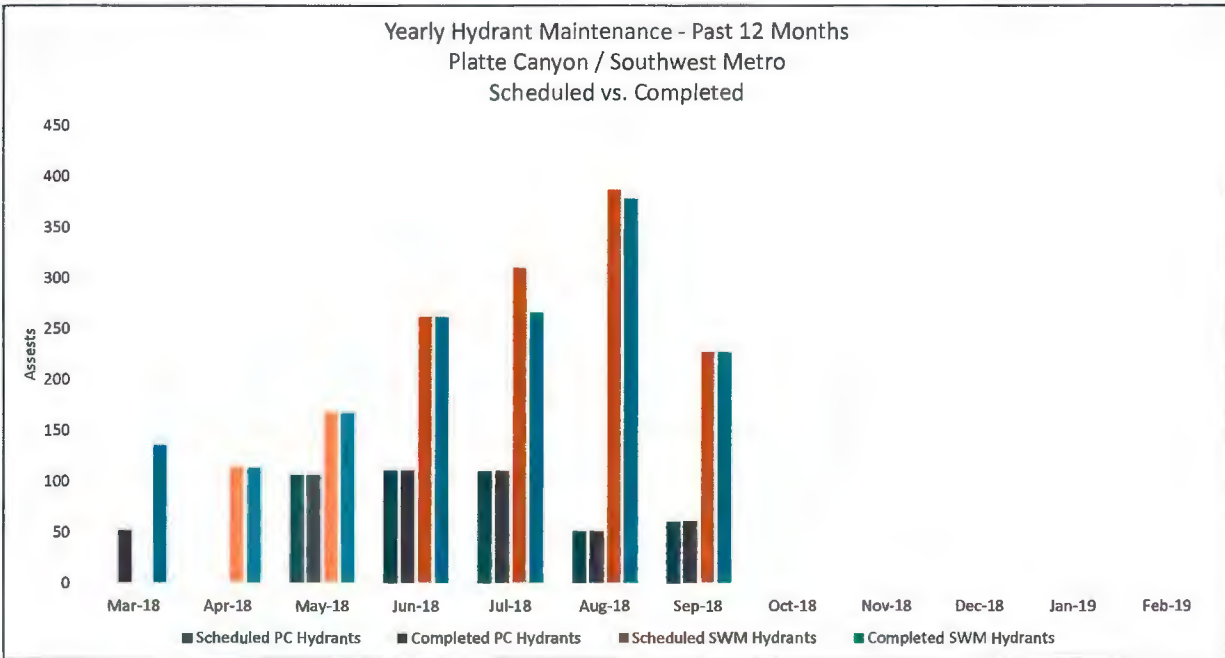
Southwest Metropolitan Water and Sanitation District
 FEBRUARY, 2019
 Scheduled vs. Completed Water Maintenance / Hours



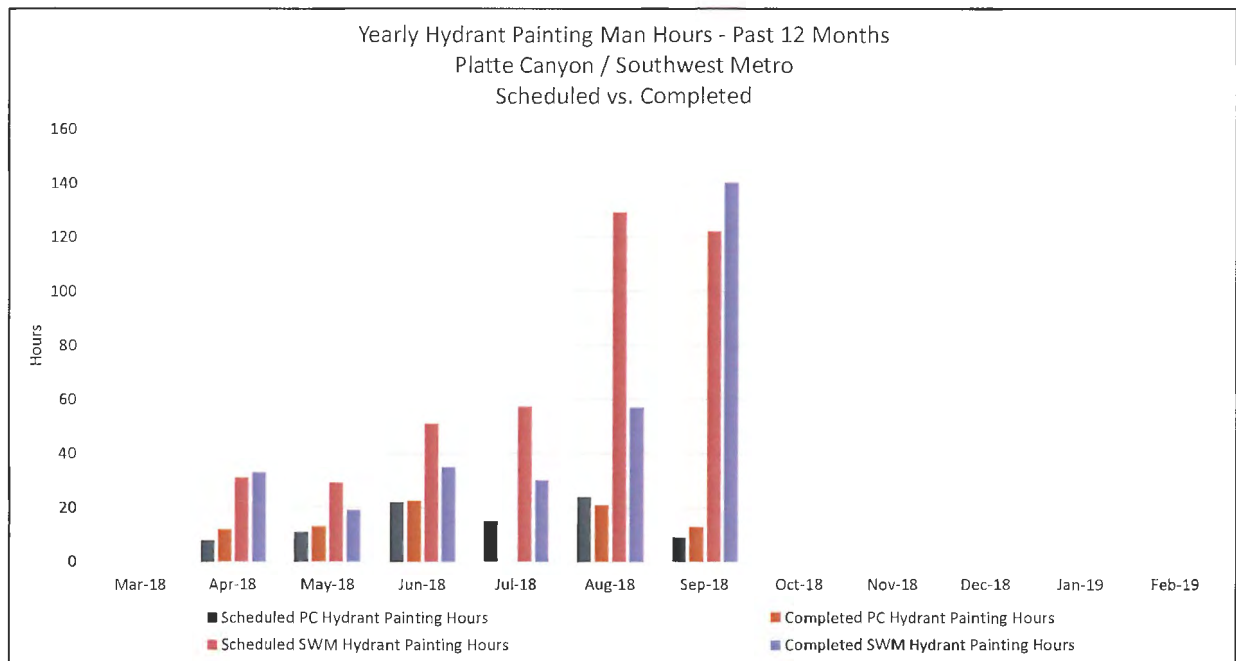
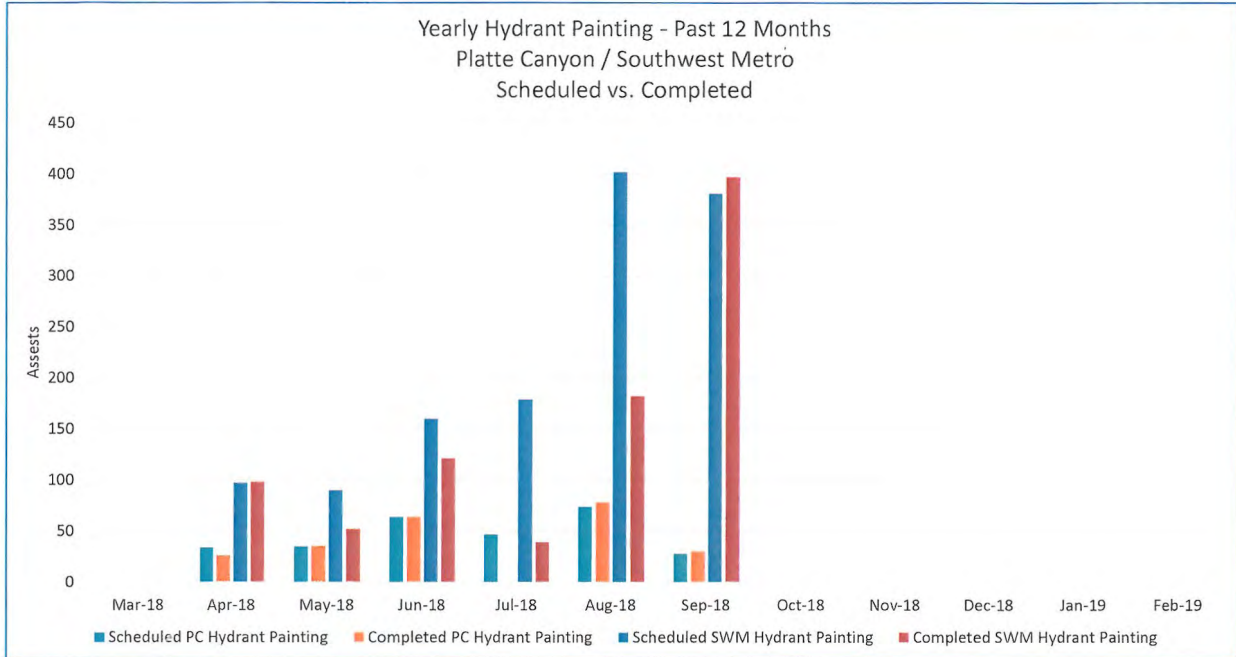
**Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed Water Valve Maintenance/Hours**



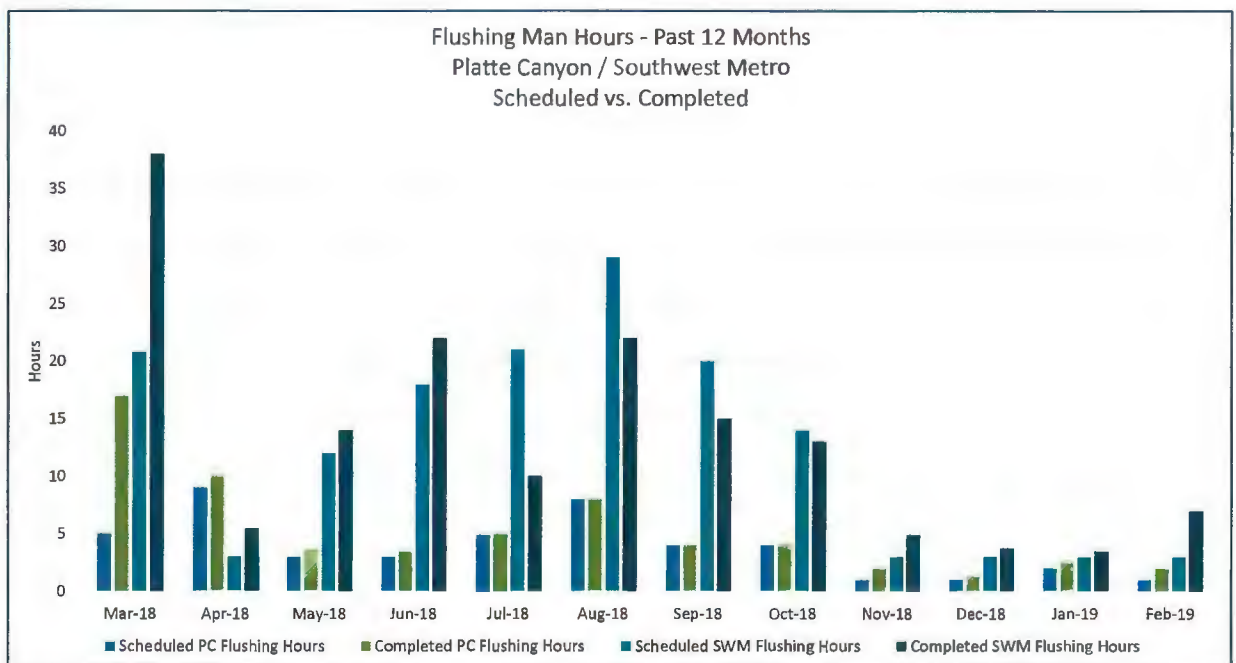
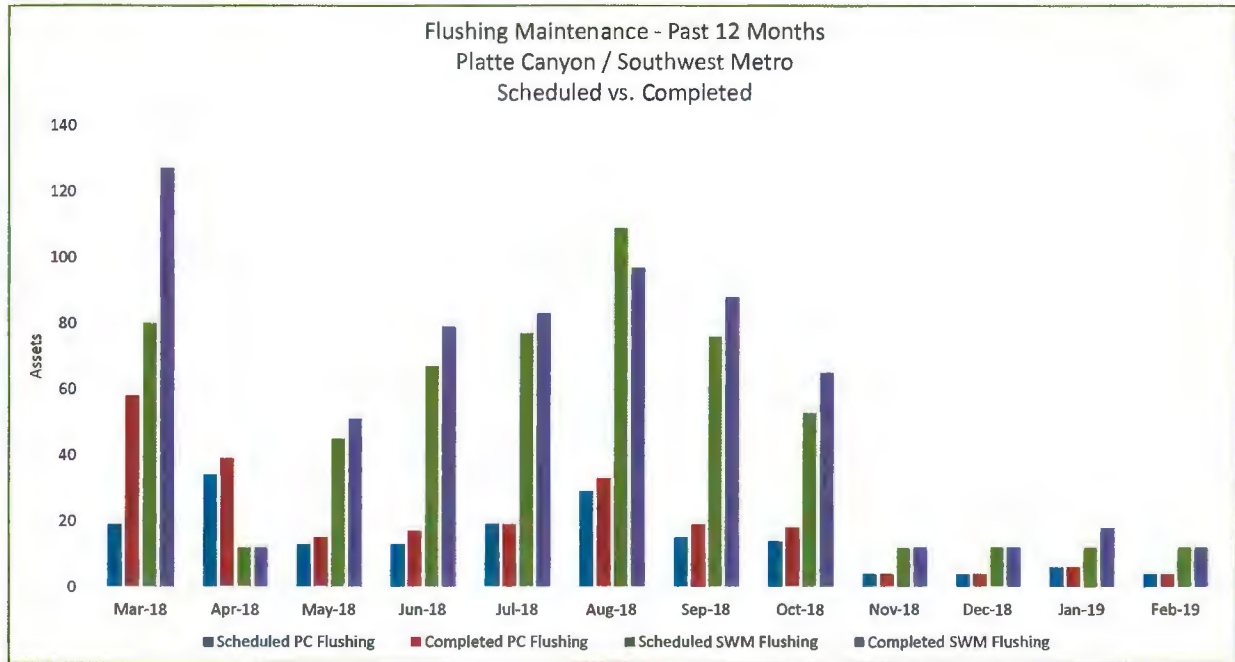
**Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed Hydrant Maintenance/Hours**



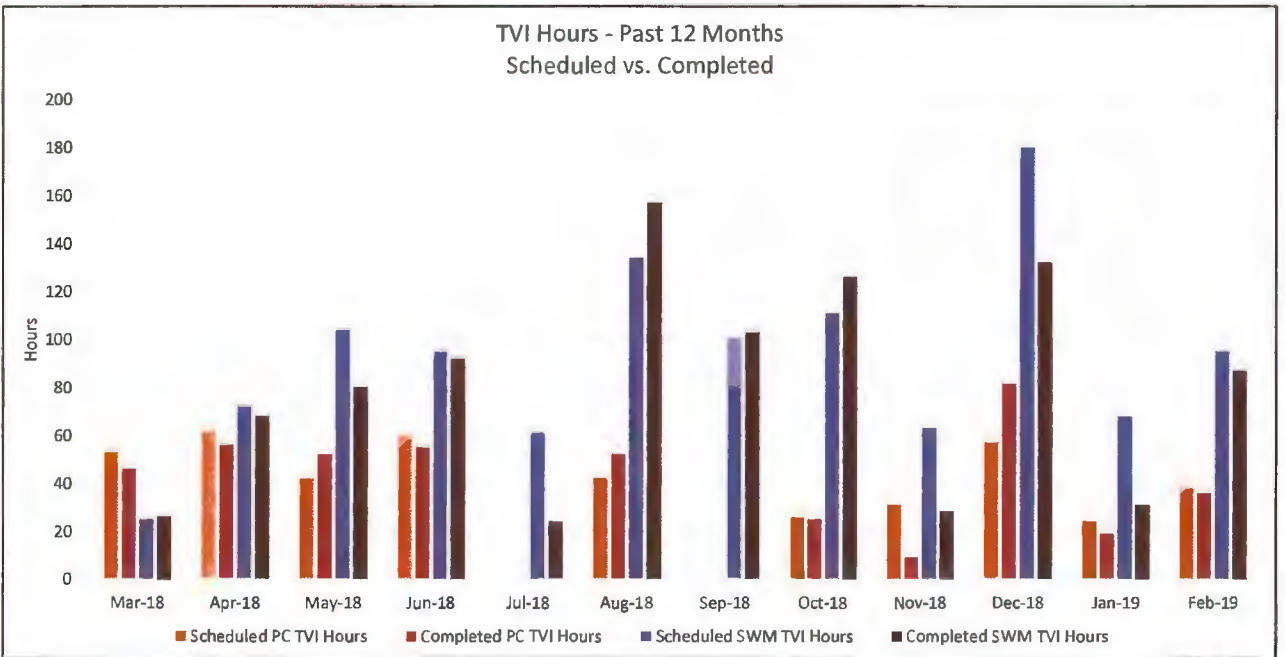
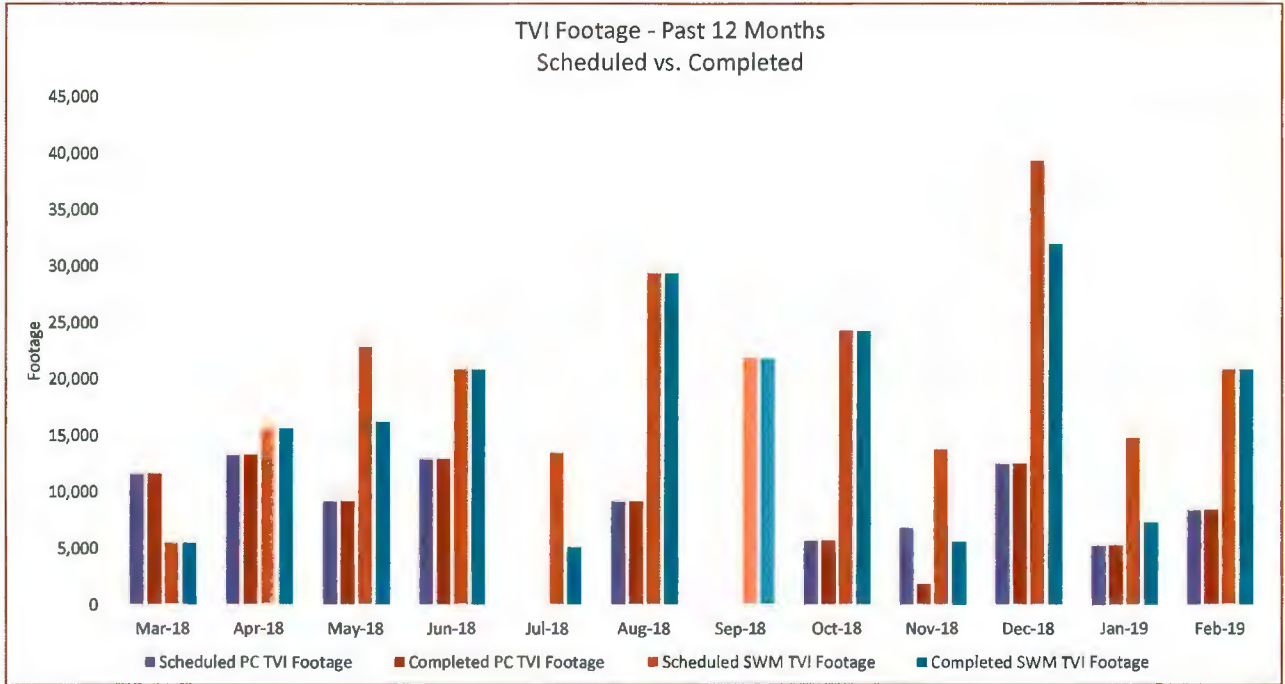
Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed Hydrant Painting Maintenance/Hours



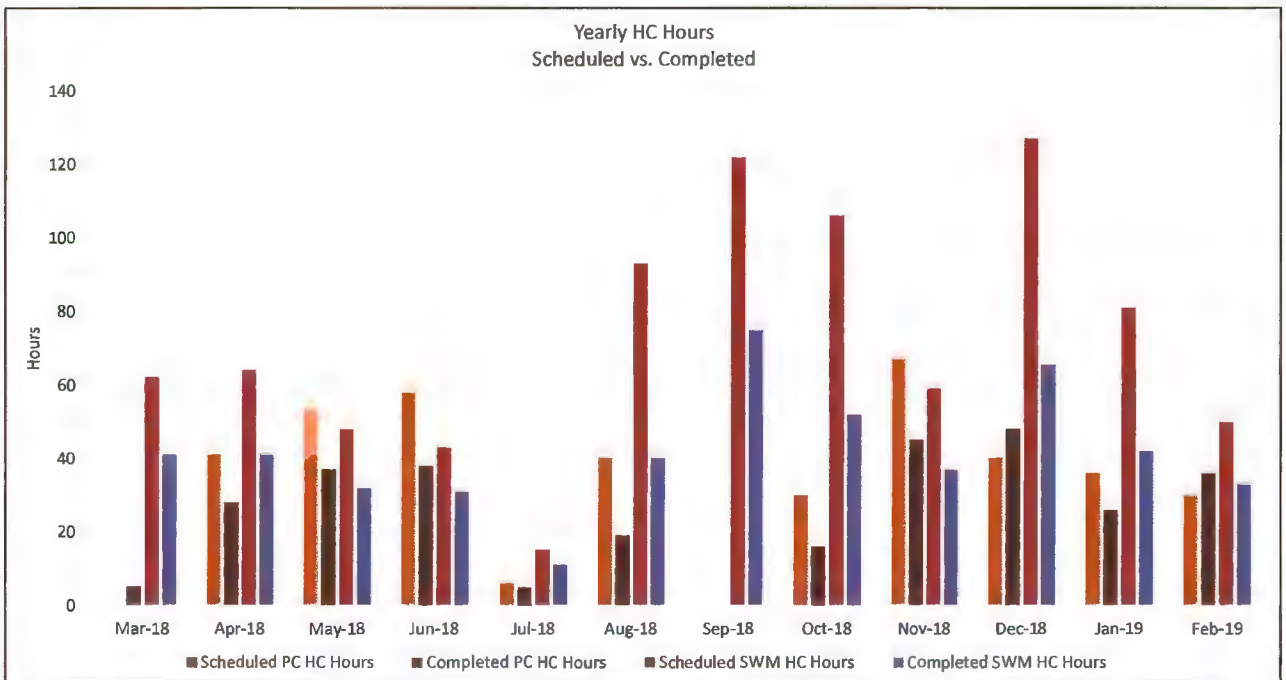
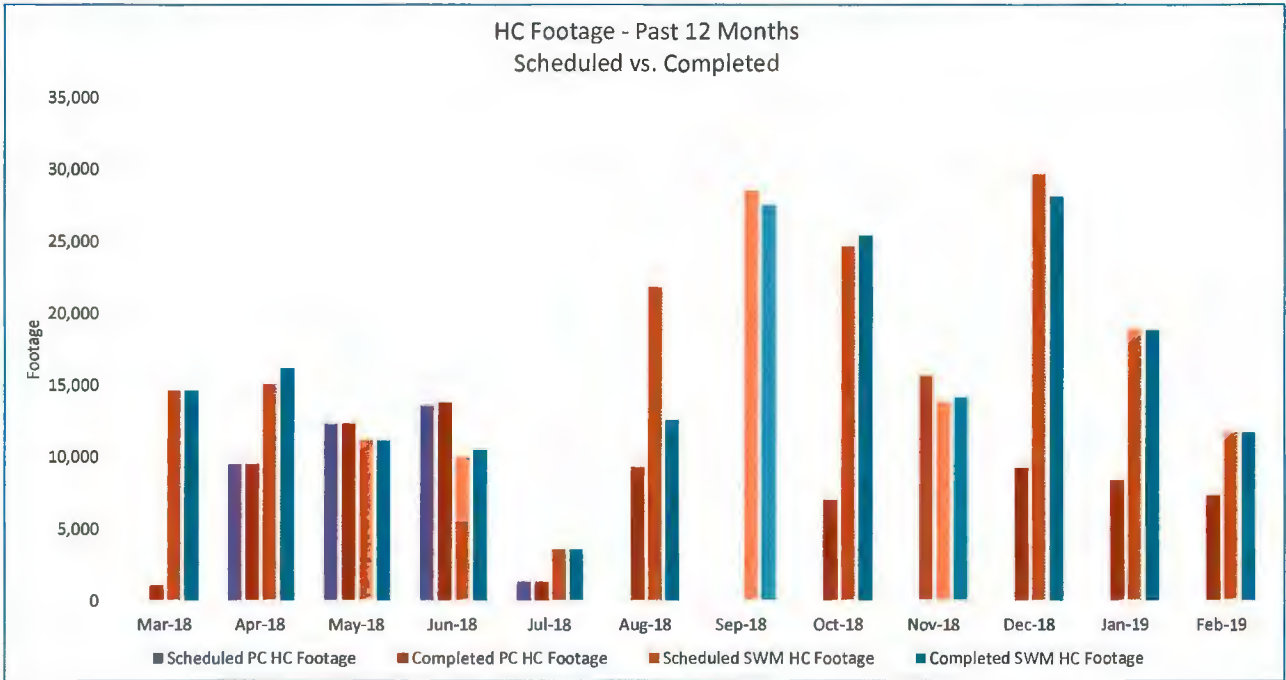
**Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed Flushing Maintenance/Hours**



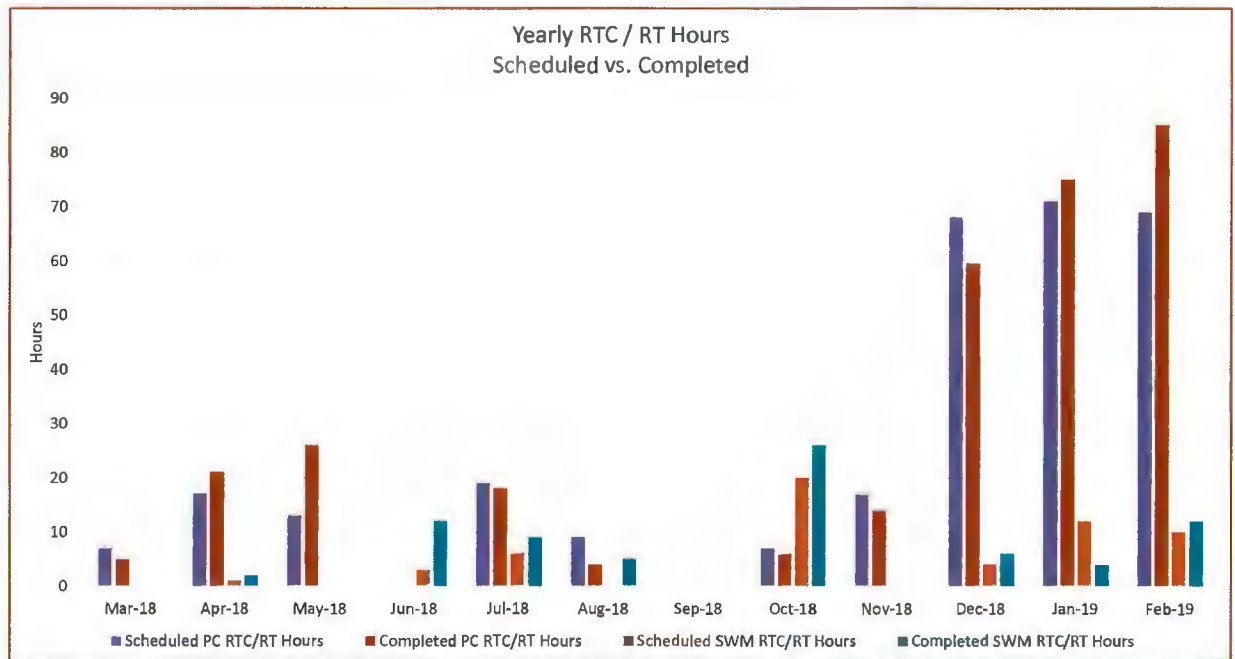
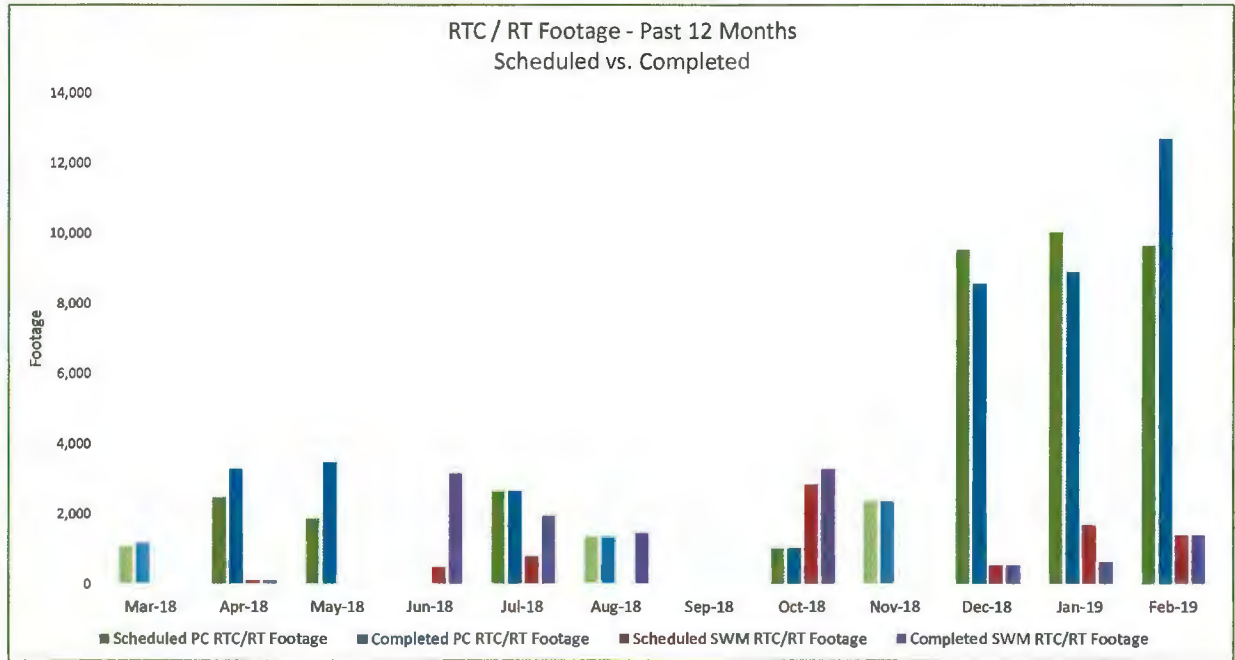
**Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed TVI Maintenance / Hours**



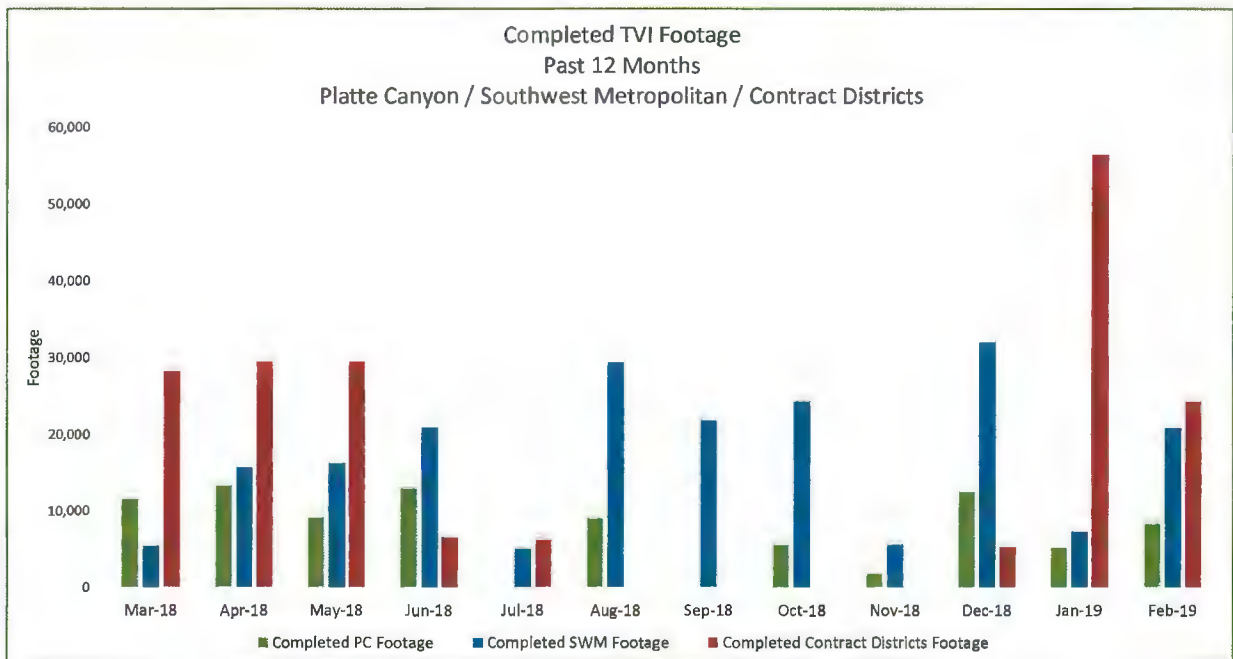
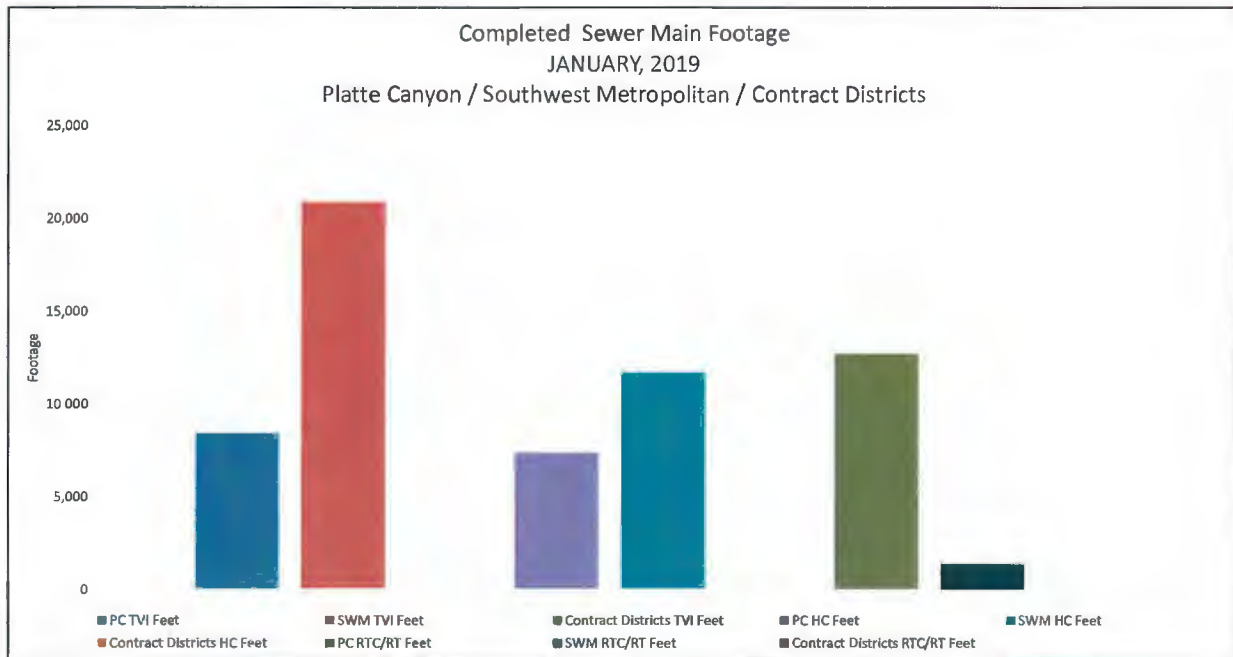
**Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed HC Maintenance/Hours**



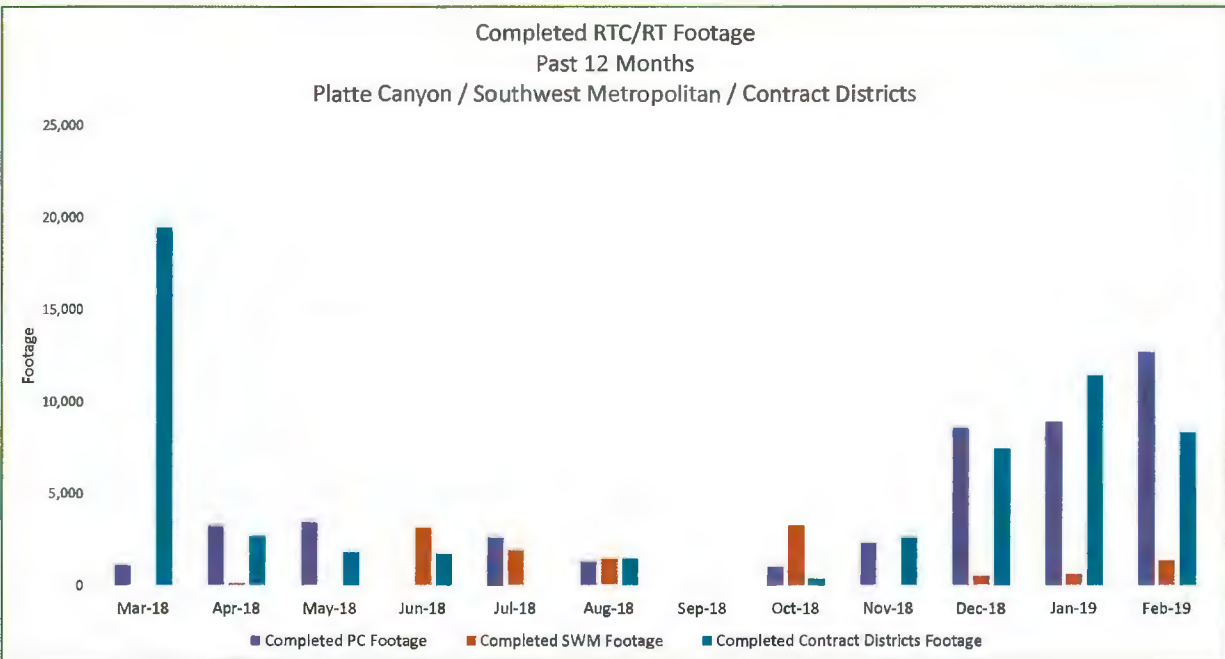
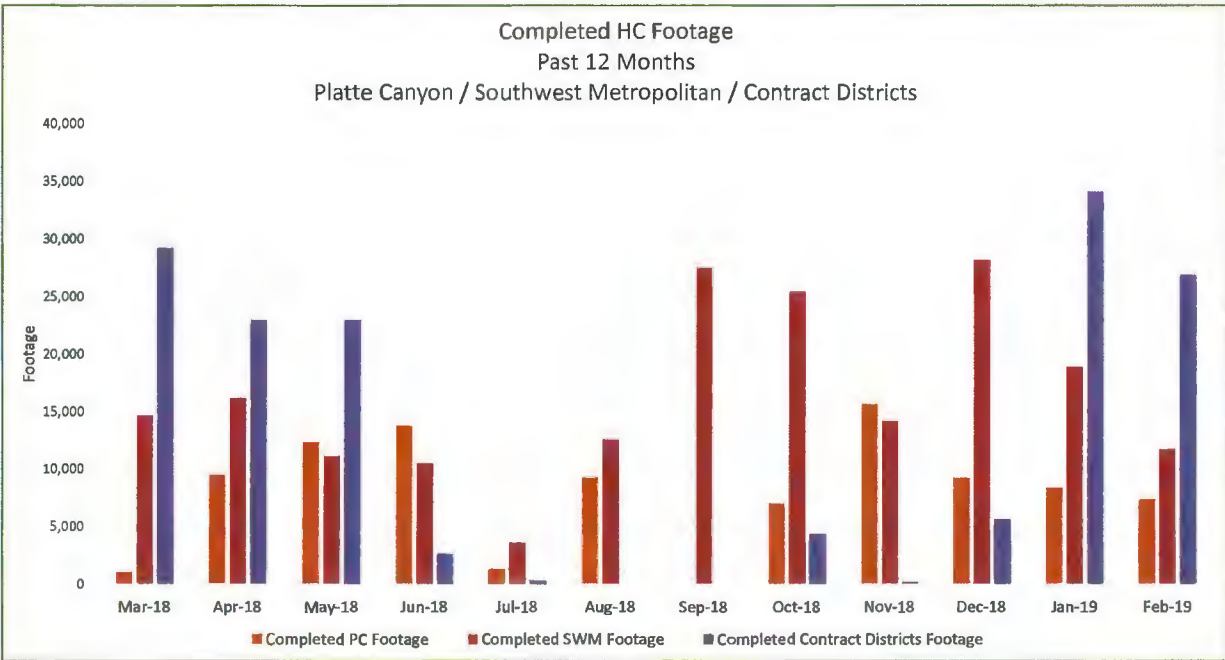
**Platte Canyon / Southwest Metropolitan
Past 12 Months
Scheduled vs. Completed RTC & RT Maintenance/Hours**



Platte Canyon / Southwest Metropolitan / Contract Districts Completed Sewer Maintenance

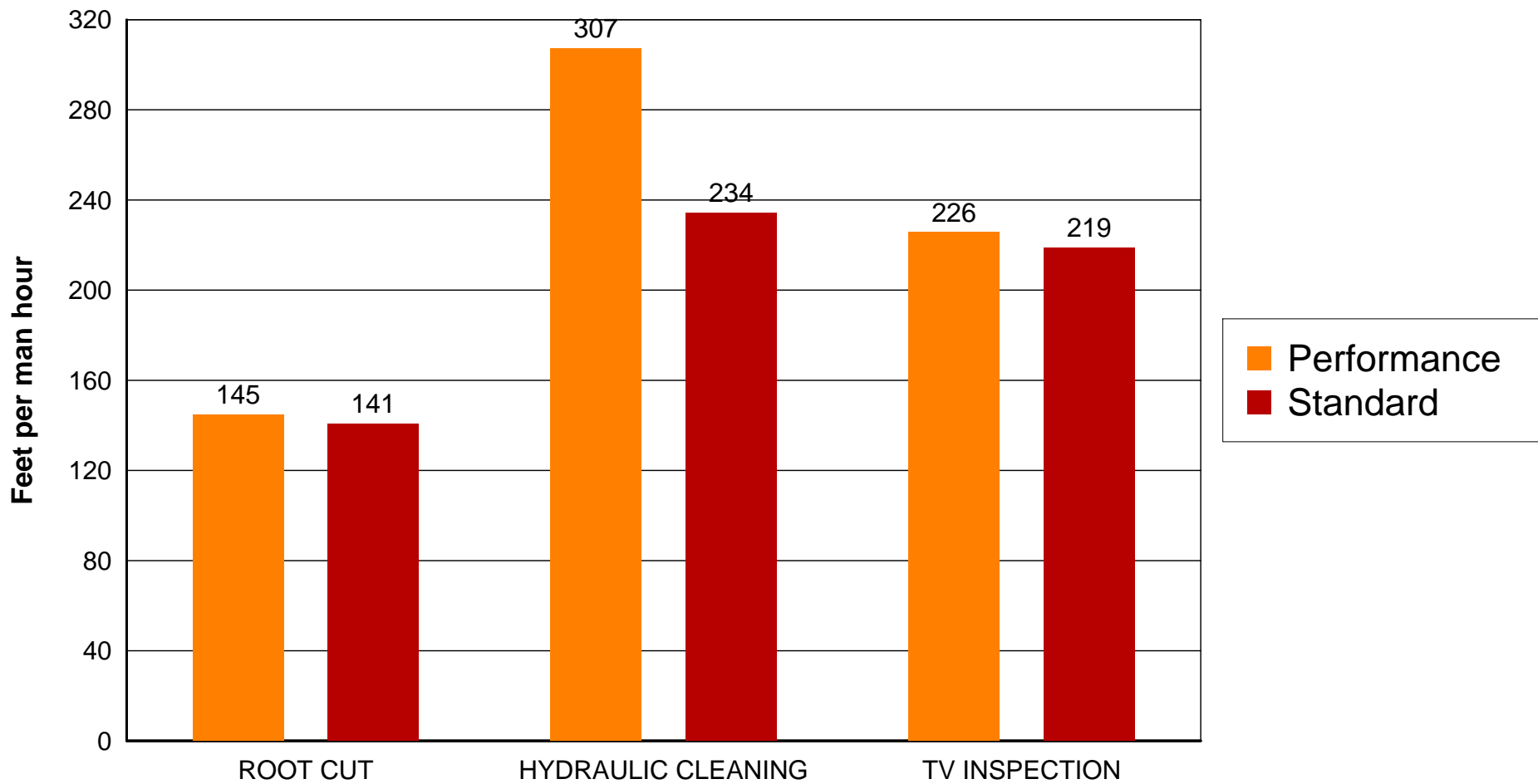


**Platte Canyon / Southwest Metropolitan / Contract Districts
Completed Sewer Maintenance**



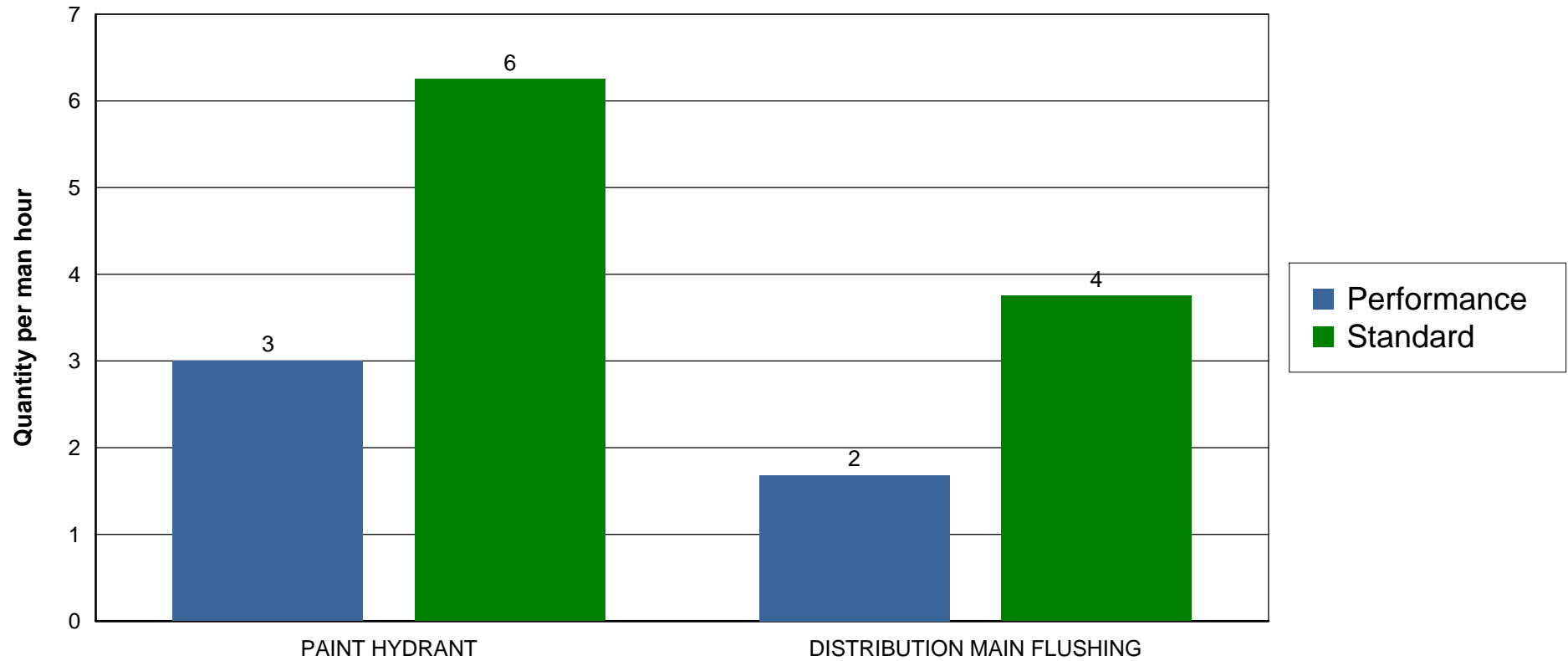
PLATTE CANYON, SOUTHWEST METROPOLITAN, BOW MAR, COLUMBINE, VALLEY & LOCHMOOR PRODUCTIVITY REPORT

February 2019



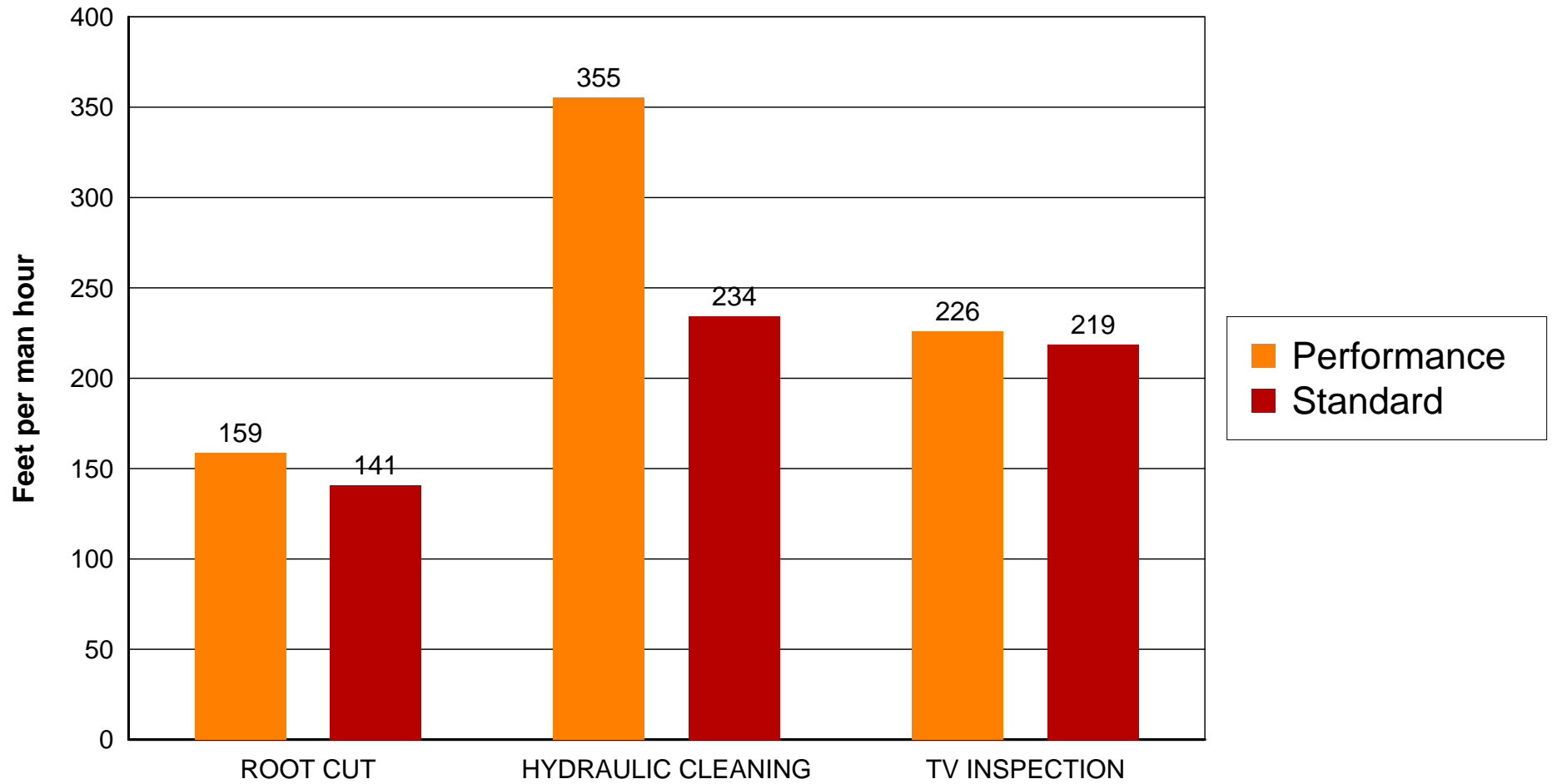
PLATTE CANYON, SOUTHWEST METROPOLITAN, BOW MAR, COLUMBINE, VALLEY & LOCHMOOR PRODUCTIVITY REPORT

February 2019



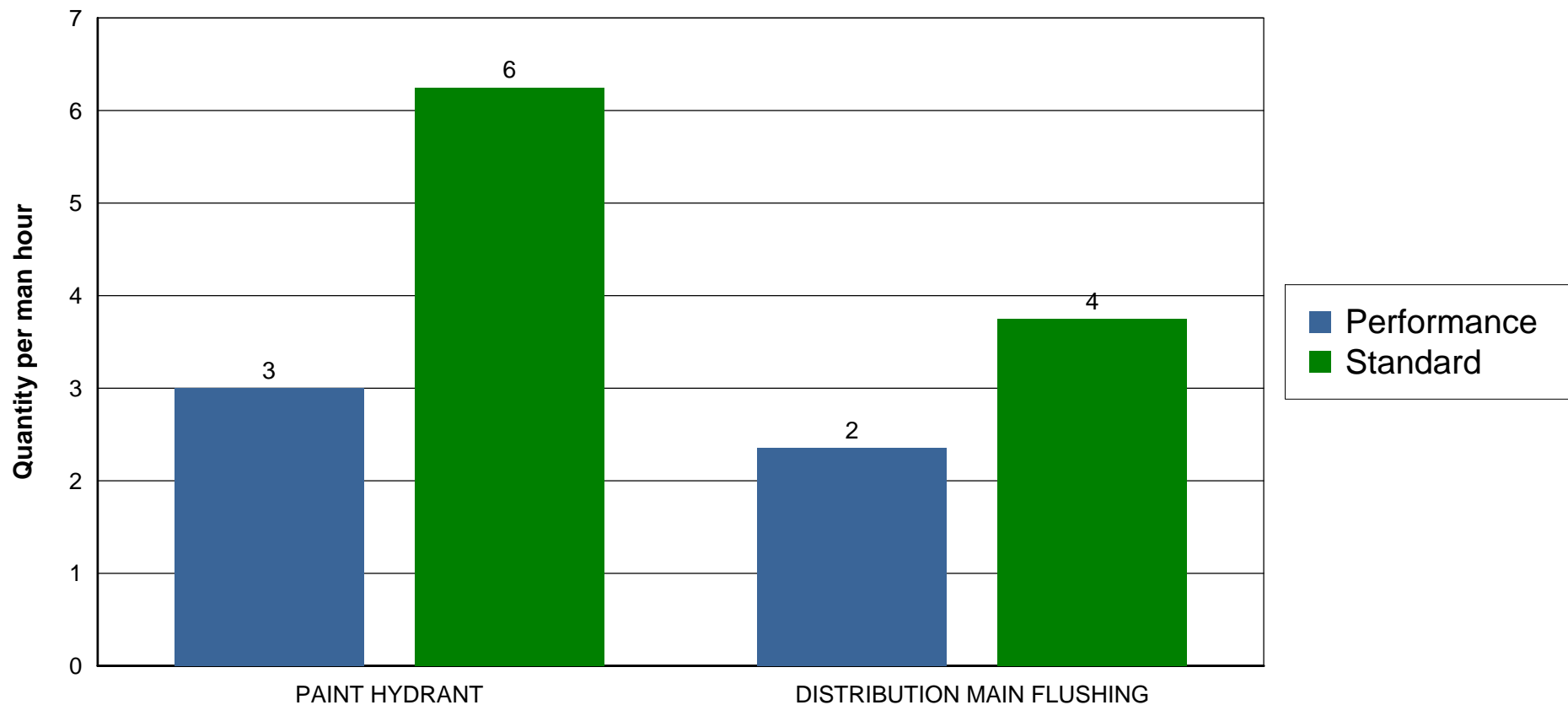
PLATTE CANYON, SOUTHWEST METROPOLITAN, BOW MAR, COLUMBINE, VALLEY & LOCHMOOR PRODUCTIVITY REPORT

Year to Date

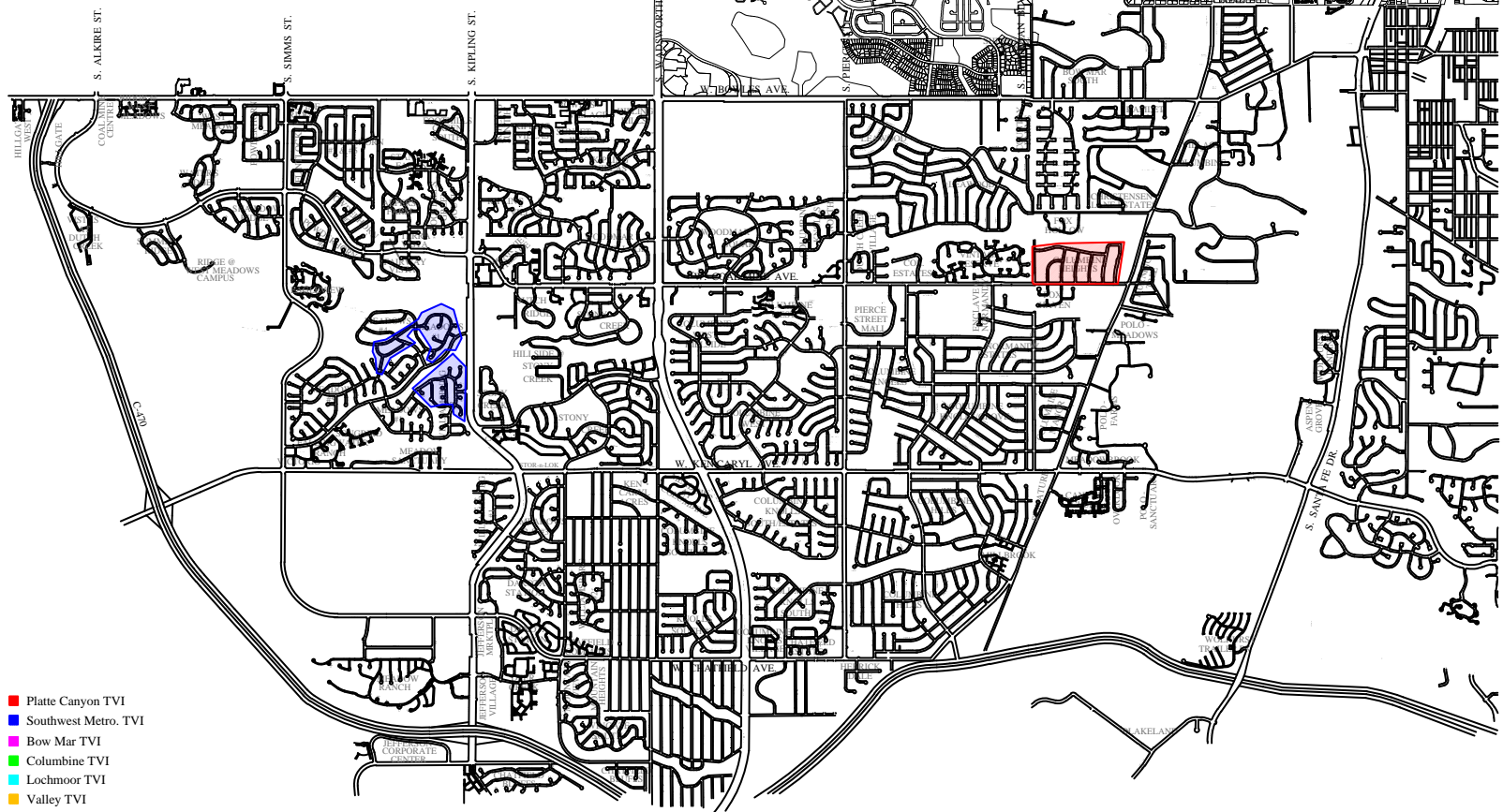


PLATTE CANYON, SOUTHWEST METROPOLITAN, BOW MAR, COLUMBINE, VALLEY & LOCHMOOR PRODUCTIVITY REPORT

Year to Date



SCHEDULED TELEVISION INSPECTION FOR FEBRUARY 2019



Southwest Metro Water and Sanitation

CIP 19 - 1W and 2W – 12” and 6” Water Main Replacements

(1W) In S. Garland St. between W. Walden Ave. and W. nova Pl.

(2W) In S. Holland St. at W. Laurel Pl.

Meadows Subdivision

Capital Project Information

March – 2019

Project Purpose (Projects Combined):

(1W) Replace 701’ of 12” water main due to multiple leaks.

(2W) Replace 272’ of new 6” Water main due to multiple leaks.

Project Description:

(1W) Install 701’ of new 12” PVC pipe

(2W) Install 272’ of new 6” PVC pipe

Project Status:

In design

Budget Comparison:

	Budget	Contract	Actual	% of cost - actual to Budget	% of cost - actual to contract
Design	\$19,210.00	\$26,545.00			
Construction	\$	\$	\$		
Contingencies	\$				
Total	\$				

Schedule:

Design by RG and Associates: In progress

Bid Date: Pending

Start of Construction:

Construction:

Final Completion:

Platte Canyon Water and Sanitation

CIP 19-1W, 2W, 3W and 4W - Combined Water Main Replacement

- (1W) S. Jay Ct. between W. Bowles Ave. and W. Leawood Dr. (Leawood Subdivision)
- (2W) S. Jay Dr. between W. Elmhurst Ave. And W. Monticello Ave. (Columbine Hills Subdivision)
- (3W) W. Rowland Pl. between S. Depew St. and S. Sheridan Ct. (Columbine Knolls Subdivision)
- (4W) W. Leawood Dr. between S. Pierce St. and W. Fair Dr. (Leawood Subdivision)

Capital Project Information

March 2019

Project Purpose (Projects Combined):

- (1W) Replace 1058' of 8" water main due to multiple leaks.
- (2W) Replace 732' of 6" Water main due to multiple leaks.
- (3W) Replace 1255' of 8" water main due to multiple leaks.
- (4W) Replace 2319' of 8" Water main due to multiple leaks.

Project Description:

- (1W) Install 1058' of new 8" PVC pipe
- (2W) Install 732' of new 6" PVC pipe
- (3W) Install 1255' of new 8" PVC pipe
- (4W) Install 2319' of new 8" PVC pipe

Project Status:

In design

Budget/Contract Comparison:

	Budget	Contract	Actual	% of cost – actual to budget	% of cost - actual to contract
Design/Inspection	\$162,290.00	\$79,320.00	\$		
Construction	\$	\$	\$		4
Contingencies	\$0				
Total	\$0				

Schedule:

Design by RG and Associates: In progress

Bid Date: Pending

Start of Construction:

Construction:

Final Completion:

Platte Canyon Water and Sanitation
CIP 18-3W

Located in S. Sheridan Blvd. at W. Fair Ave.

Leawood Subdivision

Capital Project Information

March 2019

Project Purpose:

Replace 293' of 16" sewer main due to flow issues

Project Description:

Install 293 feet of new 16" PVC pipe

Project Status:

In design

Budget/Contract Comparison:

	Budget	Contract	Actual	% of cost – actual to budget	% of cost - actual to contract
Design/Inspection	\$37,489.00	\$17,660.00	\$		
Construction	\$	\$	\$		
Contingencies	\$				
Total	\$				

Schedule:

Design by RG and Associates: In progress

Bid Date: Pending

Start of Construction:

Construction:

Final Completion:

Platte Canyon Water & Sanitation District
Checklist for the Month of March 2019

<i>Ck. No.</i>	<i>Payee</i>	<i>Description</i>	<i>Amount</i>	<i>Net Amount</i>
ACH	Patrick Fitzgerald	Payroll 3/5/19		\$5,231.28
ACH	Scott Hand	Payroll 3/5/19		\$2,336.60
ACH	Bruce Yarish	Payroll 3/5/19		\$1,601.68
ACH	Armando Quintana	Payroll 3/5/19		\$2,298.27
ACH	John Mathias	Payroll 3/5/19		\$1,668.77
ACH	Justin Roquemore	Payroll 3/5/19		\$1,431.79
ACH	Cory Taylor	Payroll 3/5/19		\$1,475.55
ACH	Michael Chavez	Payroll 3/5/19		\$1,453.97
ACH	Alyssa Quinn	Payroll 3/5/19		\$1,872.60
ACH	Vanessa Shipley	Payroll 3/5/19		\$2,106.62
ACH	Tony Cocozzella	Payroll 3/5/19		\$2,679.43
ACH	Cynthia Lane	Payroll 3/5/19		\$3,121.89
ACH	Taylor Newkirk	Payroll 3/5/19		\$1,382.23
ACH	Adam Morse	Payroll 3/5/19		\$1,132.87
ACH	CCOERA	401/457 contributions & loan payments		\$9,445.73
EFTPS	Electronic Federal Tax Payment	FICA & Fwt		\$11,873.37
EFTPS	Electronic State Tax Payment	State Withholding		\$3,409.66
032357	Exponent, Inc.	Water maintenance and operation		\$3,500.00
032358	Cynthia Lane	Professional development		\$274.50
032359	Patrick Fitzgerald	Professional development		\$807.46
032360	Professional Answering Service	Answering service		\$64.50
032361	All Copy Products	Equipment maintenance		\$613.76
032362	American Water Works Assn.	Dues and subscription		\$632.00
032363	American Water Works Assn.	Dues and subscription		\$1,995.00
032364	CDW-Government, Inc.	Software management		\$957.74
032365	CenturyLink			\$945.09
		Pump station telemetry	340.97	
		Backcharge COL	60.41	
		Backcharge SWM	543.71	
032366	Chatfield Rentals	Equipment maintenance		\$237.28
032367	Clement Communications	Books and magazines		\$202.60
032368	Cues	Equipment maintenance		\$1,520.66
032369	DCNC, Inc.	Software management		\$75.00
032370	DLT Solutions, LLC	Software management		\$945.70
032371	Denver Water	Maintenance supplies - sewer		\$644.48
032372	W.W. Grainger, Inc.	Maintenance supplies		\$484.21
032373	HACH Company	Maintenance supplies		\$661.54
032374	Home Depot	Maintenance supplies		\$93.74
032375	Jefferson County	Water contract emergency		\$350.00
032376	Landmark Lincoln	Vehicle maintenance		\$121.53
032377	Merrick & Company, Inc.	Engineering GIS		\$829.50
032378	North Star, Inc.	Software management		\$470.00
032379	Staples Advantage	Office supplies		\$772.65
032380	O'Reilly Auto Enterprises, LLC	Vehicle maintenance		\$361.01
032381	Precision Auto Glass LLC	Vehicle maintenance		\$270.44
032382	U.S. Postal Service	Newsletter		\$1,470.20
032383	Cintas First Aid & Safety	Office supplies		\$118.38
032384	Rocky Mountain Catering	Miscellaneous		\$723.50
032385	Southwest Metro W&S District	Building lease		\$800.00
032386	Cory Taylor	Professional development		\$775.00
032387	Telog Instruments, Inc.	Software management		\$1,999.00
032388	Utility Notification Center	Utility notification		\$278.32
032389	City Sprint	Office supplies		\$15.75
W00488	Wells Fargo Remittance Center			\$725.13
		Equipment maintenance	421.46	
		Vehicle maintenance	92.28	
		Maintenance supplies	227.95	
		Books and magazines	44.99	
		Office supplies	27.20	
		Professional development	205.89	
		Miscellaneous	45.34	
		Software management	-339.98	
W00489	AFLAC	Employee accidental insurance		\$721.96

TOTAL CHECKS/ACH PAID AS OF MARCH 15, 2019

\$79,979.94

Platte Canyon Water & Sanitation District
 Schedule of Investment Principal Activity
 Month of: FEBRUARY, 2019

Date Purchased	Date of Maturity	Number of Days (Wt. Avg.)	Face/Principal	Face Rate (Wt. Avg.)	Purchase Price (Wt. Avg.)	Purchased Interest	Purchased Yield (Wt. Avg.)	Redemption Yield (Wt. Avg.)	Totals
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NEW PURCHASES

		0							0.00
		0							0.00
		0							0.00
		0							-

Average days/Weighted average rate		0		0.0000%	0.0000	0.00	0.00	0.0000%	
Total new purchases		<u>\$0.00</u>							<u>\$0.00</u>

REDEMPTIONS

		0							0.00
		0							0.00
		0							0.00
		0							0.00

Average days/Weighted average rate		0		0.0000%	0.0000	0.00		0.0000%	
Total redemptions		<u>\$0.00</u>							<u>\$0.00</u>

RENEWALS

		0							
		0							
		0							
		0							

Total renewals		<u>\$0.00</u>							
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\$0.00

NOTE: All redemptions are wired to checking account at Wells Fargo Bank West of Littleton or to the UMB Trust account.



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

March 22, 2019

To the Board of Directors
Platte Canyon Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Platte Canyon Water and Sanitation District for the year ended December 31, 2018, and have issued our report thereon dated March 22, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter dated October 31, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties may have led to a modified opinion. We also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in February 2019, and we issued our report on March 22, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no financial statement disclosures that are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial

statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

PLATTE CANYON WATER AND SANITATION DISTRICT
Arapahoe and Jefferson Counties, Colorado

FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086

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Independent Auditor's Report

Board of Directors
Platte Canyon Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Platte Canyon Water and Sanitation District (District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Platte Canyon Water and Sanitation District, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior-Year Comparative Information

We have previously audited the District's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our report dated March 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended

December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
March 22, 2019

**PLATTE CANYON WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District remains in strong financial position with assets exceeding liabilities and deferred inflows of resources at the close of 2018 by \$20,313,251. Of this amount, \$9,230,228 or 45.4% is unrestricted and may be used to meet the District's ongoing obligations to citizens.
- Total net position increased \$179,505 or .9 %.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Platte Canyon Water and Sanitation District's basic financial statements. The District's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and other information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Platte Canyon Water and Sanitation District's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, deferred inflows of resources and 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 Changes in Net Position* presents information which 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, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through taxes and contract services (*Business-type Activities*). The Governmental Activities of the District include the financing and construction of certain water and sewer system improvements of the blended component units. The Business-type Activities of the District include the effective and economical operation of water and sewer systems.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and bond covenants. All of the District funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheets and the governmental funds statement of revenue, expenditures, and changes in funds balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds, both of which are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances.

Proprietary Funds – When the District charges entities for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Changes in Net Position. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as a cash flow statement.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$20,313,251 at the close of 2018.

Net Position

Combined Net Position of the Platte Canyon Water and Sanitation District at December 31, 2018 and 2017 were:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets and other assets	\$ 110,472	\$ 104,565	\$ 11,901,201	\$ 12,244,740	\$ 12,011,673	\$ 12,349,305
Capital assets	-	-	10,933,095	10,445,405	10,933,095	10,445,405
Total assets	110,472	104,565	22,834,296	22,690,145	22,944,768	22,794,710
Long-term obligations	397,084	439,211	344,088	306,991	741,172	746,202
Other liabilities	44,771	43,529	140,574	185,233	185,345	228,762
Total Liabilities	441,855	482,740	484,662	492,224	926,517	974,964
Deferred property tax revenue	57,500	57,500	1,647,500	1,628,500	1,705,000	1,686,000
Total deferred inflows of resources	57,500	57,500	1,647,500	1,628,500	1,705,000	1,686,000
Net Position:						
Investment in capital assets	-	-	10,933,095	10,445,405	10,933,095	10,445,405
Restricted	50,328	44,176	99,600	94,400	149,928	138,576
Unrestricted	(439,211)	(479,851)	9,669,439	10,029,616	9,230,228	9,549,765
Total net position	\$ (388,883)	\$ (435,675)	\$ 20,702,134	\$ 20,569,421	\$ 20,313,251	\$ 20,133,746

A significant portion (53.8%) of the District's net position reflects its investment in capital assets (e.g. land, water and sewer systems, equipment, etc.). The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Unrestricted net position may be used to meet the District's ongoing obligations to maintain the water and sewer systems within the jurisdictional boundaries. Unrestricted net position makes up 45.4% of total net position.

Platte Canyon Water and Sanitation District Subdistrict No. 1 (Subdistrict No.1) and Platte Canyon Water and Sanitation District Subdistrict No. 2 (Subdistrict No. 2) financed the construction of water distribution system improvements which were conveyed to the District when completed. The related outstanding debt will be repaid with tax levies on property located within each Subdistrict. Negative net position will be reported for the Governmental Activities until the long-term debt obligation is satisfied. The District is not obligated to repay the debt in any way. Additional information regarding the Subdistricts may be found in Note 1 (Blended Component Units) of this report.

Changes in Net Position

The District's program and general revenue of \$3,383,944 is more than program expenses of \$3,204,439 by \$179,505. This increase is less favorable than the increase in net position in 2017 of \$215,527 primarily due to the increase in water operations.

The table below shows the summarized revenue and expenses for 2018 and 2017.

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
Program revenue:						
Charges for services	\$ -	\$ -	\$ 1,365,434	\$ 1,390,528	\$ 1,365,434	\$ 1,390,528
Capital contributions	-	-	14,592	18,400	14,592	18,400
General revenue:						
Property taxes	57,610	57,608	1,612,744	1,483,781	1,670,354	1,541,389
Specific ownership tax	5,336	5,628	144,034	140,833	149,370	146,461
Net investment income	1,437	711	182,757	118,270	184,194	118,981
Total revenue	64,383	63,947	3,319,561	3,151,812	3,383,944	3,215,759
Program expenses:						
General government	866	865	-	-	866	865
Interest on long-term debt	16,725	18,168	-	-	16,725	18,168
Water operations	-	-	1,331,282	1,055,369	1,331,282	1,055,369
Sewer operations	-	-	604,460	639,376	604,460	639,376
Contract services	-	-	1,251,106	1,286,454	1,251,106	1,286,454
Total program expenses	17,591	19,033	3,186,848	2,981,199	3,204,439	3,000,232
Increase (decrease) in net position	46,792	44,914	132,713	170,613	179,505	215,527
Net Position-Beginning of Year	(435,675)	(480,589)	20,569,421	20,398,808	20,133,746	19,918,219
Net Position-End of Year	\$ (388,883)	\$ (435,675)	\$ 20,702,134	\$ 20,569,421	\$ 20,313,251	\$ 20,133,746

Governmental Activities

Property taxes were levied to satisfy the required annual debt payments on long-term obligations (see Note 5).

Business-type Activities

Business-type activities reflect an increase in Net Position of \$132,713 in 2018 compared to a \$170,613 increase in 2017.

- Total revenue increased by \$167,749 or 5.3%. Market adjustments in the biannual reassessment of real property in the District resulted in a 10.3% increase in the total assessed value. Revenue from property taxes increased by \$128,963. Net investment income increased \$64,487 attributable to the increase in market yields as well as a positive fair value adjustment on the District's investment holdings at December 31, 2018.

- Total program expenses increased by \$205,649 or 6.9%. The impact of water system failures requiring emergency repair by contractors during 2018 was significant, a cost increase of \$152,483. In addition to addressing the system failures, District staff devoted time during 2018 developing a new comprehensive rating process to prioritize the replacement of water mains. Administrative and overhead costs are allocated to water and sewer operations based on hours devoted to each activity. The percentage of hours devoted to water activities increased from 50.5% in 2017 to 53.77% in 2018, resulting in a shift of costs being allocated to water operations.

THE DISTRICT'S FUNDS

As noted earlier, Platte Canyon Water and Sanitation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting. As the District completed the year, its Governmental Funds reported a combined fund balance of \$52,972. This amount is comprised of accumulated net property taxes and specific ownership taxes and is restricted for the payment of the outstanding loans.

The budgets for the special revenue funds are prepared on a basis consistent with generally accepted accounting principles (GAAP).

Proprietary Fund

Unrestricted net position for the District's enterprise fund at the end of 2018 amounted to \$9,669,439 compared to \$10,029,616 in 2017.

BUDGETARY HIGHLIGHTS

The District prepares its Enterprise Fund budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of sale of assets, capital outlay, in addition to operations and nonoperating revenues and contributions. Capital contributions of facilities and depreciation are not reflected on the budget as they do not affect "funds available". This budgetary accounting is required by state statutes.

The District's actual revenues exceeded budgeted revenues by \$76,944. Actual net investment income was \$182,757, \$50,586 more than the budget amount of \$132,171. The average yield on investment during 2018 was 1.76% compared to the projected yield of 1.35%.

Total budgeted expenditures exceeded total actual expenditures by \$342,345. In addition to budgeting for emergency reserve, the District budgeted an additional 30% of the projected water and sewer capital expenses to cover unanticipated increases in construction costs. The percentage applied fluctuates from year to year depending on the predictability of the construction industry. The amount budgeted for contingencies and emergency reserves was \$311,724. One water capital project budgeted at \$193,068 was not completed during 2018 due to a potential development in the planning stages that would impact the main requiring rehabilitation.

A negative budget variance for operations and administration resulted in the amount of \$78,324. There was a high occurrence of emergency water main breaks during 2018 resulting in a negative budget variance of \$161,940 in water operations and maintenance. Actual expenditures for sewer operations and maintenance were \$56,185 less than the amount budgeted. This difference is due to no emergency sewer main break repairs or remedial repairs required during 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The table below provides a summary of total capital assets, net of depreciation where applicable at December 31, 2018 and 2017.

	Business-Type Activities	
	2018	2017
Land	\$ 40,200	\$ 5,000
Construction in progress	2,761	28,668
Total non-depreciable assets	<u>42,961</u>	<u>33,668</u>
Water distribution system	6,802,863	6,317,340
Sewage collection system	3,265,046	3,418,818
Maintenance equipment	771,847	597,958
Office equipment	50,378	77,621
Total depreciable assets	<u>10,890,134</u>	<u>10,411,737</u>
Total capital assets	<u>\$ 10,933,095</u>	<u>\$ 10,445,405</u>

The District completed two major water capital projects lining 805 feet of an 18-inch steel pipe and replacing 1,378 feet of 6-inch cast iron pipe amounting to \$481,080. Additionally, the District acquired ¼ acre of land for \$35,200 and completed a related site-expansion project of the Scott J. Morse Pump station which included improvements and additions amounting to \$319,436. The District purchased a new video inspection truck in the amount of \$271,554.

Additional information on the District's capital assets can be found in Note 4 of this report.

Debt

Subdistrict No. 1 and Subdistrict No. 2 have loans outstanding at December 31, 2018. During 2017, principal and interest payments on the loans were made as required. Detail of the long-term debt obligations are presented in Note 5.

Economic Factors and Next Year's Budget

- Property and specific ownership taxes for general operating purposes were budgeted in the amount of \$1,773,828, which represents 53.0% of total District budgeted revenue.
- Revenue from contract services is expected to be \$1,379,360.
- The average yield on investments is projected to be 1.85% resulting in estimated investment income of approximately \$175,220.
- The budget for operating expenditures and capital expenditures is \$2,555,052 and \$1,881,679, respectively.
- Four capital water projects involving the replacement of 5,364 feet of cast iron pipe with PVC pipe amounts to \$1,244,231, 66.1% of the total capital expenditure budget.
- Total expenditures for 2019 are projected to exceed revenue by \$1,091,243 which will be funded by the District's current funds available.
- The Subdistrict No. 1 levied a property tax assessment in the amount of \$28,525, which is budgeted to satisfy its annual debt requirements.
- The Subdistrict No. 2 levied a property tax assessment in the amount of \$29,085, which is budgeted to satisfy its annual debt requirements.

Requests 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: Financial Administrator, Platte Canyon Water and Sanitation District, 8739 W. Coal Mine Ave., Littleton, Colorado 80123.

BASIC FINANCIAL STATEMENTS

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2018

(with comparative totals for December 31, 2017)

	Governmental	Business-type	Total	
	Activities	Activities	2018	2017
ASSETS				
Cash and cash equivalents	\$ 52,479	\$ 4,023,418	\$ 4,075,897	\$ 3,191,332
Investments	-	5,653,590	5,653,590	6,896,750
Receivable from County Treasurers	493	13,037	13,530	11,157
Accounts receivable	-	126,285	126,285	127,591
Accrued interest receivable	-	17,220	17,220	20,418
Property taxes receivable	57,500	1,647,500	1,705,000	1,686,000
Prepaid expenses	-	85,442	85,442	65,885
Prepaid lease, current portion	-	15,460	15,460	15,460
Prepaid lease, long-term portion	-	319,249	319,249	334,712
Land	-	40,200	40,200	5,000
Construction in progress	-	2,761	2,761	28,668
Capital assets, (net of accumulated depreciation):				
Water distribution system	-	6,802,863	6,802,863	6,317,340
Sewage collection system	-	3,265,046	3,265,046	3,418,818
Maintenance equipment	-	771,847	771,847	597,958
Office equipment	-	50,378	50,378	77,621
Total assets	<u>110,472</u>	<u>22,834,296</u>	<u>22,944,768</u>	<u>22,794,710</u>
LIABILITIES				
Accounts and retainage payable	-	40,038	40,038	94,194
Accrued salaries and benefits	-	64,566	64,566	59,341
Accrued interest payable	2,644	-	2,644	2,889
Deposits from developers	-	-	-	3,625
Long-term obligations, due within one year	42,127	35,970	78,097	68,713
Long-term obligations, due in more than one year	397,084	344,088	741,172	746,202
Total liabilities	<u>441,855</u>	<u>484,662</u>	<u>926,517</u>	<u>974,964</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	57,500	1,647,500	1,705,000	1,686,000
Total deferred inflows of resources	<u>57,500</u>	<u>1,647,500</u>	<u>1,705,000</u>	<u>1,686,000</u>
NET POSITION				
Investment in capital assets	-	10,933,095	10,933,095	10,445,405
Restricted for debt service	50,328	-	50,328	44,176
Restricted for Emergencies	-	99,600	99,600	94,400
Unrestricted	(439,211)	9,669,439	9,230,228	9,549,765
TOTAL NET POSITION	<u>\$ (388,883)</u>	<u>\$ 20,702,134</u>	<u>\$ 20,313,251</u>	<u>\$ 20,133,746</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2018

(with comparative totals for December 31, 2017)

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges For Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
						<u>2018</u>	<u>2017</u>
FUNCTIONS/PROGRAMS							
Governmental Activities							
General government	\$ 866	\$ -	\$ -	\$ (866)	\$ -	\$ (866)	\$ (865)
Interest on long term obligations	16,725	-	-	(16,725)	-	(16,725)	(18,168)
Total Governmental Activities	<u>17,591</u>	<u>-</u>	<u>-</u>	<u>(17,591)</u>	<u>-</u>	<u>(17,591)</u>	<u>(19,033)</u>
Business-type Activities							
Water operations	1,331,282	-	-	-	(1,331,282)	(1,331,282)	(1,045,969)
Sewer operations	604,460	-	14,592	-	(589,868)	(589,868)	(630,376)
Contract services	1,251,106	1,365,434	-	-	114,328	114,328	104,074
Total Business-type Activities	<u>3,186,848</u>	<u>1,365,434</u>	<u>14,592</u>	<u>-</u>	<u>(1,806,822)</u>	<u>(1,806,822)</u>	<u>(1,572,271)</u>
Total Primary Government	<u>\$ 3,204,439</u>	<u>\$ 1,365,434</u>	<u>\$ 14,592</u>	<u>(17,591)</u>	<u>(1,806,822)</u>	<u>(1,824,413)</u>	<u>(1,591,304)</u>
GENERAL REVENUE							
Property tax revenue				57,610	1,612,744	1,670,354	1,541,389
Specific ownership tax				5,336	144,034	149,370	146,461
Net investment income				1,437	182,757	184,194	118,981
Total General Revenue				<u>64,383</u>	<u>1,939,535</u>	<u>2,003,918</u>	<u>1,806,831</u>
Change in Net Position				46,792	132,713	179,505	215,527
Net Position - Beginning of year				<u>(435,675)</u>	<u>20,569,421</u>	<u>20,133,746</u>	<u>19,918,219</u>
Net Position - End of year				<u>\$ (388,883)</u>	<u>\$ 20,702,134</u>	<u>\$ 20,313,251</u>	<u>\$ 20,133,746</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**PLATTE CANYON WATER AND SANITATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	Subdistrict No.1	Subdistrict No.2	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 28,691	\$ 23,788	\$ 52,479
Receivable from County Treasurer	244	249	493
Property taxes receivable	28,500	29,000	57,500
Total assets	\$ 57,435	\$ 53,037	110,472
 DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 28,500	\$ 29,000	57,500
Total deferred inflows of resources	28,500	29,000	57,500
FUND BALANCES			
Restricted for debt service	28,935	24,037	52,972
Total fund balances	28,935	24,037	52,972
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 57,435	\$ 53,037	
 Amounts reported for governmental activities in the Statement of Net Position are different because:			
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:			
Loans payable			(439,211)
Interest payable			(2,644)
Net Position of Governmental Activities			\$ (388,883)

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>Subdistrict No.1</u>	<u>Subdistrict No.2</u>	<u>Total Governmental Funds</u>
REVENUE			
Property taxes	\$ 28,525	\$ 29,085	\$ 57,610
Specific ownership taxes	2,642	2,694	5,336
Net investment income	748	689	1,437
Total revenue	<u>31,915</u>	<u>32,468</u>	<u>64,383</u>
EXPENDITURES			
Debt service			
Principal	20,609	20,031	40,640
Interest	7,916	9,054	16,970
Treasurer fees	428	438	866
Total expenditures	<u>28,953</u>	<u>29,523</u>	<u>58,476</u>
NET CHANGE IN FUND BALANCES	2,962	2,945	5,907
FUND BALANCE - BEGINNING OF YEAR	<u>25,973</u>	<u>21,092</u>	<u>47,065</u>
FUND BALANCES - END OF YEAR	<u>\$ 28,935</u>	<u>\$ 24,037</u>	<u>\$ 52,972</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**PLATTE CANYON WATER AND SANITATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2018**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,907

Amounts reported for Governmental Activities in the Statement of Changes in Net Position are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable 245

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.

Principal payments on loans 40,640

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 46,792

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SUBDISTRICT NO. 1
For the Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUE			
Property taxes	\$ 28,525	\$ 28,525	\$ -
Specific ownership taxes	2,139	2,642	503
Net investment income	257	748	491
Total revenue	<u>30,921</u>	<u>31,915</u>	<u>994</u>
EXPENDITURES			
Debt service			
Principal	20,609	20,609	-
Interest	7,916	7,916	-
Treasurer fees	430	428	2
Total expenditures	<u>28,955</u>	<u>28,953</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	1,966	2,962	996
FUND BALANCE - BEGINNING OF YEAR	<u>25,672</u>	<u>25,973</u>	<u>301</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 27,638</u></u>	<u><u>\$ 28,935</u></u>	<u><u>\$ 1,297</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SUBDISTRICT NO. 2
For the Year Ended December 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE			
Property taxes	\$ 29,085	\$ 29,085	\$ -
Specific ownership taxes	2,181	2,694	513
Net investment income	206	689	483
Total revenue	<u>31,472</u>	<u>32,468</u>	<u>996</u>
EXPENDITURES			
Debt service			
Principal	20,031	20,031	-
Interest	9,054	9,054	-
Treasurer fees	440	438	2
Total expenditures	<u>29,525</u>	<u>29,523</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	1,947	2,945	998
FUND BALANCE - BEGINNING OF YEAR	<u>20,625</u>	<u>21,092</u>	<u>467</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,572</u>	<u>\$ 24,037</u>	<u>\$ 1,465</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
December 31, 2018

(with comparative totals for December 31, 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,023,418	\$ 3,144,692
Investments	5,653,590	6,896,750
Receivable from County Treasurers	13,037	10,732
Accounts receivable	126,285	127,591
Accrued interest receivable	17,220	20,418
Property taxes receivable	1,647,500	1,628,500
Prepaid expenses	85,442	65,885
Current portion of prepaid lease	15,460	15,460
Total Current assets	11,581,952	11,910,028
Non-current assets		
Prepaid lease	319,249	334,712
Land	40,200	5,000
Construction in progress	2,761	28,668
Capital assets, net of depreciation:		
Water distribution system	6,802,863	6,317,340
Sewage collection system	3,265,046	3,418,818
Maintenance equipment	771,847	597,958
Office equipment	50,378	77,621
Total Noncurrent assets	11,252,344	10,780,117
TOTAL ASSETS	22,834,296	22,690,145
 LIABILITIES		
Current liabilities		
Accounts payable	40,038	94,194
Accrued salaries and benefits	64,566	59,341
Deposits from developers	-	3,625
Long-term obligations, current portion	35,970	28,073
Total Current liabilities	140,574	185,233
Non-current liabilities		
Long-term obligations, non-current portion	344,088	306,991
TOTAL LIABILITIES	484,662	492,224
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	1,647,500	1,628,500
TOTAL DEFERRED INFLOWS OF RESOURCES	1,647,500	1,628,500
NET POSITION		
Investment in capital assets	10,933,095	10,445,405
Restricted for emergencies	99,600	94,400
Unrestricted	9,669,439	10,029,616
TOTAL NET POSITION	\$ 20,702,134	\$ 20,569,421

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2018

(with comparative totals for December 31, 2017)

	2018	2017
OPERATING REVENUE		
Contract Services	\$ 1,356,579	\$ 1,363,658
Other	8,855	26,870
Total operating revenue	1,365,434	1,390,528
OPERATING EXPENSES		
Water operations	862,051	657,640
Sewer operations	386,988	403,656
Contract services	1,250,470	1,286,454
General and administrative	662,523	591,009
Total operating expenses	3,162,032	2,938,759
(LOSS) FROM OPERATIONS	(1,796,598)	(1,548,231)
NONOPERATING REVENUE (EXPENSES)		
Property taxes	1,612,744	1,483,781
Specific ownership taxes	144,034	140,833
Net investment income	182,757	118,270
Loss on disposal of property and equipment	(636)	(20,165)
County Treasurer's collection fees	(24,180)	(22,275)
Total nonoperating revenue (expenses)	1,914,719	1,700,444
INCOME BEFORE CAPITAL CONTRIBUTIONS	118,121	152,213
CAPITAL CONTRIBUTIONS		
Tap fees	6,000	11,900
Capital project contributions	8,592	-
Contributed assets	-	6,500
Total capital contributions	14,592	18,400
CHANGE IN NET POSITION	132,713	170,613
NET POSITION - BEGINNING OF YEAR	20,569,421	20,398,808
NET POSITION - END OF YEAR	\$ 20,702,134	\$ 20,569,421

These financial statements should be read only in connection with the accompanying notes to financial statements.

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2018

(with comparative totals for December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contract services and customers	\$ 1,363,115	\$ 1,377,640
Cash payments to suppliers for goods and services	(824,181)	(755,158)
Cash payments to employees for services	(1,660,712)	(1,571,574)
Cash flows used for operating activities	(1,121,778)	(949,092)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes - Net	1,586,259	1,460,281
Specific ownership taxes	144,034	140,833
Cash flows provided by noncapital financing activities	1,730,293	1,601,114
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital - Tap fees	6,000	11,900
Contributed capital - Cost reimbursement	8,592	-
Acquisition of capital assets	(1,173,496)	(1,426,623)
Cash flows used for capital and related financing activities	(1,158,904)	(1,414,723)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	168,724	128,847
Purchase of investments	(989,609)	(995,000)
Matured investments	2,250,000	1,249,000
Cash flows provided by investing activities	1,429,115	382,847
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	878,726	(379,854)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,144,692	3,524,546
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,023,418	\$ 3,144,692

(Continued)

These financial statements should be read only in connection with the accompanying notes to financial statements

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

(with comparative totals for December 31, 2017)

(Continued)

	2018	2017
Reconciliation of (loss) from operations to net cash used for operating activities		
(Loss) from operations	\$ (1,796,598)	\$ (1,548,231)
Adjustments to reconcile (loss) from operations to net cash used for operating activities		
Depreciation and amortization	653,598	604,651
Effects of changes in operating assets and liabilities:		
Receivables	1,306	(16,513)
Prepaid expenses	(19,557)	(4,917)
Accounts payable	(7,121)	(15,753)
Accrued salaries and benefits	5,225	(5,810)
Compensated absences	44,994	33,856
Deposits from developers	(3,625)	3,625
Total adjustments	674,820	599,139
Net cash used for operating activities	\$ (1,121,778)	\$ (949,092)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets from developers	\$ -	\$ 6,500
Loss on disposal of property and equipment	\$ 636	\$ 20,165

These financial statements should be read only in connection with the accompanying notes to financial statements

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson and Arapahoe Counties, Colorado. The District was established to provide water and sanitation services.

The District has maintenance agreements with Southwest Metropolitan Water and Sanitation District and other water and sanitation districts. The agreements provide that the District will perform administration and maintenance services using the District's personnel and equipment, with reimbursement to the District for labor, materials and use of equipment and general and administration expenses (See Note 9).

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.

Blended Component Units

Platte Canyon Water and Sanitation Subdistrict No. 1 (Subdistrict No. 1) was established in 2005 pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of the Subdistrict No. 1, located entirely within the District boundaries, is known as the Columbine Townhouses III Subdivision (Subdivision). The Subdistrict No. 1 was formed for the purpose of financing certain public water distribution system improvements needed to serve the Subdivision. The Subdistrict No. 1 will assess a levy against all real property within its boundaries for the payment of principal and interest on the loan. The Subdistrict No. 1 is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to the Subdistrict No. 1, and the improvements within the Subdistrict No. 1 ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict No. 1.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

In 2007 the District Board of Directors established the Platte Canyon Water and Sanitation Subdistrict No. 2 (Subdistrict No. 2) pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of Subdistrict No. 2, located entirely within the District boundaries, is known as the Colombine Townhouses Four Subdivision (Subdivision). Subdistrict No. 2 was formed for the purpose of financing certain public water distribution system improvements needed to serve the Subdivision. The Subdistrict No. 2 will assess a levy against all real property within its boundaries for the payment of principal and interest on the loan. The Subdistrict No. 2 is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to Subdistrict No. 2, and the improvements will ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict No. 2.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or entities who use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among *program revenues* are reported instead as *general revenues*. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*.

Separate financial statements are provided for the governmental funds and the proprietary fund because all are considered major funds.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus and modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property and specific ownership taxes as well as investment income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

Subdistrict No. 1 Fund and Subdistrict No. 2 Fund – These funds are included as blended component units of the District. The funds are used to account for the financing of certain public water distribution system improvements needed to serve specific subdivisions located in the District. The costs of the improvements are confined to the individual subdivisions by a separate tax levy than that of the District as a whole.

The District reports the following major proprietary fund:

Enterprise Fund – This fund is used to account for the effective and economical operation of water and sewer systems within the jurisdictional boundaries of the District.

Functional expenses for business-type activities in the government-wide and proprietary fund financial statements include allocated indirect overhead expense.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues of the District's enterprise fund consist of charges to other local governments for services provided. Operating expenses for the enterprise fund include cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

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

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 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. A budget is legally adopted for each fund of the District. The budgets for the Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the Proprietary Fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted. Budgeted amounts in the financial statements are as originally adopted, or as amended by the Directors.

Cash Equivalents and Investments

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. Investments are recorded at fair value.

Receivables

All receivables are recorded at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Payments made to vendors for services which will benefit periods after December 31 are recorded as prepaid items.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Property Taxes

Property taxes are levied by the District 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 Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are considered deferred inflows of resources and are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected (the year that it is levied for).

Capital Assets

Capital assets which include property, equipment, and infrastructure are reported in the business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Such assets are recorded at cost except for those assets which have been contributed which are recorded at estimated fair value at the date of contribution or at developer's cost. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of three years. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Distribution and Collection Systems	20 – 40 years
Maintenance and Office Equipment	3 – 10 years

Compensated Absences

The District accrues accumulated unpaid vacation, sick leave and a deferred merit award when earned by the employee. The District has a policy which allows employees to accumulate unused vacation and sick leave up to a certain maximum number of hours. The District compensates employees based on a merit award percentage up to a maximum of forty-five completed years of service. The accumulated vacation, sick leave, and deferred merit award are recorded as an accrued liability and current salary expense when incurred in the proprietary fund financial statements. In the event of termination, an employee is reimbursed for the accumulated hours and compensated for the total number of completed years of service up to the maximum amounts. Subsequent to December 31, 2018 the deferred merit award was eliminated and the balances as of December 31, 2018 were frozen and will be paid out upon termination of employment.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Developer Deposits

Developer deposits include funds that have been collected by the District for services to be provided in subsequent periods. At the time the services are provided, the liability is removed from the government-wide and proprietary fund Statements of net position or the governmental fund balance sheet and revenue is recognized.

Fund Balances / Governmental Funds

The District's fund balances fall under the category of "restricted" because the balances are constrained for specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

At December 31, 2018, the District reported restricted fund balance in the Subdistrict No. 1 and Subdistrict No. 2 Special Revenue Funds in the amounts of \$28,935 and \$24,037 respectively, are to be used exclusively for debt service requirements (see Note 5).

Net Position

The District has net position consisting of three components – investment in capital assets, restricted and unrestricted. Investment in capital assets, consists of capital assets, net of accumulated depreciation and if applicable, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position includes amounts 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. Net position in the Government Activities in the amount of \$50,328 is restricted for debt service requirements (see Note 5). Net position of the Business-Type Activities in the amount of \$99,600 is restricted for emergencies (see Note 11).

Negative net position will be reported for the Governmental Activities until the long-term debt obligation is satisfied. At December 31, 2018, negative unrestricted net position in the amount of \$439,211 was reported for the Governmental Activities.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year presentation.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 – CASH AND INVESTMENTS

At December 31, 2018 the District had the following cash and investments:

Cash on hand	\$ 150
Deposits	1,028,763
Investments	8,700,574
Total	<u><u>\$ 9,729,487</u></u>

Cash deposits and investments are reflected on the December 31, 2018 Statement of Net Position as follows:

Cash and cash equivalents	\$ 4,075,897
Investments	5,653,590
Total	<u><u>\$ 9,729,487</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires deposits of all units of local government to be made in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as 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 equal to the 102% of the uninsured deposits.

Investments

The District is required to comply with State statutes and the District’s investment policy which specify instruments meeting defined rating, maturity, and concentration risk criteria in which the District may invest, which include the following. State statute does not address custodial risk.

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

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

At December 31, 2018 the District had the following investments:

Investment	Rating	Maturities (in Years)			Total
		1 or less	1 - 5	More than 5	
U.S. Government Instrumentalities	AAA/AA+	\$ 1,492,005	\$ 2,427,545	\$ -	\$ 3,919,550
U.S. Treasury Notes	N/A	990,040	-	-	990,040
Local Government Investment Pool	AAAm	3,790,984	-	-	3,790,984
		<u>\$ 6,273,029</u>	<u>\$ 2,427,545</u>	<u>\$ -</u>	<u>\$ 8,700,574</u>

Interest Rate Risk – The District’s investment policy limits investment maturities by investment type. Maturities for investments in U.S. Treasuries and U.S. Agencies are limited to a maximum of 10 years.

Credit risk – The District’s investment policy limits investments to U.S. Treasury obligations, U.S. Government Agency and Instrumentality securities, local government investment pools, and certain money market mutual funds approved by the Board of Directors. At the time of purchase, investments must have a credit rating equal to or greater than that specified by state statutes.

Concentration of Credit Risk – It is the policy of the District to diversify its investment portfolio to eliminate risk of loss resulting from over concentration of assets in a specific maturity, a specific class, and specific issuer of securities. The District policy includes cash deposits in the total portfolio when determining concentration of investments. The policy provides that the total portfolio of the District may be comprised of 100% U.S. Treasury Notes. However, investment in U.S. Government instrumentalities may not exceed 50% of the District’s total portfolio and investment in any one issuer may not exceed 20% of the total portfolio. Investments in local government investment pools as well as money market mutual funds may not exceed 35% of the District’s total portfolio. The policy provides for variances in the stated maximum percentage limitations not to exceed 10% at any given time. At December 31, 2018, the District’s investment in, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Bank were 17.15%, 16.77%, and 11.13%, respectively, of the District’s total investments and 15.33%, 15.00%, and 9.95%, respectively, of the District’s total portfolio.

Local Government Investment pool – At December 31, 2018, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), 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 the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District also has investments not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend which uses the NAV measurement.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

At December 31, 2018 fair value and NAV measurements of the District's investments are as follows:

	Carrying Amount
Investment measured at fair value:	
U.S. Government Instrumentalities (Level 1 inputs)	\$ 3,919,550
U.S. Treasury Notes (Level 1 inputs)	990,040
Total investments by fair value level	4,909,590
Investments measured at NAV:	
Local Government Investment Pool	3,790,984
Total investments at carrying amount	\$ 8,700,574

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 – CAPITAL ASSETS

The following is an analysis of changes in the business-type activities capital assets for the year ended December 31, 2018:

<u>By Classification</u>	Balance January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Business-type Activites				
Land	\$ 5,000	\$ 35,200	\$ -	\$ 40,200
Construction in progress	28,668	774,609	800,516	2,761
Total non-depreciable assets	<u>33,668</u>	<u>809,809</u>	<u>800,516</u>	<u>42,961</u>
Water distribution system	13,808,075	800,516	-	14,608,591
Sewage collection system	9,623,115	8,950	-	9,632,065
Maintenance equipment	1,451,623	292,121	-	1,743,744
Office equipment	348,687	15,584	28,449	335,822
Total capital assets being depreciated	<u>25,231,500</u>	<u>1,117,171</u>	<u>28,449</u>	<u>26,320,222</u>
Less Accumulated Depreciation				
Water distribution system	(7,490,735)	(314,993)	-	(7,805,728)
Sewage collection system	(6,204,297)	(162,722)	-	(6,367,019)
Maintenance equipment	(853,665)	(118,232)	-	(971,897)
Office equipment	(271,066)	(42,191)	(27,813)	(285,444)
Total Accumulated Depreciation	<u>(14,819,763)</u>	<u>(638,138)</u>	<u>(27,813)</u>	<u>(15,430,088)</u>
Total capital assets being depreciated, net	<u>10,411,737</u>	<u>479,033</u>	<u>636</u>	<u>10,890,134</u>
Net Capital Assets	<u>\$ 10,445,405</u>	<u>\$ 1,288,842</u>	<u>\$ 801,152</u>	<u>\$ 10,933,095</u>

Depreciation expense for the years ended December 31, 2018 was charged to the following programs:

Business-type Activites:	
Water operations	\$ 354,907
Sewer operations	190,828
Contract services	92,403
	<u>\$ 638,138</u>

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in the governmental activities and business-type activities long-term obligations for the year ended December 31, 2018:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2018</u>	<u>Due within one year</u>
Government Activities:					
Subdistrict No. 1					
(2006) - \$400,000					
CWRPDA Loan	\$ 216,190	\$ -	\$ 20,609	\$ 195,581	\$ 21,389
Subdistrict No. 2					
(2008) - \$475,000					
CWRPDA Loan	263,661	-	20,031	243,630	20,738
	<u>479,851</u>	<u>\$ -</u>	<u>\$ 40,640</u>	<u>439,211</u>	<u>\$ 42,127</u>
Less current portion	(40,640)			(42,127)	
	<u>\$ 439,211</u>			<u>\$ 397,084</u>	
Business-type Activities:					
Accrual for compensated					
absences					
	\$ 335,064	\$ 134,034	\$ 89,040	\$ 380,058	\$ 35,970
Less current portion	(28,073)			(35,970)	
	<u>\$ 306,991</u>			<u>\$ 344,088</u>	

Accrual for compensated absences (see Note 2) is liquidated from the Enterprise fund.

The detail of the District's governmental activities long-term obligation is as follows:

Colorado Water Resources and Power Development Authority:

\$400,000 Loan, dated June 30, 2006, with interest of 3.75%, due semi-annually through 2026. Loan repayments may be prepaid, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority. This loan was entered into by the Subdistrict No. 1 for the purpose of financing water system improvements. The District is in no way obligated to repay the loan.

\$475,000 Loan, dated July 15, 2008, with interest of 3.50%, due semi-annually through 2028. Loan repayments may be prepaid, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority. This loan was entered into by the Subdistrict No. 2 for the purpose of financing water system improvements. The District is in no way obligated to repay the loan.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

The District’s long-term obligations of the governmental activities will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 42,127	\$ 15,483	\$ 57,610
2020	43,669	13,941	57,610
2021	45,267	12,343	57,610
2022	46,924	10,686	57,610
2023	48,641	8,969	57,610
2024-2028	212,583	18,416	230,999
	<u>\$ 439,211</u>	<u>\$ 79,838</u>	<u>\$ 519,049</u>

NOTE 6 – SERVICE CONTRACTS

Water

The District has a distributor’s contract with the Denver Water Board whereby the Denver Water Department provides water in the District’s service area and charges the users directly (“read and bill” type of distributor’s contract). The District owns and maintains the water distribution system.

Sewer

The District has a contract with the City of Littleton whereby the City provides sewage treatment for the District and bills the users directly. The District owns and maintains the sewage collection system.

NOTE 7 – PENSION PLAN

The District has adopted a single employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees (minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service). Contribution requirements of the District and eligible employees are established and may be amended by the District Board of Directors. Eligible employees must participate in the plan with an elected contribution between 3% and 8% of gross wages less overtime pay. The District matches the employees elected contribution level. Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions (fully vested after five years of employment). District contributions for employees who leave employment before five years of participation are used to reduce the District’s current period contribution requirement. There is no liability for benefits under the plan beyond the District’s matching payments.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

For the year ended December 31, 2018, employee contributions totaled \$85,659, and the District recognized pension expense of \$79,007. During 2018, forfeitures in the amount of \$6,652 reduced the District's pension expense.

At December 31, 2018, the District had 14 current active plan members and the District's liability to the plan amounted to \$3,889.

NOTE 8 – DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Colorado County Officials and Employees Retirement Association (CCOERA). Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

NOTE 9 – COMMITMENTS

Management and Maintenance Agreement

The District has an intergovernmental agreement with Southwest Metropolitan Water and Sanitation District (Southwest) to provide management, maintenance, inspection and clerical services. Under the agreement, the District bills Southwest monthly for its proportionate share of costs. During 2014 the contract was renewed for ten years with an option to renew for successive five year periods after December 31, 2024. During 2018 the District earned reimbursement for contract services from Southwest in the amount of \$1,019,128.

Operating Lease Agreement

The District has an agreement for office and storage space with Southwest. The District jointly funded the expansion and renovation of Southwest's office space being used for District operations. The District paid 30% of the construction costs and began amortizing the prepaid lease payment of \$618,417 on July 1, 2000. The District amortizes the prepaid lease costs over 40 years. At December 31, 2018, the balance of the prepaid lease amounted to \$334,709. The District pays Southwest a monthly rent and a proportionate share of the operation and maintenance expense and capital improvement costs determined on a quarterly basis. The Intergovernmental Agreement for Joint Office and Garage Facility will be effective until December 31, 2018. A new agreement was executed during 2018, having an effective date of January 1, 2019, to continue the existing arrangement for a ten-year term expiring on December 31, 2029, with the option for renewal for successive periods not to exceed ten years each. Upon termination, the District will be entitled to 30% of the appraised replacement value of the joint facility excluding land value. Operation, maintenance and improvement costs paid to Southwest during 2018 amounted to \$56,910.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Contracts for Services

The District has entered into intergovernmental agreements with Bow Mar Water and Sanitation District (Bow Mar), Columbine Water and Sanitation District (Columbine), Lochmoor Water and Sanitation District (Lochmoor), and Valley Sanitation District (Valley) to provide certain administrative and maintenance services. The District bills Bow Mar, Columbine, Lochmoor, and Valley monthly for work performed based on agreed upon rates of hours worked and cost of materials. During 2018 the District earned \$337,451 which is recorded as contract services.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Government Immunity Act, as amended from time to time, the District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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 property, general and automobile liability, public officials, auto physical damage, inland marine, and boiler and machinery. In the event aggregate 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.

The District maintains commercial insurance for injuries to employees (worker's compensation). Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 11 – 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.

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.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

On November 4, 2003, a majority of the District's electors authorized the District to collect, retain and spend all revenues and other funds received from all sources, including without limitation the District's existing general operating property tax rate of 7.104 mills, commencing January 1, 2004, for general operations and capital improvements as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 and as a permanent waiver of the 5.5 percent limitation under Section 29-1-301 C.R.S.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2018, the District's reserve of \$99,600 was recorded as a restriction of net position in the enterprise fund.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
ENTERPRISE FUND
For the Year Ended December 31, 2018

(with comparative totals for December 31, 2017)

	2018	2017
WATER OPERATIONS		
Personnel	\$ 162,463	\$ 147,390
Operations and maintenance	334,634	197,475
Depreciation and amortization	342,610	290,591
Equipment and vehicles	8,518	9,898
Insurance	8,377	8,094
Communications	5,449	4,192
Total water operations	862,051	657,640
SEWER OPERATIONS		
Personnel	139,681	144,620
Operations and maintenance	26,868	44,982
Depreciation and amortization	186,466	180,877
Equipment and vehicles	22,086	21,122
Insurance	7,202	7,942
Communications	4,685	4,113
Total sewer operations	386,988	403,656
CONTRACT SERVICES		
Personnel	985,496	967,290
Operations and maintenance	22,301	37,506
Depreciation and amortization	95,205	105,144
Equipment and vehicles	41,576	47,453
Insurance	8,153	8,092
Office Expenses	83,973	108,264
Communications	13,766	12,705
Total contract maintenance	1,250,470	1,286,454
GENERAL AND ADMINISTRATIVE		
Personnel	423,291	340,320
Professional and consulting	87,842	105,782
Operations and maintenance	19,413	26,404
Depreciation and amortization	29,317	28,039
Insurance	21,825	18,689
Office expenses	74,483	65,601
Other	6,352	6,174
Total general and administrative	662,523	591,009
Total operating expenses	\$ 3,162,032	\$ 2,938,759

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)
ENTERPRISE FUND
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUE			
Contract Services	\$ 1,348,110	\$ 1,356,579	\$ 8,469
Property taxes	1,631,866	1,612,744	(19,122)
Specific ownership taxes	122,390	144,034	21,644
Net investment income	132,171	182,757	50,586
Tap fees	4,000	6,000	2,000
Capital project reimbursement	-	8,592	8,592
Other	4,080	8,855	4,775
Total revenue	3,242,617	3,319,561	76,944
EXPENDITURES			
OPERATIONS AND ADMINISTRATION			
Operations and Maintenance			
Water	164,550	326,490	(161,940)
Sewer	76,000	19,815	56,185
Equipment and vehicles	91,500	72,181	19,319
Communications	21,700	23,900	(2,200)
Building maintenance	46,320	56,910	(10,590)
Personnel			
Wages	1,217,550	1,254,183	(36,633)
Benefits	491,170	456,748	34,422
Office Expenses	130,970	128,538	2,432
Professional and consulting	135,050	117,760	17,290
Insurance	49,000	45,557	3,443
Other	30,480	30,532	(52)
Total operations and administration	2,454,290	2,532,614	(78,324)
CAPITAL OUTLAY			
Water distribution system	895,166	774,609	120,557
Sewage collection system	39,650	8,950	30,700
Land	33,000	35,200	(2,200)
Vehicles	220,000	271,554	(51,554)
Maintenance equipment	30,490	20,567	9,923
Office equipment	17,100	15,581	1,519
Contingency	311,724	-	311,724
Total capital outlay	1,547,130	1,126,461	420,669
Total expenditures	4,001,420	3,659,075	342,345
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(758,803)	(339,514)	419,289
FUNDS AVAILABLE - BEGINNING OF YEAR	9,790,442	9,773,844	(16,598)
FUNDS AVAILABLE - END OF YEAR	\$ 9,031,639	\$ 9,434,330	\$ 402,691
Funds available is computed as follows:			
Current assets		\$ 11,581,952	
Current portion of prepaid lease		(15,460)	
Current liabilities		(140,574)	
Non-current portion of compensated absences		(344,088)	
Deferred property tax revenue		(1,647,500)	
		\$ 9,434,330	

**PLATTE CANYON WATER AND SANITATION DISTRICT
RECONCILIATION OF ACTUAL (Non-GAAP BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND
Year Ended December 31, 2018**

REVENUE (BUDGETARY BASIS)	\$ 3,319,561
Total revenue per statement of revenues, expenses and changes in net position	3,319,561
EXPENDITURES (BUDGETARY BASIS)	3,659,075
Depreciation and amortization	653,598
Loss on disposal of property and equipment	636
Acquisition of plant and equipment	(1,126,461)
Total expenses per statement of revenues, expenses, and changes in net position	3,186,848
Change in net position	\$ 132,713

OTHER INFORMATION

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS
December 31, 2018

Year Ending December 31,	Subdistrict No.1 \$400,000 General Obligation Loan Dated June 30, 2006 Interest rate 3.75%		Subdistrict No. 2 \$475,000 General Obligation Loan Dated July 15, 2008 Interest rate 3.50%		Totals		
	Interest Due May 1 and November 1	Principal Due May 1 and November 1	Interest Due May 1 and November 1	Principal Due May 1 and November 1	Total Interest	Total Principal	Total
2019	\$ 7,136	\$ 21,389	\$ 8,347	\$ 20,738	\$ 15,483	\$ 42,127	\$ 57,610
2020	6,326	22,199	7,615	21,470	13,941	43,669	57,610
2021	5,486	23,039	6,857	22,228	12,343	45,267	57,610
2022	4,614	23,911	6,072	23,013	10,686	46,924	57,610
2023	3,710	24,816	5,259	23,825	8,969	48,641	57,610
2024	2,769	25,755	4,419	24,667	7,188	50,422	57,610
2025	1,794	26,730	3,548	25,538	5,342	52,268	57,610
2026	783	27,742	2,646	26,439	3,429	54,181	57,610
2027	-	-	1,712	27,372	1,712	27,372	29,084
2028	-	-	745	28,340	745	28,340	29,085
	<u>\$ 32,618</u>	<u>\$ 195,581</u>	<u>\$ 47,220</u>	<u>\$ 243,630</u>	<u>\$ 79,838</u>	<u>\$ 439,211</u>	<u>\$ 519,049</u>