

---

---

***ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY***  
***A Component Unit Of Arapahoe County***  
***FINANCIAL STATEMENTS***  
***DECEMBER 31, 2024***

---

---

## **Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 4
<b>Management's Discussion And Analysis</b> .....	i - ix
<b>Basic Financial Statements</b>	
Statement Of Net Position.....	5 - 6
Statement Of Revenues, Expenses And Changes In Net Position .....	7
Statement Of Cash Flows .....	8
Notes To Financial Statements .....	9 - 31
<b>Supplementary Information</b>	
Schedule Of Revenues And Expenditures Budget And Actual (Budgetary Basis) .....	32
Reconciliation Of Budgetary Basis To Statement Of Revenues, Expenses And Changes In Net Position.....	33
Schedule Of Debt Service Requirements To Maturity .....	34
<b>Continuing Disclosure Annual Financial Information (Unaudited)</b>	
Historical Debt Service Coverage.....	35
Water Enterprise Operational Data .....	36 - 38
Comparison Statement Of Revenues, Expenses And Changes In Net Position .....	39
Budget To Actual (Non-GAAP) Comparison Of Results Of Operations .....	40
Outstanding Revenue Bonds .....	41

## **Independent Auditors' Report**

Board of Directors  
Arapahoe County Water and  
Wastewater Authority  
Centennial, Colorado

### ***Opinion***

We have audited the financial statements of the business-type activities of Arapahoe County Water & Wastewater Authority (ACWWA), a component unit of Arapahoe County, Colorado, which comprise the statement of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of ACWWA as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis For Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of ACWWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities Of Management For The Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACWWA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACWWA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACWWA's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplemental Information***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise ACWWA's basic financial statements. The schedule of revenues and expenditures - budget and actual (budgetary basis); the reconciliation of budgetary basis to statement of revenues, expenses and changes in net position; the schedule of debt service requirements to maturity, shown on pages 32 to 34, are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures - budget and actual (budgetary basis); the reconciliation of budgetary basis to statement of revenues, expenses and changes in net position; the schedule of debt service requirements to maturity is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the continuing disclosure annual financial information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*RubinBrown LLP*

May 15, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Arapahoe County Water and Wastewater ACWWA's (ACWWA's) discussion and analysis provides an overview of financial activities for the fiscal years ended December 31, 2024. Please read it in conjunction with ACWWA's financial statements, which begin on page 1.

### Financial Highlights

- ACWWA's revenues exceeded its expenses 2024 fiscal year by \$12,941,000 (change in net position).
- The water and wastewater operations of ACWWA are business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. In 2024, ACWWA's water and sewer rates increased from 2% - 3%, as did the monthly water and sewer service fees. The water system investment fee did not increase.
- Operating revenues of \$25,923,000 reflect an increase of \$2,304,000 or 9.8% from 2023.
- Operating expenses of \$19,633,000 increased \$776,000, or 4.1% from 2023 mostly due to operational costs related to water treatment and delivery.
- Non-operating revenues decreased \$7,413,000, or 63.3% over prior year due to the one time receipt of \$8,330,000 in settlement revenue. In addition, ACWWA received an additional \$556,000 in investment income compared to prior year and an increase of \$243,000 ARPA Federal Grant funds from Arapahoe County.
- Non-operating expenses decreased \$195,000 or 6.1%, due to less bond interest.
- Tap and extra-territorial fees of \$5,358,000 reflect a decrease of \$5,982,000 or 53% from 2023. ACWWA sold 226 Water and Irrigation Taps and 231 Wastewater Taps.
- Capital assets, net of depreciation and depletion, increased \$2,232,000 or 1% from 2023.
- At December 31, 2024 ACWWA's debt service coverage ratio was 2.56. Bond covenants require a coverage ratio of 1.25 or greater.

## **Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to ACWWA's basic financial statements, which are comprised of the Statements of Net Position; the Statements of Revenue, Expenses, and Changes in Net Position; the Statements of Cash Flows, and the Notes to the Financial Statements. ACWWA's financial statements are presented as a special-purpose government engaged only in business-type (enterprise) activities: providing water and sewer utility services.

The Statement of Net Position presents information about ACWWA's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them is reported as net position. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of ACWWA is improving or deteriorating. Non-financial factors should also be considered to assess the overall position of ACWWA.

The Statement of Revenues, Expenses, and Changes in Net Position report the changes that have occurred during the year to ACWWA's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only affect cash flows in subsequent years.

The Statements of Cash Flows is concerned solely with flows of cash and cash equivalents. Only transactions that affect ACWWA's cash position are reflected in this statement. Transactions are categorized as cash flows from operating, cash flows from capital and related financing activities, and cash flows from investing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The supplemental information provides budget and actual information, debt service requirements, and continuing disclosure reporting.



## Financial Summary and Analysis

### Statement of Net Position

	2024	2023	2022
Current assets	\$65,346,716	\$59,725,252	\$53,529,203
Restricted assets	13,972,680	13,111,733	5,289,739
Capital assets, net	216,261,177	214,029,341	206,611,916
Deferred outflows of resources	1,125,783	1,252,039	1,378,295
Total assets and deferred	<u>\$296,706,356</u>	<u>\$288,118,365</u>	<u>\$266,809,153</u>
Current liabilities	\$7,887,232	\$7,308,710	\$7,418,974
Long-term obligations	95,224,081	100,155,398	103,348,506
Total liabilities	103,111,313	107,464,108	110,767,480
Net position:			
Net investment in capital assets	119,603,474	112,508,713	102,372,409
Reserved for capital projects	8,102,072	7,684,917	552,500
Unrestricted	65,889,497	60,460,627	53,116,764
Total net position	193,595,043	180,654,257	156,041,673
Total liabilities and net position	<u>\$296,706,356</u>	<u>\$288,118,365</u>	<u>\$266,809,153</u>

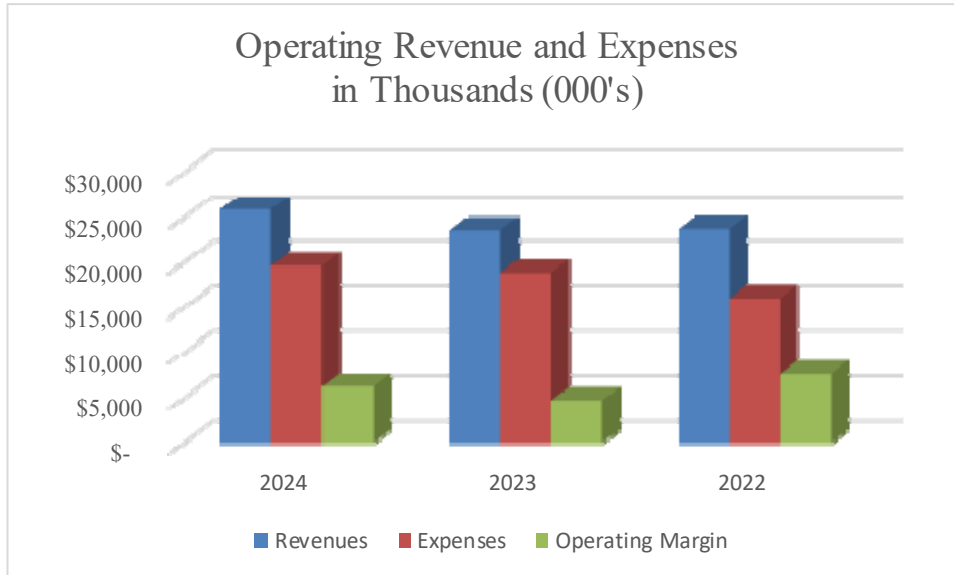
### Net Position

ACWWA's net position increased \$12,941,000 in 2024. Current assets as of December 31, 2024 increased \$5,622,000 from December 31, 2023, primarily due to an increase in cash and pooled investments received through tap fees and investment income. Receivables decreased \$409,000 year over year mostly due to a reduction operational rebates from ECCV and Jacob's engineering for water treatment operational costs. Restricted assets increased \$861,000, primarily resulting from the one time settlement income received in 2023.

Net capital assets increased \$2,232,000 due to \$5,642,000 in water and wastewater project spend. Total new spend is being offset by \$3,410,000 of current year depreciation expense. Total liabilities decreased of \$4,352,000 resulting primarily from the decrease in long-term debt associated with annual debt payment of revenue bonds payable. Detailed information about ACWWA's long-term debt and other liabilities can be found in Note 5 to the financial statements.

ACWWA's assets are primarily dedicated to providing water and wastewater services to its customers, and to the acquisition of water rights and related water and sewer system infrastructure. The acquisition of water rights ensures that the ACWWA will be able to provide reliable, high-quality water to its customers for the foreseeable future. While ACWWA's investment in its capital assets is used to generate revenues, the capital assets themselves are not intended to be liquidated to repay the debt related to these assets. Such debt repayment must be funded through future operations.

Certain of ACWWA's assets represent resources that are restricted as to how they must be used. Restricted cash and cash equivalents consists of debt service reserves and reserves for capital asset replacement at the Lone Tree Creek Water Reuse Facility (LTCWRF) and at the Joint Water Purification Plant (JWPP), as well as capital project funds for an expansion of East Cherry Creek Valley Water and Sanitation District's (ECCV) Northern Treatment Plant (NTP) and the conversion of the JWPP to a reverse osmosis/microfiltration plant. Restricted cash at December 31, 2024 increased \$861,000 over December 31, 2023 primarily due to investment income.



### Change in Net Position

	2024	2023	2022
Revenues			
Operating Revenue			
Water charges	\$ 16,836,598	\$ 14,616,949	\$ 15,587,682
Sewer charges	7,330,529	7,175,370	6,737,636
Fees for services	1,036,867	1,208,862	803,247
Water plant revenue	718,582	617,198	635,384
Total operating revenues	<u>25,922,576</u>	<u>23,618,379</u>	<u>23,763,949</u>
Non-operating Revenues and Capital Contributions			
Net investment income	3,428,325	2,872,081	725,339
Settlement revenue	-	8,330,000	-
Tap and extraterritorial fees	5,358,127	11,340,442	6,215,470
Grant revenue	743,595	500,000	-
Gain on sale of assets	116,965	-	(397,630)
Total non-operating revenues	<u>9,647,012</u>	<u>23,042,523</u>	<u>6,543,179</u>
Total revenues	35,569,588	46,660,902	30,307,128
Expenses			
Operating expenses			
Salaries and benefits	4,644,861	4,460,094	4,314,498
Office expense	285,818	302,264	289,684
Professional Services	1,029,079	1,273,306	943,312
Insurance	298,737	259,690	212,253
Operational	6,666,439	5,749,716	5,032,513
Contractual services	267,386	303,386	217,135
Repairs and maintenance	1,777,222	1,835,254	1,216,666
Utilities	1,233,349	1,276,258	1,334,764
Depreciation and depletion	3,416,234	3,376,539	2,543,335
Other supplies and expenses	14,141	21,160	11,018
Total operating expenses	<u>19,633,266</u>	<u>18,857,667</u>	<u>16,115,178</u>
Non-operating expenses			
Interest and fiscal charges	2,995,536	3,190,651	3,284,377
Total non-operating expenses	<u>2,995,536</u>	<u>3,190,651</u>	<u>3,284,377</u>
Total expenses	22,628,802	22,048,318	19,399,555
Change in Net Position	12,940,786	24,612,584	10,907,573
Total Net Position- Beginning of Year	<u>180,654,257</u>	<u>156,041,673</u>	<u>145,134,100</u>
Total Net Position- End of Year	<u><u>\$ 193,595,043</u></u>	<u><u>\$ 180,654,257</u></u>	<u><u>\$ 156,041,673</u></u>

## **Revenue and Expenditures**

Operating revenue in 2024 increased \$2,304,000 or 9.76%, from 2023. Revenue from water and sewer revenue charges increased 15.19% and 2.16%, respectively, from 2023. Fees for service decreased 14.23% due to the decrease in the number of taps sold year over year. Water plant revenue increased from 2023 by \$101,000 due to the increased contributions by Cottonwood Water and Sanitation District towards operations of the JWPP. Currently, the Authority is contracted with Jacobs Engineering to run the JWPP plant following its reconversion to a reverse osmosis (RO) plant.

Operating expenses increased a total of \$776,000, or 4.11% from 2023. However, net of depreciation, operating expenses increased \$743,000.

Salaries and benefits increased \$185,000 or 4.14% due to salary increases and changes in staffing during the year. Office expense decreased \$16,000. Professional services decreased \$244,000 mostly due to a decrease in outsourced services.

Operational expenses increased \$917,000 over 2023 due to an increase in water treatment costs.

Repairs and maintenance costs of \$1,784,000 had a decrease of \$51,000 over prior year mostly due to fewer overall emergency expenses in 2024.

Utilities decreased \$43,000 due to a reduction in overall utilization for the year due to a greater reliance on renewable water provided by ECCV and less reliance on well water that requires pumping.

Non-operating revenue and tap fees decreased \$13,396,000 mostly due to a combination of \$8,330,000 in settlement revenue received in the prior year and a reduction of \$5,982,000 in tap and extra-territorial fees. Offsetting the decrease is a \$117,000 gain on sale of assets relating to a combination of water rights and vehicle sales. In addition, ACWWA received \$744,000 or \$244,000 more in federal grant funds and approximately \$3,428,000 in investment income.

Non-operating expenses decreased \$195,000 due to less interest and fiscal charges offset being reported in 2024.

In comparison to the budgeted decrease in net position of \$15,275,000, the increase in net position of \$2,845,000 was favorable towards budget by \$18,120,000. In addition to a favorable revenue variance of \$3,763,000, capital outlay was \$14,357,000 below budget. The total 2024 capital project budget being carried forward to 2025 is \$5,883,000.

## Capital Assets

Gross capital assets increased \$2,232,000 in 2024 as ACWWA continued to make investments in water and wastewater infrastructure. Significant project expenditures included \$1,567,000 Peoria lift station remediation and repair, \$843,000 adjudication of water rights, \$365,000 administration building construction.

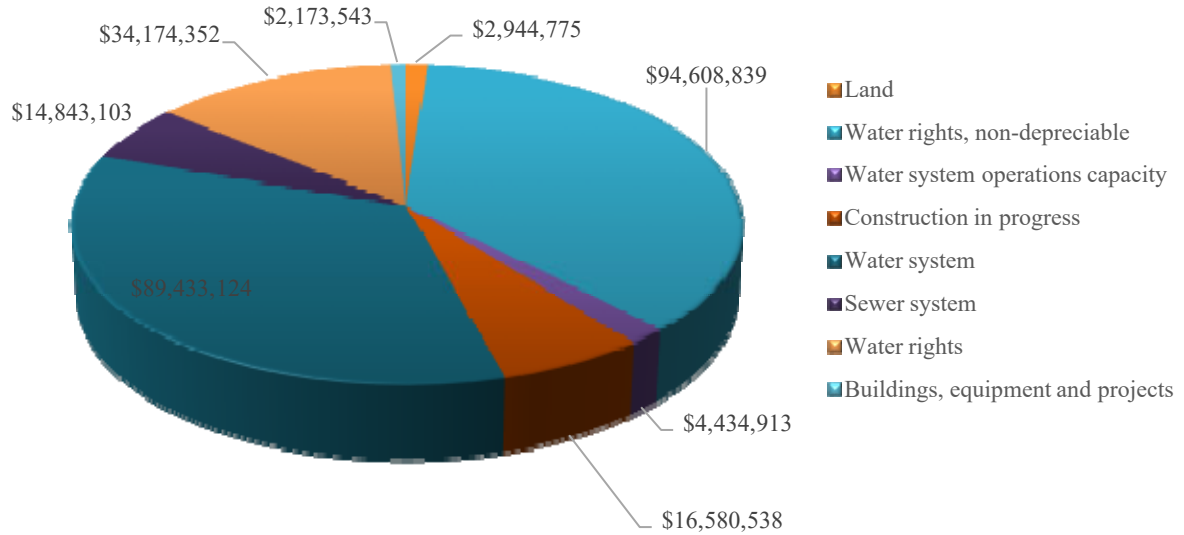
Gross capital assets as of December 31, 2024 and 2023 are categorized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	\$2,944,775	\$2,944,775	\$2,162,149
Water rights, non-depreciable	94,608,839	93,766,071	\$92,662,484
Water system operations capacity	4,434,913	4,434,913	\$2,534,913
Construction in progress	16,580,537	15,923,459	\$30,461,612
Water system	89,294,057	87,992,479	\$66,773,728
Sewer system	14,982,170	12,187,493	\$12,026,518
Water rights	34,174,352	34,238,858	\$34,238,858
Buildings, equipment and projects	<u>2,173,543</u>	<u>2,173,543</u>	<u>2,347,959</u>
Total capital assets	<u><u>\$259,193,186</u></u>	<u><u>\$253,661,591</u></u>	<u><u>\$243,208,221</u></u>

## Long Term Debt

As of December 31, 2024, ACWWA had \$83,315,000 in outstanding revenue bonds payable and a CWCB loan of \$3,872,000 debt, an overall decrease of \$4,098,000 from prior year. The reduction in outstanding debt in 2024 was the result of scheduled debt principal repayments. Additional detail about ACWWA's long-term debt is presented in Note 5 of the financial statements.

## Capital Assets, December 31, 2024



### Long-term Planning

For long-term planning, ACWWA refers to the 2022 cost of service study and financial model prepared by Raftelis, the 2017 cost of service study and financial model prepared by Carollo Engineering, as well as the Master Plan dated 2011. The Master Plan includes plans for ACWWA's long-term water supply, as well as the non-potable, wastewater, and distribution and collections systems. ACWWA is currently in the process of updating the Master Plan and has completed the first step, the Raw Water Supply Master Plan.

## **Economic and Other Factors**

Water and sewer rates and fees are set by ACWWA's Board of Directors to meet the cost of operations and to fund debt service. In 2024, water and sewer rates and service fees increased 3% and 2%, respectively. The monthly water investment fee did not increase.

During prior years, ACWWA has continued to experience strong tap sales from the continuous growth in the service area. However, it is expected that tap sales will begin to decline as the service area becomes built out. Management recognizes that tap sales are unpredictable and are highly dependent on economic factors such as interest rates and costs of building inputs, as well as demand for new commercial and residential developments. ACWWA has been able to add to its operating and capital reserves the past four years and plans to utilize these funds for future capital needs.

In 2025, ACWWA will continue to focus on capital improvement and infrastructure needs, maintenance of the water and wastewater systems, improving water quality, and cost containment to ensure system stability, meet growth needs, and maintain affordable rates for customers.

## **Requests for Information**

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

Arapahoe County Water and Wastewater Authority  
13031 E. Caley Avenue  
Centennial, CO 80111

**ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY**

**STATEMENT OF NET POSITION**

**Page 1 Of 2**

**Assets And Deferred Outflows Of Resources**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,330,333	\$ 2,387,448
Receivables	3,056,510	3,465,400
Prepaid expenses and other	65,944	426,272
Pooled investments	58,893,929	53,446,132
<b>Total Current Assets</b>	<b>65,346,716</b>	<b>59,725,252</b>
<b>Restricted Assets</b>		
Noncurrent cash and cash equivalents	5,870,608	5,426,816
Noncurrent pooled investments	8,102,072	7,684,917
<b>Total Restricted Assets</b>	<b>13,972,680</b>	<b>13,111,733</b>
<b>Capital Assets, Net</b>	<b>216,261,177</b>	<b>214,029,341</b>
<b>Total Assets</b>	<b>295,580,573</b>	<b>286,866,326</b>
<b>Deferred Outflows Of Resources</b>		
Deferred charges on refunding	1,125,783	1,252,039
<b>Total Assets And Deferred Outflows Of Resources</b>	<b>\$ 296,706,356</b>	<b>\$ 288,118,365</b>



# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## STATEMENT OF NET POSITION

Page 2 Of 2

### Liabilities And Net Position

	December 31,	
	2024	2023
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,406,887	\$ 2,035,588
Accrued payroll	126,050	120,239
Meter deposits	107,000	87,000
Escrowed development funds	180,095	141,974
Accrued interest payable	352,767	362,750
Compensated absences payable, current portion	438,299	432,662
SBITA payable, current portion	20,008	30,562
Revenue bonds payable, current portion	4,085,000	3,930,000
Note payable, current portion	171,126	167,935
<b>Total Current Liabilities</b>	<b>7,887,232</b>	<b>7,308,710</b>
<b>Long-Term Liabilities</b>		
Escrowed capital project funds	1,750,522	1,618,113
SBITA payable, long-term portion	—	20,008
Revenue bonds payable, long-term portion	89,772,620	94,645,212
Note payable, long-term portion	3,700,939	3,872,065
<b>Total Long-Term Liabilities</b>	<b>95,224,081</b>	<b>100,155,398</b>
<b>Total Liabilities</b>	<b>103,111,313</b>	<b>107,464,108</b>
<b>Net Position</b>		
Net investment in capital assets	119,603,474	112,508,713
Restricted for capital projects	8,102,072	552,500
Unrestricted	65,889,497	67,593,044
<b>Total Net Position</b>	<b>193,595,043</b>	<b>180,654,257</b>
<b>Total Liabilities And Net Position</b>	<b>\$ 296,706,356</b>	<b>\$ 288,118,365</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2024	2023
<b>Operating Revenue</b>		
Water revenue	\$ 16,836,598	\$ 14,616,949
Sewer revenue	7,330,529	7,175,370
Fees for services	1,036,867	1,208,862
Water plant revenue	718,582	617,198
<b>Total Operating Revenues</b>	<b>25,922,576</b>	<b>23,618,379</b>
<b>Operating Expenses</b>		
Salaries and benefits	4,644,861	4,460,094
Office expense	285,818	302,264
Professional services	1,029,079	1,273,306
Insurance	298,737	259,690
Operational	6,666,439	5,749,716
Contractual services	267,386	303,386
Repairs and maintenance	1,777,222	1,835,254
Utilities	1,233,349	1,276,258
Depreciation, depletion and amortization	3,416,234	3,376,539
Other supplies and expense	14,141	21,160
<b>Total Operating Expenses</b>	<b>19,633,266</b>	<b>18,857,667</b>
<b>Operating Income</b>	<b>6,289,310</b>	<b>4,760,712</b>
<b>Nonoperating Revenues</b>		
Gain on sale of assets	116,965	—
Net investment income	3,428,325	2,872,081
Grant revenue	743,595	500,000
Settlement revenue	—	8,330,000
<b>Total Nonoperating Revenues</b>	<b>4,288,885</b>	<b>11,702,081</b>
<b>Nonoperating Expenses</b>		
Interest and fiscal charges	2,995,536	3,190,651
<b>Income Before Contributions</b>	<b>7,582,659</b>	<b>13,272,142</b>
<b>Capital Contributions</b>		
Tap and extraterritorial fees	5,358,127	11,340,442
<b>Change In Net Position</b>	<b>12,940,786</b>	<b>24,612,584</b>
<b>Total Net Position - Beginning Of Year</b>	<b>180,654,257</b>	<b>156,041,673</b>
<b>Total Net Position - End Of Year</b>	<b>\$ 193,595,043</b>	<b>\$ 180,654,257</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2024	2023
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 26,331,466	\$ 22,335,238
Payments to suppliers	(10,820,544)	(11,360,329)
Payments to employees and related expenses	(4,633,413)	(4,384,126)
<b>Net Cash Provided By Operating Activities</b>	<b>10,877,509</b>	<b>6,590,783</b>
<b>Cash Flows From Capital And Related Financing Activities</b>		
Net tap and extraterritorial fees	5,358,127	11,340,442
Principal payments on bonds and notes	(4,128,498)	(3,755,000)
Loan proceeds	—	1,500,000
Interest paid on revenue bonds	(3,666,853)	(3,873,274)
Capital grant revenue	743,595	500,000
Payments for capital acquisitions	(5,708,708)	(10,714,299)
Settlement payment	—	8,330,000
Proceeds from sale of capital assets	177,603	—
<b>Net Cash Provided By (Used In) Capital And Related Financing Activities</b>	<b>(7,224,734)</b>	<b>3,327,869</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of short-term pooled investments	(9,500,000)	(27,475,892)
Sales of short-term pooled investments	3,635,047	9,676,350
Interest received	3,428,325	2,872,081
Payments received by escrowed development funds	170,530	41,479
<b>Net Cash Used In Investing Activities</b>	<b>(2,266,098)</b>	<b>(14,885,982)</b>
<b>Net Decrease In Cash And Cash Equivalents</b>	<b>1,386,677</b>	<b>(4,967,330)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>7,814,264</b>	<b>12,781,594</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 9,200,941</b>	<b>\$ 7,814,264</b>
<b>Reconciliation Of Operating Income To Net Cash From Operating Activities</b>		
Operating income:	\$ 6,289,310	\$ 4,760,712
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation, depletion and amortization	3,416,234	3,376,539
Changes in asset and liabilities:		
Accounts receivable	408,890	(1,283,141)
Prepaid expenses	360,328	88,207
Accounts payable and accrued expenses	382,747	(348,534)
Meter deposits	20,000	(3,000)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 10,877,509</b>	<b>\$ 6,590,783</b>

# **ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY**

---

## **NOTES TO FINANCIAL STATEMENTS December 31, 2024**

### **1. Definition Of Reporting Entity**

The Arapahoe County Water and Wastewater Authority (ACWWA) was organized pursuant to Colorado State Statutes (CRS) 29-1-204.2 by an Intergovernmental Agreement (the IGA) between Arapahoe County (the County) and the Arapahoe Water and Sanitation District (the District) in 1988. ACWWA is governed by a Board of Directors appointed by the Arapahoe County Board of Commissioners. As of December 31, 2024, two of the five County Commissioners served on ACWWA's Board of Directors. ACWWA does not have taxing powers.

Effective January 1, 1989, the IGA granted to ACWWA all responsibility for and control over the District's operating system, including related operating assets, tap fees, contributions, revenues and expenses. The agreement provided for a lease of the District's property, plant and equipment, which would expire on the earlier of December 1, 2010 or upon the dissolution of the District. Pursuant to the IGA dated July 7, 1995, the County and ACWWA entered into a plan to dissolve the District. The voters of the District approved the plan and the Order of Dissolution was signed March 4, 2000 by the Arapahoe County District Court, officially dissolving the District. All property, assets and water rights were turned over to ACWWA, and any prior agreements between the two entities are subordinate to the July 7, 1995 agreement.

On February 6, 2002, the County entered into an IGA with the Arapahoe County Water and Wastewater Public Improvement District (PID). PID was organized in 2001, pursuant to the provisions of CRS Title 30, Article 20, Part 5, for the purpose of constructing certain public improvements to serve customers within and without its jurisdictional boundaries. The IGA was amended and restated, in part, to have PID replace the District as a party to the IGA. PID retains ACWWA as its management agency pursuant to this management agreement. In consideration for ACWWA's commitment to provide management service, PID agreed to issue general obligation bonds and certify a mill levy on property within PID at a level sufficient to make the annual debt service payments as identified in PID's annual capital plan. PID purchased certain assets from ACWWA's inventory with a replacement value of approximately \$32,000,000. Upon issuance of the first series of general obligation bonds and in consideration for conveyance of the assets, PID paid to ACWWA the replacement value of the assets. ACWWA, in recognizing its responsibilities to PID and reviewing its powers, determined that revenue from the sale of its assets shall be used for the repayment of the general obligation debt of PID. PID is a component unit of the County.

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements (*Continued*)

ACWWA 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 of ACWWA.

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, the appointment of a voting majority of the organization's governing body, the ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

ACWWA has implemented the provisions of GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, and the Joint Water Purification Plant (JWPP) is included in the financial statements for ACWWA. See Note 7 for further discussion. ACWWA is considered a blended component unit of Arapahoe County.

## **2. Summary Of Significant Accounting Policies**

The more significant accounting policies of ACWWA are described as follows:

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

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

### **Basis Of Accounting**

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

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements *(Continued)*

### **Operating Revenues And Expenses**

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

### **Budgets**

In accordance with the State Budget Law, ACWWA's Board of Directors holds a public hearing in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. ACWWA'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.

### **Cash Equivalents**

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

### **Investments**

Investments are carried at fair value.

### **Capital Assets**

Capital assets, which include land, water rights, buildings, distribution and collection systems and machinery and equipment, are reported by ACWWA. Capital assets are recorded by ACWWA as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost when provided or constructed. Donated and/or exchanged capital assets are recorded at the acquisition value at the date of donation or at the developers' cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water rights (nontributary only)	250 years
Tanks	40 - 50 years
Wells	25 years
Water mains	30 years
Sewer mains	20 years
Buildings	10 years
Sewer system	5 - 30 years
Water system	5 - 30 years
Equipment	3 - 5 years
Leasehold improvements	5 years

### **Tap Fees And Contributed Lines**

Tap fees are recorded as capital contributions in the period in which they are received or become collectible. Under ACWWA's policy, developers are required to pay for the equivalent cost of certain water lines previously constructed by ACWWA to serve the developers' property as actual development begins. Payments to other governments for the construction of capital infrastructure that ACWWA has a vested interest in, but are not operated or maintained by ACWWA, are recorded as capital assets.

### **Water Rights**

The cost of water rights includes acquisition cost, legal and engineering costs related to the adjudication and development of those rights. Certain water rights to renewable water resources have a perpetual life and are not amortized. Nontributary water rights are being amortized over 250 years. All other costs, including costs incurred for the protection of water rights, are expensed.

### **Debt-Related Amortization**

Bond premiums are deferred and amortized over the respective terms of the debt using the straight-line method, which approximates the effective interest method. The amortization amount is a component of interest expense.

The deferred cost on debt refunding is amortized using the straight-line method, which approximates the effective interest method over the life of the new debt. The amortization amount is a component of interest expense.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

#### **Compensated Absences**

ACWWA's employees are entitled to certain compensated absences, in the form of vacation and sick leave benefits, and are accrued based on their length of employment. Compensated absences are accrued when incurred in the financial statements. At December 31, 2024 and 2023, accrued vacation benefits are capped at 200 hours per employee and related liability is accrued at 100% of the accumulated balance. Sick leave benefits are accrued using a last in first out (LIFO) assumption. When terminations are made, employees are allowed up to 50% of their allowable 480 hours of accrued benefits. ACWWA has accrued \$438,299 and \$432,662 as of December 31, 2024 and 2023, respectively, for future payment of this earned leave.

#### **Reimbursement Agreements**

ACWWA may enter into various reimbursement agreements with developers. The terms of these agreements will vary based on the individual circumstances of each project and on the terms negotiated with each agreement.

#### **Adoption Of New Accounting Standard**

ACWWA implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective January 1, 2023. This standard requires the recognition of certain software subscription-based arrangements that previously were classified as operating expenses and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes that SBITAs result in a right-to-use (RTU) subscription asset and a corresponding subscription liability. For the year ended December 31, 2023, ACWWA did not have any implementation costs associated with its SBITAs.

Effective January 1, 2023, the Authority adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The intent of the standard is to accrue for long-term leave benefits earned by employees that have historically not been represented by an accrual on the financial statements because those benefits would not have been paid out upon termination of the employee. The implementation of this standard had no material effect on the financial statements of the Authority.



## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

#### **Subscription-Based Information Technology Arrangements (SBITAs)**

For arrangements where ACWWA enters into a SBITA, a liability and a RTU intangible asset are recognized at the commencement of the arrangement term. RTU assets represent ACWWA's right to use an underlying asset for the contracted term and liabilities represent ACWWA's obligation to make payments arising from the arrangement. RTU assets and liabilities are recognized at the arrangement commencement date based on the estimated present value of the payments over the contracted term. Subsequently, the liability is reduced by the principal portion of payments made. The RTU asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs and is amortized on a straight-line basis over the subscription term.

Key estimates and judgements related to SBITAs include how ACWWA determines (1) the discount rate it uses to discount the expected arrangement payments to present value, (2) arrangement term and (3) payments.

- ACWWA uses the interest rate charged by the counterparty as the discount rate. When the interest rate charged by the counterparty is not provided, ACWWA generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the arrangement. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that ACWWA is reasonably certain to exercise.

ACWWA monitors changes in circumstances that would require remeasurement and will remeasure the RTU asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. RTU assets are reported with other capital assets and liabilities are reported with long-term liabilities on the statement of net position.

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements *(Continued)*

### 3. Cash And Investments

Cash and cash equivalents consisted of the following at each years end:

	<u>2024</u>		<u>2023</u>	
<b>Statement Of Net Position</b>				
Cash and cash equivalents	\$	<b>3,330,333</b>	\$	2,387,448
Cash and cash equivalents - restricted		<b>5,870,608</b>		5,426,816
<b>Total Cash And Cash Equivalents</b>	<b>\$</b>	<b>9,200,941</b>	<b>\$</b>	<b>7,814,264</b>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2024 and 2023, ACWWA had bank deposits of \$8,951,341 and \$7,564,264, respectively, collateralized with securities held by the financial institution's agent, but not in ACWWA's name and in accordance with PDPA.

#### Investments

ACWWA's investment policy limits its concentration of investments to those noted below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, ACWWA is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

CRS limits investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

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

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

ACWWA has investments in certain investment pools, either at net asset value (the NAV), which approximate fair value, or at amortized cost in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

ACWWA's Colorado Government Liquid Asset Trust (COLOTRUST) external investment pool of \$66,387,261 and 60,553,341 at December 31, 2024 and 2023, respectively is valued using the NAV per share (or its equivalents) of the investments. The investments do not have any unfunded commitments, redemption restriction or redemption notice periods. ACWWA's investment in the Colorado Surplus Asset Fund Trust (CSAFE) external investment pool of \$608,740 and \$577,708 at December 31, 2024 and 2023 is valued using amortized cost.

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## Notes To Financial Statements *(Continued)*

These are investment trusts established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. The pools operate similarly to a money market fund, and each share is equal in value to \$1. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian's internal records identify the investments owned by ACWWA.

December 31, 2024			
Type Of Security	Fair Value	S&P Rating	Maturity 12 Months Or Less
COLOTRUST (external investment pool)	\$ 66,387,261	AAAm	\$ 66,387,261
CSAFE (external investment pool)	608,740	AAAf	608,740
	<u>\$ 66,996,001</u>		<u>\$ 66,996,001</u>

December 31, 2023			
Type Of Security	Fair Value	S&P Rating	Maturity 12 Months Or Less
COLOTRUST (external investment pool)	\$ 60,553,341	AAAm	\$ 60,553,341
CSAFE (external investment pool)	577,708	AAAf	577,708
	<u>\$ 61,131,049</u>		<u>\$ 61,131,049</u>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## Notes To Financial Statements (Continued)

### 4. Capital Assets

An analysis of the changes in capital assets for the years ended December 31, 2024 and 2023 is as follows:

	Balance At December 31, 2023	Increases	Decreases	Balance At December 31, 2024
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 2,944,775	\$ —	\$ —	\$ 2,944,775
Water rights	93,766,071	842,768	—	94,608,839
Water system operations easement	4,434,913	—	—	4,434,913
Construction in progress	15,923,459	5,104,482	4,447,404	16,580,537
<b>Total Capital Assets, Not Being Depreciated</b>	117,069,218	5,947,250	4,447,404	118,569,064
<b>Capital Assets, Being Depreciated</b>				
Water system	87,992,479	1,397,927	96,349	89,294,057
Sewer system	12,187,493	2,810,935	16,258	14,982,170
Water rights	34,238,858	—	64,506	34,174,352
Buildings, equipment and projects	2,173,543	—	—	2,173,543
<b>Total Capital Assets, Being Depreciated</b>	136,592,373	4,208,862	177,113	140,624,122
<b>SBITA RTU Assets</b>				
Software	79,665	—	—	79,665
<b>Less Accumulated Depreciation, Depletion And Amortization For:</b>				
Water system	27,876,619	2,701,002	94,452	30,483,169
Sewer system	7,583,179	513,967	16,258	8,080,888
Water right depletion	2,311,069	140,651	5,765	2,445,955
Buildings, equipment and projects	1,910,119	31,013	—	1,941,132
Software	30,929	29,601	—	60,530
<b>Total Accumulated Depreciation, Depletion And Amortization</b>	39,711,915	3,416,234	116,475	43,011,674
<b>Total Capital Assets, Being Depreciated, Depleted And Amortized, Net</b>	96,960,123	792,628	60,638	97,692,113
<b>Capital Assets, Net</b>	\$ 214,029,341	\$ 6,739,878	\$ 4,508,042	\$ 216,261,177

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## Notes To Financial Statements (Continued)

	Balance At December 31, 2022, As Restated	Increases	Decreases	Balance At December 31, 2023
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 2,162,149	\$ 782,626	\$ —	\$ 2,944,775
Water rights	92,662,484	1,103,587	—	93,766,071
Water system operations easement	2,534,913	1,900,000	—	4,434,913
Construction in progress	30,461,612	8,018,548	22,556,701	15,923,459
<b>Total Capital Assets, Not Being Depreciated</b>	<b>127,821,158</b>	<b>11,804,761</b>	<b>22,556,701</b>	<b>117,069,218</b>
<b>Capital Assets, Being Depreciated</b>				
Water system	66,773,728	21,266,061	47,310	87,992,479
Sewer system	12,026,518	200,178	39,203	12,187,493
Water rights	34,238,858	—	—	34,238,858
Buildings, equipment and projects	2,268,294	—	94,751	2,173,543
<b>Total Capital Assets, Being Depreciated</b>	<b>115,307,398</b>	<b>21,466,239</b>	<b>181,264</b>	<b>136,592,373</b>
<b>SBITA RTU Assets</b>				
Software	79,665	—	—	79,665
<b>Less Accumulated Depreciation For:</b>				
Water system	25,245,337	2,678,592	47,310	27,876,619
Sewer system	7,128,886	493,496	39,203	7,583,179
Water rights depletion	2,170,418	140,651	—	2,311,069
Buildings, equipment and projects	1,971,999	32,871	94,751	1,910,119
Software	—	30,929	—	30,929
<b>Total Accumulated Depreciation</b>	<b>36,516,640</b>	<b>3,376,539</b>	<b>181,264</b>	<b>39,711,915</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>78,870,423</b>	<b>18,089,700</b>	<b>—</b>	<b>96,960,123</b>
<b>Capital Assets, Net</b>	<b>\$ 206,691,581</b>	<b>\$29,894,461</b>	<b>\$22,556,701</b>	<b>\$ 214,029,341</b>

As a result of implementation of GASB 96, \$79,665 in SBITA assets has been added to the beginning balance presented above for 2023. As these assets are offset by an equal amount of SBITA liabilities, ACWWA does not report a restatement of beginning net position for the implementation of GASB 96.

Depreciation, depletion and amortization expense for the years ended December 31, 2024 and 2023 was charged to the following:

	2024	2023
Water	\$ 2,841,653	\$ 2,819,243
Sewer	513,967	493,496
Buildings, equipment and projects	31,013	32,871
Software	29,601	30,929
	<b>\$ 3,416,234</b>	<b>\$ 3,376,539</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## Notes To Financial Statements *(Continued)*

### 5. Long-Term Obligations

The following is an analysis of the changes in ACWWA's long-term obligations for the years ended December 31, 2024 and 2023:

	Balance At December 31, 2,023	Increases	Decreases	Balance At December 31, 2024	Amounts Due Within One Year
Series 2016					
Revenue bonds	\$ 12,185,000	\$ —	\$ 1,015,000	\$ 11,170,000	\$ 1,055,000
Bond premium	1,243,864	—	125,430	1,118,434	—
Series 2017					
Revenue bonds	10,715,000	—	900,000	9,815,000	915,000
Bond premium	748,728	—	75,503	673,225	—
Series 2019					
Revenue bonds	64,345,000	—	2,015,000	62,330,000	2,115,000
Bond premium	9,337,620	—	586,657	8,750,963	—
CWCB note payable	4,040,000	—	167,936	3,872,064	171,126
<b>Total Bonds Payable</b>	<b>102,615,212</b>	<b>—</b>	<b>4,885,526</b>	<b>97,729,686</b>	<b>4,256,126</b>
SBITA payable	50,570	—	30,562	20,008	20,008
Compensated absences	432,662	5,637	—	438,299	438,299
<b>Total Long-Term Obligations</b>	<b>\$ 103,098,444</b>	<b>\$ 5,637</b>	<b>\$ 4,916,088</b>	<b>\$ 98,187,993</b>	<b>\$ 4,714,433</b>

	Balance At December 31, 2022, As Restated	Increases	Decreases	Balance At December 31, 2023	Amounts Due Within One Year
Series 2016					
Revenue bonds	13,160,000	—	\$ 975,000	12,185,000	1,015,000
Bond premium	1,369,294	—	125,430	1,243,864	—
Series 2017					
Revenue bonds	11,575,000	—	860,000	10,715,000	900,000
Bond premium	824,231	—	75,503	748,728	—
Series 2019					
Revenue bonds	66,265,000	—	1,920,000	64,345,000	2,015,000
Bond premium	9,924,277	—	586,657	9,337,620	—
CWCB note payable	2,500,000	1,540,000	—	4,040,000	167,935
<b>Total Bonds Payable</b>	<b>105,617,802</b>	<b>1,540,000</b>	<b>4,542,590</b>	<b>102,615,212</b>	<b>4,097,935</b>
SBITA payable	79,665	—	29,095	50,570	30,562
Compensated absences	409,468	23,194	—	432,662	432,662
<b>Total Long-Term Obligations</b>	<b>\$ 106,106,935</b>	<b>\$ 1,563,194</b>	<b>\$ 4,571,685</b>	<b>\$ 103,098,444</b>	<b>\$ 4,561,159</b>

As a result of implementation of GASB 96, \$79,665 in SBITA liabilities has been added to the beginning balance presented above for 2023. As these SBITA liabilities are offset by an equal amount of SBITA assets, ACWWA does not report a restatement of beginning net position for the implementation of GASB 96.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

The detail of ACWWA's bonds and note payable are as follows:

#### **Series 2016 Revenue Refunding Bonds**

On October 4, 2016, ACWWA issued \$16,475,000 of Revenue Refunding Bonds, Series 2016, with interest rates ranging from 2.00% to 4.00% to refund the outstanding Refunding Bonds, Series 2006. As a result, the 2006 refunding bonds are considered to be defeased, and the related liability for the Series 2006 bonds has been removed from ACWWA's liabilities. The purpose of this refunding was to reduce its total debt service payments over the next six years by \$3,392,816 and to realize an economic gain of \$3,040,287. Principal and interest payments are due June 1 and December 1 in varying amounts through December 1, 2033.

#### **Series 2017 Revenue Refunding Bonds**

On August 22, 2017, ACWWA issued \$12,720,000 of Revenue Refunding Bonds, Series 2017, with interest rates ranging from 2.00% to 4.00% to refund the outstanding Refunding Bonds, Series 2007. As a result, the 2007 refunding bonds are considered to be defeased, and the related liability for the Series 2007 bonds has been removed from ACWWA's liabilities. The purpose of this refunding was to reduce its total debt service payments over the term of the bonds by \$2,440,100 and to realize an economic gain of \$2,345,844. Principal and interest payments are due June 1 and December 1 in varying amounts through December 1, 2033.

#### **Series 2019 Revenue Refunding Bonds**

On October 22, 2019, ACWWA issued \$71,485,000 of Revenue Refunding Bonds, Series 2019, with interest rates ranging from 4.00% to 5.00% to refund the outstanding Refunding Bonds, Series 2009A. As a result, the 2009A revenue bonds are considered to be defeased, and the related liability for the Series 2009A bonds has been removed from ACWWA's liabilities. The purpose of this refunding was to reduce its total debt service payments over the term of the bonds by \$15,451,417 and to realize an economic gain of \$12,497,890. Principal and interest payments are due June 1 and December 1 in varying amounts through December 1, 2039.



## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements *(Continued)*

#### **Colorado Water Conservation Board Note Payable**

In August 2020, ACWWA entered into an agreement with the Colorado Water Conservation Board (CWCB) for a loan in the amount of \$2,525,000 to be used for the Chambers Reservoir Line Rehabilitation project. The loan agreement calls for an interest rate of 1.9% payable over a period of 20 years. In August 2021, ACWWA and CWCB amended this agreement and increased the amount to be drawn on loan to \$4,040,000. Principal and interest payments are due each March 1 in the amount of \$244,695 through March 1, 2043.

#### **Pledged Revenue And Debt Coverage Requirements**

Over the years, ACWWA has issued revenue bonds to fund capital projects and infrastructure of its water and sewer system, which has pledged “net revenue” (all income and revenues directly or indirectly derived by ACWWA less operation and maintenance expenses) toward the repayment of the revenue bonds noted above. Revenues are pledged until the bonds are paid off in full or refunded in full. Pledged revenues recognized for the years ended December 31, 2024 and 2023 were \$19,352,556 and \$31,179,774, respectively. Debt service payments for the years ended December 31, 2024 and 2023 were \$7,795,350 and \$7,628,274, respectively.

ACWWA’s long-term obligations related to its bonds and notes payable will mature as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 4,256,126	\$ 3,497,519	\$ 7,753,645
2026	4,439,377	3,309,718	7,749,095
2027	4,642,691	3,113,655	7,756,346
2028	4,846,067	2,908,429	7,754,496
2029	5,059,507	2,693,988	7,753,495
2030 - 2034	28,546,471	10,228,555	38,775,026
2035 - 2039	34,462,829	4,268,649	38,731,478
2040 - 2043	933,996	44,783	978,779
<b>Total Payments</b>	<b>\$ 87,187,064</b>	<b>\$ 30,065,296</b>	<b>\$ 117,252,360</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements *(Continued)*

### SBITAs

In January of 2023, ACWWA entered into multiple agreements for the right to use various software programs. The terms of those agreements range between two to three years, with various incremental borrowing rates at inception. The future minimum obligations and net present value of these minimum lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,008	\$ 40	\$ 20,048

## 6. Net Position

ACWWA has net position consisting of three components: net investment in capital assets, restricted for capital projects and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of December 31, 2024 and 2023, ACWWA had net investment in capital assets calculated as follows:

	<u>2024</u>	<u>2023</u>
<b>Net Investment In Capital Assets</b>		
Capital assets, net	\$ 216,261,177	\$ 214,029,341
Deferred charges on refunding	1,125,783	1,252,039
Bond premium	(10,542,622)	(11,330,212)
Capital-related debt	(87,187,064)	(91,285,000)
Capital-related retainage	(53,800)	(157,455)
<b>Net Investment In Capital Assets</b>	<b>\$ 119,603,474</b>	<b>\$ 112,508,713</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements (*Continued*)

### **7. Intergovernmental Agreements**

#### **Town Of Castle Rock, Colorado**

In October 2009, ACWWA entered into an agreement with the Town of Castle Rock, Colorado (Castle Rock), whereby ACWWA purchases a portion of Castle Rock's surplus water on an "as-available, as-needed basis." "As available" is defined as all surplus water not required in the management of Castle Rock's water resources. However, Castle Rock has an existing agreement for one acre foot of surplus water, which is considered a prior encumbrance and not available for ACWWA's use. ACWWA will pay \$250/acre foot of water. The agreement is one year annually renewable; either party may terminate this agreement with 90-days' notice. ACWWA has not utilized any water from Castle Rock to date pursuant to this agreement.

#### **Cottonwood Water And Sanitation District Lease**

In November 2012, ACWWA entered into a lease agreement with the Cottonwood Water and Sanitation District (CWSD) with respect to the Chambers Pipeline. ACWWA leased the pipeline from CWSD for transportation of raw water supplies for \$10 per year from October 22, 2012 through October 22, 2018. This lease was amended in 2019, and again in 2022 to extend the term of the agreement through May 1, 2024. During the term of the lease, ACWWA operates and maintains the Chambers Pipeline at its expense. At the end of the lease, ACWWA will return the pipeline to CWSD in the same condition as of the date of the lease. In the event of damage, CWSD and ACWWA will confer to determine a reasonable course of action; however, the costs of any repairs shall not be paid by ACWWA without ACWWA's consent, unless the damage is caused by ACWWA's use.

#### **CWSD - Sewer Service Agreement**

In December 2012, ACWWA entered into a sewer service agreement with CWSD, whereby ACWWA agrees to receive and process wastewater from CWSD's sanitary sewer collection system, and thereafter to return or dispose of the effluent to CWSD, per the specific terms of the agreement.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

#### **ACWWA Flow Project**

In 2009, in order to reduce its dependence upon nonrenewable water supplies such as Denver basin groundwater wells, ACWWA and PID (see Note 1) entered into an agreement with two water districts, East Cherry Creek Valley Water and Sanitation District (ECCV) and United Water and Sanitation District (United), whereby ACWWA and PID commenced acquiring, from United and ECCV, developing water rights, easements and infrastructure, including interests in water treatment plants, recharge facilities, pipelines, pump stations, diversion facilities, storage and other water-related infrastructure with the intent of eventually providing 4,400 acre-feet of average annual yield renewable water to ACWWA's service area and customers. The water rights are acquired through purchases within the South Platte River Basin. This water is delivered to the Beebe Draw, a shallow underground aquifer system that was once a historic stream channel of the South Platte River. It is stored in the Beebe Draw until it is pumped out and delivered to the ECCV reverse osmosis (RO) water treatment plant, the second phase of which was completed and operating in 2021, where it is treated and delivered to ACWWA. ACWWA received 2,551 and 1,916 acre feet from the ACWWA flow project in 2024 and 2023, respectively.

One of the ACWWA flow storage projects, Chambers Reservoir, was completed in 2014. In the process of filling the reservoir, a leak was detected. In 2019, ACWWA reached a settlement with the contractor who constructed the reservoir and began the necessary work to bring it back on-line. ACWWA completed the rehabilitation project and installed the new synthetic liner in 2020. ACWWA commencing filling the reservoir in 2023 and is currently fully utilizing the reservoir as designed.

At this time, all facilities have been constructed to utilize ACWWA's current capacity in the ECCV water treatment plant and ECCV pump stations, which is 5.25 million gallons per day (mgd). Significant infrastructure was constructed in 2019 and 2020, including the necessary storage tanks and pump stations to deliver 5.25 mgd from the project. Much work remains to adjudicate the remaining water rights that will allow ACWWA to receive the full 4,400 acre-feet of water per year. In December 2024, the Board executed the Third Addendum to the IGA between United and ACWWA which extended the completion of the Project until December 31, 2028, which should coincide with the final adjudications of the Project. As of December 31, 2024, ACWWA has spent approximately \$200,000,000 on the ACWWA Flow Project, with a current estimate of approximately \$20,000,000 of spending needed over several years to complete the project.

**ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY**

---

Notes To Financial Statements *(Continued)*

**Inverness Water And Sanitation District**

In April 2005, ACWWA, Inverness Water and Sanitation District (IWSD) and PID entered into an agreement for the financing and construction of a wastewater treatment plant expansion including discharges from IWSD to the Lone Tree Creek Wastewater Treatment Plant (WWTP). On September 30, 2011, the parties entered into the First Amendment to the 2005 Agreement to set the initial rate to be charged in 2011 for the treatment of effluent delivered by IWSD to WWTP and also to set the terms of a Renewal and Replacement Reserve Fund, which was established by both ACWWA and IWSD. The Renewal and Replacement Reserve Fund is contributed to annually, based on the established prorated share of capacity in WWTP. The maximum balance, once established, shall not exceed \$7,500,000 and is reviewed every four years as to the adequacy of the reserve amount and is adjusted accordingly. ACWWA and IWSD entered into the Second Amendment to the 2005 Agreement on September 30, 2015. This amendment establishes the rate-setting process to be followed in future years. The amendment also clarifies the use of the Renewal and Replacement Reserve.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

#### **JWPP**

In February 2002, ACWWA entered into an agreement with PID (see Note 1) with respect to the construction and operation of public improvements. In June 2003, ACWWA entered into an agreement with CWSD concerning the construction of water treatment facilities (now known as the Joint Water Purification Plant or JWPP). The 2003 agreement, among other things, assigns responsibility to ACWWA for the overall management and operations of JWPP. Under the terms of the agreement, ACWWA is to be the manager and operator of JWPP. In exchange for operating the plant, pursuant to a lease dated April 2002, PID has leased and will transfer its assets in JWPP to ACWWA for a nominal amount at the final payment of the last PID bonds issued pursuant to the 2001 bond authorization. In June 2010, JWPP was placed into service and began operations. On December 6, 2010, ACWWA received a Notice of Violation/Cease and Desist Order as a result of an alleged permit violation from the Colorado Department of Public Health and Environment, Division of Administration, Water Quality Control Division related to excess discharge of selenium in the waste product of JWPP which allegedly violated a federal Environmental Protection Agency standard. JWPP changed from a RO-based system to microfiltration in 2012 and operated as a microfiltration plant until December 2018. At that time, the plant was shut down so work could begin on converting the JWPP to a blended RO/microfiltration process, to utilize a biological treatment process to enable the brine stream from the RO process to be acceptably discharged into Windmill Creek. In August 2018, ACWWA and CWSD contracted the contractor who designed and built the JWPP to run and manage the project at a cost of approximately \$9.6 million, with ACWWA contributing \$3.8 million and CWSD contributing the remaining \$5.8 million over the term of the agreement. The plant began processing water in late May of 2019. In 2023, as part of a settlement of claims by ACWWA and CWSD against the operator of the JWPP, ACWWA and CWSD accepted a settlement payment in the amount of \$7,600,000. In accordance with ACWWA's agreement with CWSD as part of the settlement, the funds have been put in a reserve escrow account and are to be used jointly to pursue efforts to rectify the problems with the construction of the JWPP that led to the claims in arbitration. ACWWA and CWSD have agreed that the settlement funds are to be used 100% for the costs of such efforts. If there are any amounts remaining in the reserve account after completion of the improvements, they are to be distributed to ACWWA and CWSD in the same percentage as funds originally contributed under the Design-Build contract, i.e., 61% to CWSD and 39% to ACWWA.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

In December 2014, the parties entered into an agreement for the operation and maintenance of, and improvement to, JWPP by ACWWA as operator for PID, ACWWA and CWSD. The agreement shall be for the term of the useful life of JWPP and its process equipment existing now or as expanded, upgraded, improved or rebuilt by either party in the future. The parties agree that the useful life of the JWPP is estimated at 50 years, beginning September 1, 2010. The agreement shall continue in effect as long as JWPP is operating, unless amended or terminated by the parties. For purposes of determining the percentage of ownership in JWPP, the interests of ACWWA and PID (see Note 1) shall be combined into a single percentage that shall be considered, for purposes of this agreement only, to be owned by ACWWA. The JWPP land and building, other than the process equipment, is owned by CWSD and PID as tenants in common, with 36.67% ownership by CWSD and 63.33% ownership by PID and ACWWA. The process equipment is owned 77.78% by PID and ACWWA and 22.22% by CWSD. The percentage of capacity used for calculation of the payment of fixed costs by each party shall be 63.33% by ACWWA and 36.67% by CWSD. Each year by April 1, ACWWA performs a true-up of total costs and total volumes for the prior calendar year, based upon actual costs and invoices received. ACWWA, on behalf of JWPP, maintains both a separate JWPP general operating fund, along with a separate JWPP reserve fund. The minimum reserve fund of \$100,000 was funded in annual increments of \$20,000 beginning in January 2014. Both CWSD and ACWWA contribute sufficient dollars to maintain the reserve fund at its minimum balance and, as of December 31, 2024 and 2023, the reserve was fully funded.

The operations, assets, liabilities and equity of JWPP are included in ACWWA's financial statements as a blended component unit in accordance with the provision of GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*.

#### **Stonegate Village Metropolitan District**

In February 2013, ACWWA entered into a limited wastewater system connection agreement with Stonegate Village Metropolitan District (SVMD), whereby ACWWA was authorized to make a connection to SVMD's wastewater system for the limited purpose of discharging the liquid waste from the chlorine analyzers that ACWWA operates at the ECCV Connection Chlorination Vault. The volume of discharge shall not exceed 5,000 gallons per month. In exchange, ACWWA will pay regular monthly wastewater fees to SVMD.

## **ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY**

---

### **Notes To Financial Statements (*Continued*)**

In February 2013, ACWWA entered into a limited potable water system connection agreement with SVMD, whereby ACWWA is authorized to make a connection to SVMD's potable water system to supply an emergency eyewash/shower station location at the Chambers Pump Station. The volume of water permitted shall not exceed 1,000 gallons per month. In exchange, ACWWA pays regular monthly water service fees to SVMD.

#### **City Of Longmont**

In December 2015, ACWWA entered into a water supply agreement with the City of Longmont, Colorado (Longmont), ECCV and United. The term of this water supply agreement ran from July 1, 2016 to March 31, 2017. ACWWA, ECCV, United and Longmont entered into subsequent water supply agreements with similar terms every following year until 2022 when a 5-year agreement was reached. The term of the current agreement runs from July 1, 2022 through March 31, 2027. The agreement states that from July 1 through August 31, ECCV and ACWWA shall deliver fully consumable water from the ECCV/ACWWA Water Rights and/or the United/ACWWA Water Rights for the purpose of meeting Longmont's Bijou Ditch Loss Obligation. In exchange, from October 1 through March 31, Longmont shall release an amount equal to the number of acre-feet delivered by ECCV and ACWWA of fully consumable water owned by Longmont to ECCV and ACWWA for the purpose of meeting the ECCV/ACWWA Winter Return Flow Obligation.

#### **City Of Aurora**

In November 2013, ACWWA entered into a license agreement with the City of Aurora, Colorado (Aurora), whereby Aurora authorized ACWWA to construct, operate, maintain, repair and replace certain sewer mains situated in the city.

#### **Other Contracts**

ACWWA is also a party to several other agreements with other governmental entities. These agreements do not have a material effect on the financial statements.



# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements *(Continued)*

### **8. Commitments And Contingencies**

#### **Construction Commitments**

ACWWA has entered into various contracts and agreements with contractors and partner agencies for the improvement and upgrading of facilities. Total commitments with such contractors for 2024 and 2023 totaled approximately \$2,770,000 and \$987,000, respectively.

### **9. Defined Contribution Retirement Plans**

ACWWA's Retirement Plan (the Plan) was established to qualify as a defined contribution plan under Sections 401(a) and 501(a) of the Internal Revenue Code. It was first adopted in 1990 and has been amended four times since. There are mandatory and discretionary employer contributions.

ACWWA's mandatory contributions during 2024 and 2023 were 6.2% of employee compensation. Discretionary employer contributions are decided on an annual basis at the time of budget approval for the following budget year. The entire discretionary contribution was 3% of employee compensation during 2024 and 2023, with an available match up to an additional 5%. Under the Plan document and the Internal Revenue Code, the entire discretionary contribution is considered an employer contribution. Total Plan contributions for the years ended December 31, 2024 and 2023 were \$417,282 and \$440,928, respectively. Total payroll was \$3,295,714 and \$3,409,721 for the years ended December 31, 2024 and 2023, respectively. Total employer contributions represented 12.7 and 12.9% of total compensation for the years ended December 31, 2024 and 2023, respectively. An employee is not fully vested until the completion of four complete years of service. Vesting is 0% for less than one year, 25% for one to two years, 50% for two to three years, 75% for three to four years and 100% for over four years.

### **10. Related Party Transactions**

As provided by the IGA between PID and ACWWA dated February 6, 2002 and PID's procedures, the Manager of ACWWA has contract signature authority for PID under certain circumstances, including the approval of certain expenditures on behalf of PID.

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

## Notes To Financial Statements (*Continued*)

### **11. Conflict Of Interest**

State law requires that members of the Board of Directors verbally disclose potential conflicts of interest prior to discussing topics that may involve those conflicts of interest. The Directors have disclosed their potential conflicts in writing to the Secretary of State and the Secretary of ACWWA. On behalf of the board, these potential conflicts of interest as of December 31, 2024 are disclosed as follows:

- A board member owns a home in ACWWA's service area. The board member had previously retired from a position at the contractor who designed and built the JWPP.
- Two board members have contributed to the campaigns of various Arapahoe County Commissioners who have served or are currently serving on ACWWA's board.
- A board member is a member of the Arapahoe County Board of County Commissioners and of the Southeast Metro Stormwater Authority Board.

### **12. Risk Management**

ACWWA is exposed to various risks of losses, including general liability (limited under the Colorado Governmental Immunity Act to \$424,000 per person and \$1,195,000 per occurrence), property damage and employee life, medical, dental and accidental benefits. ACWWA has a risk management program, which includes commercial property insurance for catastrophic losses, including floods and earthquakes, for the operating plant. ACWWA also carries commercial insurance for employee life, health, accident and workers' compensation.

ACWWA is also a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2024 and 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's 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.

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

---

### Notes To Financial Statements (*Continued*)

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

### **13. Tax, Spending And Debt Limitations**

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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. ACWWA's management believes a significant portion of its operations qualifies for this exclusion.

ACWWA's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions will require judicial interpretation.

---

## **Supplementary Information**

---

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) For The Year Ended December 31, 2024

	Original And Final Budget	Actual	Variance With Budget Positive (Negative)
<b>Revenues</b>			
Water revenue	\$ 16,684,917	\$ 16,836,598	\$ 151,681
Sewer revenue	7,377,866	7,330,529	(47,337)
Water plant revenue	761,968	718,582	(43,386)
Interest	1,500,000	3,428,325	1,928,325
Fees for service	790,396	1,036,867	246,471
Tap and territorial fees	4,574,341	5,358,127	783,786
Grant revenue	—	743,595	743,595
<b>Total Revenues</b>	31,689,488	35,452,623	3,763,135
<b>Expenditures</b>			
Salaries and benefits	5,223,856	4,644,861	578,995
Office expense	444,753	285,818	158,935
Professional services	1,057,346	1,029,079	28,267
Contractual services	278,888	267,386	11,502
Insurance	317,246	298,737	18,509
Capital outlay	21,594,112	8,619,119	12,974,993
Repair and maintenance	1,690,720	1,777,222	(86,502)
Utilities	1,819,599	1,233,348	586,251
Operational expenses	6,323,972	6,666,439	(342,467)
Other supplies and expense	425,200	14,141	411,059
Bond payments	7,789,092	7,795,351	(6,259)
<b>Total Expenditures</b>	46,964,784	32,631,501	14,333,283
<b>Change In Net Position (Budgetary Basis)</b>	\$ (15,275,296)	\$ 2,821,122	\$ 18,096,418

**ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY**

---

**RECONCILIATION OF BUDGETARY BASIS  
TO STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
For The Year Ended December 31, 2024**

<b>Change In Net Position (Budgetary Basis)</b>	\$ 2,821,122
Depreciation, depletion and amortization	(3,416,234)
Amortization of deferred loss	(116,274)
Amortization of premium	787,590
Capital outlay	8,619,119
Gain on disposal of fixed assets	116,965
Principal payments	<u>4,128,498</u>
<b>Change In Net Position</b>	12,940,786
<b>Net Position - Beginning Of Year</b>	<u>180,654,257</u>
<b>Net Position - End Of Year</b>	<u><u>\$ 193,595,043</u></u>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY December 31, 2024

December 31,	\$16,475,000 Variable Rate Water And Wastewater Revenue Refunding Bonds, Series 2016 Dated October 4, 2016, Variable Interest Rate, Due June 1 And December 1, Principal Due December 1		\$12,720,000 Variable Rate Water And Wastewater Revenue Bonds, Series 2017, Dated September 7, 2017, Variable Interest Rate, Principal And Interest Due December 1		\$71,485,000 Variable Rate Taxable Water And Wastewater Revenue Refunding Bonds, Series 2019 Dated October 22, 2019 Variable Interest Rate Principal And Interest Due December 1		CWCB Loan Dated August 11, 2020 1.9% Interest Rate Principal And Interest Due March 1		Total Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 1,055,000	\$ 446,800	\$ 915,000	\$ 367,450	\$ 2,115,000	\$ 2,609,700	\$ 171,126	\$ 73,569	\$ 4,256,126	\$ 3,497,519	\$ 7,753,645
2026	1,100,000	404,600	950,000	330,850	2,215,000	2,503,950	174,377	70,318	4,439,377	3,309,718	7,749,095
2027	1,140,000	360,600	1,000,000	292,850	2,325,000	2,393,200	177,691	67,005	4,642,691	3,113,655	7,756,346
2028	1,190,000	315,000	1,035,000	252,850	2,440,000	2,276,950	181,067	63,629	4,846,067	2,908,429	7,754,496
2029	1,235,000	267,400	1,085,000	211,450	2,555,000	2,154,950	184,507	60,188	5,059,507	2,693,988	7,753,495
2030	1,285,000	218,000	1,135,000	168,050	2,680,000	2,027,200	188,013	56,683	5,288,013	2,469,933	7,757,946
2031	1,335,000	166,600	1,180,000	122,650	2,785,000	1,920,000	191,585	53,110	5,491,585	2,262,360	7,753,945
2032	1,385,000	113,200	1,235,000	75,450	2,895,000	1,808,600	195,225	49,470	5,710,225	2,046,720	7,756,945
2033	1,445,000	57,800	1,280,000	38,400	3,000,000	1,692,800	198,934	45,761	5,923,934	1,834,761	7,758,695
2034	—	—	—	—	5,930,000	1,572,800	202,714	41,981	6,132,714	1,614,781	7,747,495
2035	—	—	—	—	6,160,000	1,335,600	206,566	38,130	6,366,566	1,373,730	7,740,296
2036	—	—	—	—	6,395,000	1,089,200	210,490	34,205	6,605,490	1,123,405	7,728,895
2037	—	—	—	—	6,640,000	833,400	214,490	30,206	6,854,490	863,606	7,718,096
2038	—	—	—	—	6,895,000	567,800	218,565	26,130	7,113,565	593,930	7,707,495
2039	—	—	—	—	7,300,000	292,000	222,718	21,978	7,522,718	313,978	7,836,696
2040	—	—	—	—	—	—	226,949	17,746	226,949	17,746	244,695
2041	—	—	—	—	—	—	231,261	13,434	231,261	13,434	244,695
2042	—	—	—	—	—	—	235,655	9,040	235,655	9,040	244,695
2043	—	—	—	—	—	—	240,131	4,563	240,131	4,563	244,694
<b>Total</b>	<b>\$ 11,170,000</b>	<b>\$ 2,350,000</b>	<b>\$ 9,815,000</b>	<b>\$ 1,860,000</b>	<b>\$ 62,330,000</b>	<b>\$ 25,078,150</b>	<b>\$ 3,872,064</b>	<b>\$ 777,146</b>	<b>\$ 87,187,064</b>	<b>\$ 30,065,296</b>	<b>\$ 117,252,360</b>

---

**Continuing Disclosure Annual  
Financial Information (Unaudited)**

---



# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## HISTORICAL DEBT SERVICE COVERAGE<sup>1</sup> For The Six Years Ended December 31

	2019	2020	2021	2022	2023	2024
<b>Operating Revenues<sup>2</sup></b>	\$ 20,897,612	\$ 22,262,408	\$ 22,694,011	\$ 23,763,949	\$ 23,618,379	\$ 25,922,576
<b>Nonoperating Revenues<sup>3</sup></b>	11,174,771	5,904,928	9,602,943	6,940,809	23,042,523	9,647,012
<b>Gross Revenues</b>	32,072,383	28,167,336	32,296,954	30,704,758	46,660,902	35,569,588
<b>Less Operation And Maintenance Expenses (Net Of Depreciation)<sup>2</sup></b>	(12,121,859)	(11,631,439)	(12,164,920)	(13,571,843)	(15,481,128)	(16,217,032)
<b>Net Revenue</b>	\$ 19,950,524	\$ 16,535,897	\$ 20,132,034	\$ 17,132,915	\$ 31,179,774	\$ 19,352,556
<b>Historical Annual Debt Service<sup>4</sup></b>	\$ 10,083,849	\$ 7,502,399	\$ 7,533,839	\$ 8,066,440	\$ 7,628,274	\$ 7,795,351
<b>Historical Coverage Factor</b>	1.98	2.20	2.67	2.12	4.09	2.48

1. This table reflects actual, audited revenues, expenditures and debt service coverage.
2. Gross revenue and operation and maintenance expenses reflect ACWWA's audited financial statements.
3. Consists of one-time tap fees, gains on sales of assets, Build America Bond rebate and nonoperating interest
4. Constitutes the annual debt service on ACWWA's outstanding water and wastewater revenue bonds

**ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY**

---

**WATER ENTERPRISE OPERATIONAL DATA  
For The Year Ended December 31, 2024**

**Residential Water And Irrigation Volume Charges  
For The Year Ended December 31, 2024**

For residential customers, ACWWA imposes a monthly service fee of \$47.37 plus a volume charge for each 1,000 gallons of metered usage, as follows:

<b>Usage Gallon/Month</b>	<b>From</b>	<b>To</b>	<b>Rate</b>
Block 1	—	4,000	\$ 4.58
Block 2	4,001	10,000	5.73
Block 3	10,001	30,000	7.16
Block 4	30,001	> 30,001	8.95

Usage is divided into four blocks, depending upon volume. Volume charges are imposed in different amounts for each block.

**ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY**

**WATER ENTERPRISE OPERATIONAL DATA (Continued)  
For The Year Ended December 31, 2024**

**Nonresidential Meter Size Water And Irrigation Charges  
For The Year Ended December 31, 2024**

Nonresidential customers pay service fees which vary based upon both meter size and monthly volume. The base monthly service fee is as follows:

<b>Meter Size</b>	<b>Monthly Service Fee</b>
¾"	\$ 51.49
1"	102.94
1½"	205.88
2"	411.76
3"	926.54
4"	1,955.98
6"	3,706.05

**Nonresidential Water And  
Irrigation Volume Charges  
For The Year Ended December 31, 2024**

Customer use is divided into four blocks, depending upon volume. Volume charges are imposed in different amounts for each block, as follows:

<b>Metered Usage</b>	<b>¾"</b>	<b>1"</b>	<b>1½"</b>	<b>2"</b>	<b>3"</b>	<b>4"</b>	<b>6"</b>
Block 1 from	—	—	—	—	—	—	—
Block 1 to	40,000	40,000	40,000	90,000	252,000	288,000	1,620,000
Block 2 from	40,001	40,001	40,001	90,001	252,001	288,001	1,620,001
Block 2 to	100,000	100,000	100,000	225,000	672,000	768,000	2,700,000
Block 3 from	100,001	100,001	100,001	225,001	672,001	768,001	2,700,001
Block 3 to	300,000	300,000	300,000	600,000	1,320,000	1,344,000	3,960,000
Block 4	>300,001	>300,001	>300,001	>600,001	>1,320,001	>1,344,001	>3,960,001
<b>Volume Rate</b>							
Block 1	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.26
Block 2	6.59	6.59	6.59	6.59	6.59	6.59	6.59
Block 3	8.23	8.23	8.23	8.23	8.23	8.23	8.23
Block 4	10.31	10.31	10.31	10.31	10.31	10.31	10.31

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## WATER ENTERPRISE OPERATIONAL DATA *(Continued)* For The Year Ended December 31, 2024

### Historic And Current Tap Fee Amounts

A history of tap fee amounts collected since 2020 is set forth in the following table:

	Water And Irrigation			Sewer		
	Amount	\$ Increase	% Increase	Amount	\$ Increase	% Increase
2020	28,634	834	2.9%	7,966	156	2.0%
2021	29,493	859	2.9%	8,126	159	2.0%
2022	30,378	885	2.9%	8,288	163	2.0%
2023	31,289	911	2.9%	8,454	166	2.0%
2024	32,228	939	2.9%	8,623	169	2.0%

### History Of Water, Sewer And Irrigation Tap Fee Collections

A history of taps issued and the fees collected from taps since 2020 is presented in the following table:

Year	Water And Irrigation		Sewer		Total Tap Fee
	Number <sup>1</sup>	Revenue	Number	Revenue	Revenue
2020	134	\$ 3,844,912	153	\$ 1,221,694	\$ 5,066,606
2021	229	6,332,531	304	2,471,416	8,803,947
2022	120	3,607,305	132	1,092,060	4,699,365
2023	292	5,900,015	364	3,077,951	8,977,966
2024	292	1,872,661	231	1,988,471	3,861,132

1. Represents a tap equivalent.

### Current Water And Irrigation Tap Equivalents As Of December 31, 2024

The following table sets forth a breakdown of water and irrigation tap equivalents by category and type of tap.

Customer Category	Type Of Tap		Total	Percentage Of Total
	Water	Irrigation		
Residential	3,098	1,202	4,300	42.4%
Nonresidential	4,561	1,270	5,831	57.6%
<b>Total</b>	<b>7,659</b>	<b>2,472</b>	<b>10,131</b>	<b>100%</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## COMPARISON STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For The Past Five Years Ended December 31

	2020	2021	2022	2023	2024
<b>Operating Revenues</b>					
Water revenue	\$ 14,680,735	\$ 14,740,124	\$ 15,587,682	\$ 14,616,949	\$ 16,836,598
Sewer revenue	6,137,308	6,335,590	6,737,636	7,175,370	7,330,529
Fees for services	874,012	1,020,962	803,247	1,208,862	1,036,867
Miscellaneous	570,353	597,335	635,384	617,198	718,582
<b>Total Operating Revenues</b>	<b>22,262,408</b>	<b>22,694,011</b>	<b>23,763,949</b>	<b>23,618,379</b>	<b>25,922,576</b>
<b>Operating Expenses</b>					
Salaries, payroll taxes and benefits	4,203,848	4,412,670	4,314,498	4,460,094	4,644,861
Office expense	282,458	246,778	289,684	302,264	285,818
Professional services	592,773	565,253	943,312	1,273,306	1,029,079
Insurance expense	172,153	200,810	212,253	259,690	298,737
Operational expense	4,044,753	4,172,092	5,032,513	5,749,716	6,666,439
Contractual services	149,919	163,445	217,135	303,386	267,386
Repairs and maintenance	1,112,733	1,197,238	1,216,666	1,835,254	1,777,222
Utilities	1,061,457	1,159,732	1,334,764	1,276,258	1,233,349
Depreciation and depletion	2,869,707	2,793,052	2,543,335	3,376,539	3,416,234
Other supplies and expense	11,345	46,902	11,018	21,160	14,141
<b>Total Operating Expenses</b>	<b>14,501,146</b>	<b>14,957,972</b>	<b>16,115,178</b>	<b>18,857,667</b>	<b>19,633,266</b>
<b>Operating Income</b>	<b>7,761,262</b>	<b>7,736,039</b>	<b>7,648,771</b>	<b>4,760,712</b>	<b>6,289,310</b>
<b>Nonoperating Revenues</b>					
Gain on sale of asset	—	—	—	—	116,965
Grant revenue	390,000	232,089	—	500,000	743,595
Settlement revenue	—	—	—	8,330,000	—
Interest	258,034	19,921	725,339	2,872,081	3,428,325
<b>Total Nonoperating Revenues</b>	<b>648,034</b>	<b>252,010</b>	<b>725,339</b>	<b>11,702,081</b>	<b>4,288,885</b>
<b>Nonoperating Expenses</b>					
Interest and fiscal charges	3,519,201	3,406,741	3,284,377	3,190,651	2,995,536
Loss on disposal of fixed assets	—	228,155	397,630	—	—
<b>Total Nonoperating Expenses</b>	<b>3,519,201</b>	<b>3,634,896</b>	<b>3,682,007</b>	<b>3,190,651</b>	<b>2,995,536</b>
<b>Income Before Contributions</b>	<b>4,890,095</b>	<b>4,353,153</b>	<b>4,692,103</b>	<b>13,272,142</b>	<b>7,582,659</b>
<b>Capital Contributions</b>					
Tap and extraterritorial fees	5,256,894	9,350,933	6,215,470	11,340,442	5,358,127
<b>Change In Net Position</b>	<b>10,146,989</b>	<b>13,704,086</b>	<b>10,907,573</b>	<b>24,612,584</b>	<b>12,940,786</b>
<b>Net Position - Beginning Of Year</b>	<b>121,283,025</b>	<b>131,430,014</b>	<b>145,134,100</b>	<b>156,041,673</b>	<b>180,654,257</b>
<b>Net Position - End Of Year</b>	<b>\$ 131,430,014</b>	<b>\$ 145,134,100</b>	<b>\$ 156,041,673</b>	<b>\$ 180,654,257</b>	<b>\$ 193,595,043</b>

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

## BUDGET TO ACTUAL (NON-GAAP) COMPARISON OF RESULTS OF OPERATIONS For The Years Ended December 31, 2024 And 2023

	2023			2024			2025
	Budget	Actual	Variance	Budget	Actual	Variance	Budget
<b>Revenues</b>							
Water revenue	\$ 16,214,658	\$ 14,616,949	\$ (1,597,709)	\$ 16,684,917	\$ 16,836,598	\$ 151,681	\$ 17,523,633
Sewer revenue	6,762,748	7,175,370	412,622	7,377,866	7,330,529	(47,337)	7,678,014
Water plant revenue	761,976	617,198	(144,778)	761,968	718,582	(43,386)	761,968
Interest	300,000	2,872,081	2,572,081	1,500,000	3,428,325	1,928,325	1,500,000
Other user fees	793,281	1,208,862	415,581	790,396	1,036,867	246,471	792,134
Tap and territorial fees	5,324,382	11,340,442	6,016,060	4,574,341	5,358,127	783,786	4,706,353
Settlement revenue	—	8,330,000	8,330,000	—	—	—	—
Loan proceeds	—	1,500,000	1,500,000	—	—	—	—
Grant revenue	—	500,000	500,000	—	743,595	743,595	—
<b>Total Revenues</b>	<b>30,157,045</b>	<b>48,160,902</b>	<b>18,003,857</b>	<b>31,689,488</b>	<b>35,452,623</b>	<b>3,763,135</b>	<b>32,962,102</b>
<b>Expenses</b>							
Salaries and benefits	5,028,919	4,460,094	(568,825)	5,223,856	4,644,861	(578,995)	5,441,790
Office expense	425,369	302,264	(123,105)	444,753	285,818	(158,935)	469,370
Professional services	1,292,750	1,576,692	283,942	1,057,346	1,296,465	239,119	1,153,584
Insurance	222,860	259,690	36,830	278,888	298,737	19,849	317,246
Capital outlay	22,093,735	10,714,299	(11,379,436)	317,246	8,619,119	8,301,873	18,406,386
Acquisition of water rights	—	—	—	21,594,112	—	(21,594,112)	—
Repair and maintenance	1,423,183	1,835,254	412,071	1,690,720	1,777,222	86,502	1,714,060
Utilities	1,464,720	1,276,258	(188,462)	1,819,599	1,233,348	(586,251)	1,452,816
Operational expenses	5,862,690	5,749,716	(112,974)	6,323,972	6,666,439	342,467	6,716,791
Bond payments	7,783,492	7,628,274	(155,218)	7,789,092	7,795,351	6,259	7,753,645
Miscellaneous	415,200	21,160	(394,040)	425,200	14,141	(411,059)	425,200
<b>Total Expenses</b>	<b>46,012,918</b>	<b>33,823,701</b>	<b>(12,189,217)</b>	<b>46,964,784</b>	<b>32,631,501</b>	<b>(14,333,283)</b>	<b>43,850,888</b>
<b>Excess Revenues Over (Under)</b>							
<b>Expenditures</b>	(15,855,873)	14,337,201	30,193,074	(15,275,296)	2,821,122	18,096,418	(10,888,786)
<b>Change In Net Position (Budgetary)</b>	<b>\$ (15,855,873)</b>		<b>\$ 30,193,074</b>	<b>\$ (15,275,296)</b>		<b>\$ 18,096,418</b>	<b>\$ (10,888,786)</b>
<b>Reconciliation To GAAP Basis</b>							
Depreciation, depletion and amortization		(3,365,232)	(2,693,916)		(3,416,234)		
Amortization of deferred loss		(116,274)			(116,274)		
Amortization of premium		787,590			787,590		
Capital outlay		10,714,299			8,619,119		
Gain on sale of assets		—			116,965		
Loan proceeds		(1,500,000)			—		
Bond principal		3,755,000			4,128,498		
<b>Change In Net Assets</b>		<b>24,612,584</b>			<b>12,940,786</b>		
<b>Net Position - Beginning Of Year</b>		<b>156,041,673</b>			<b>180,654,257</b>		
<b>Net Position - End Of Year</b>		<b>\$ 180,654,257</b>			<b>\$ 193,595,043</b>		

**ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY**

---

**OUTSTANDING REVENUE BONDS  
For The Year Ended December 31, 2024**

	<u><b>Amount</b></u>
Tax-Exempt Water and Wastewater Revenue Refunding Bonds, Series 2016	\$ 11,170,000
Tax-Exempt Water and Wastewater Revenue Refunding Bonds, Series 2017	9,815,000
Tax-Exempt Water and Wastewater Revenue Refunding Bonds, Series 2019	<u>62,330,000</u>
<b>Total</b>	<u><u>\$ 83,315,000</u></u>