

COTTONWOOD WATER AND SANITATION DISTRICT

2016 BUDGET AND APPROPRIATION RESOLUTION

WHEREAS, it is necessary to provide for the operating expenditures, debt service requirements, and capital expenditures of the Cottonwood Water and Sanitation District, Douglas County, Colorado (“the District”) for the fiscal year ending December 31, 2016; and

WHEREAS, the Board of Directors of the District (“the Board”) has directed its manager to prepare and submit to the Board for its consideration a proposed budget for the year ending December 31, 2016 and

WHEREAS, said manager submitted a proposed budget to the Board for its consideration on or before October 15, 2015; and

WHEREAS, upon due and proper notice, published in accordance with the provisions of C.R.S. § 29-1-106, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held by the Board on November 19, 2015, at which time the budget was discussed by the Board, and interested persons were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the proposed budget for the District (including its water activity enterprise which operates the water and wastewater system) is attached hereto as Exhibit “A” and made a part hereof,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cottonwood Water and Sanitation District, Douglas County, Colorado:

- (1) That the budget attached as Exhibit “A” is approved and adopted as the budget for the Cottonwood Water and Sanitation District for the year ending December 31, 2016.
- (2) That the total expenditures for the District are estimated at \$23,719,913, and the total revenues are estimated at \$21,357,925.
- (3) That there is hereby appropriated for the year ending December 31, 2016 for the purposes and uses set forth in said budget a total sum of \$ for use as follows:
 - \$8,959,329 to the Enterprise / Operations Fund for operations and capital expenditures
 - \$14,760,584 to the Debt Fund for Debt Service

- (4) That the District's manager is hereby appointed to file a certified copy of the budget with the Division of Local Government in accordance with the provisions of C.R.S §§ 29-1-102 (5) and 29-1-113.

The foregoing resolution was approved and adopted by a unanimous vote of the District's Board of Directors on November 19, 2015.

COTTONWOOD WATER AND SANITATION DISTRICT

By Alyssa Kasaris
Alyssa Kasaris, President

2016 BUDGET MESSAGE
COTTONWOOD WATER AND SANITATION DISTRICT

The attached 2016 Budget for the Cottonwood Water and Sanitation District, approved by the Board of Directors, includes the budget of the Cottonwood Water and Sanitation District and its Cottonwood Water Enterprise (collectively “the District”), and includes these important features.

1. The District’s budget is divided into two funds, the Operations Fund of the Cottonwood Water Enterprise, also known as the Enterprise Fund, and the budget of the Cottonwood Water and Sanitation District through the Debt Service Bond Fund.
2. The District acts in its enterprise capacity as the Cottonwood Water Enterprise in operating the District and providing its public water and wastewater services.
3. The expenses for the operation and maintenance of the District’s water facilities and wastewater treatment are generally covered through service fees. The 2016 budget estimates \$3,549,400 in service fees and other operating revenues of \$2,929,829 in operating expenses.
4. The District has budgeted \$5,230,000 for capital expenditures. The District requires this investment to serve the continuing development. The District estimates an additional \$2,463,500 of net revenue associated with tap fees and other non-operating income.
5. The District’s debt service mill levy is 23.0, which has resulted in a total property tax levy of \$2,010,525 on an assessed value of \$87,414,680.

The budgetary basis of accounting timing measurement method used is modified accrual. The services to be provided during the budget year are as follows:

1. To provide water supply and sanitary sewer services for over 1,500 single family residential, over 1,400 multi-family residential, and over 30 retail/commercial customers in northern Douglas County.
2. To bill and collect stormwater fees for the Town of Parker as charged to Cottonwood residential properties.

Cottonwood Water & Sanitation District
2016 Budget Summary

FINAL

	2014	2015	2015	2016
	Actual	Projected	Budget	Budget
Operations:				
Total Service Fees	3,333,334	3,532,400	3,511,200	3,549,400
Total Operating Expenses	(3,072,469)	(2,584,946)	(3,084,829)	(2,929,829)
Net Operating Income (Expense)	260,865	947,454	426,371	619,571
Capital Projects:				
Tap Fees (net)	91,934	830,078	1,597,014	1,723,000
Asset Sales	-	-	-	-
Loan Proceeds (net)	331,291	-	-	742,500
Interest & Other Income	13,184	13,441	15,000	13,000
Capital Expenses	(2,175,661)	(997,906)	(3,572,000)	(5,045,000)
Contingency		(50,000)	(200,000)	(200,000)
Net Capital Project Income (Expense)	(1,739,252)	(204,387)	(2,159,986)	(2,766,500)
Combined Operating and Capital Income (Expense)	(1,478,387)	743,067	(1,733,615)	(2,146,929)
Debt Service:				
Property Taxes	2,018,629	2,010,000	2,063,784	2,010,525
Other Debt Service Income	185,079	190,000	175,000	185,000
Total Debt Service Expenses	(2,314,176)	(2,359,914)	(2,360,271)	(14,760,584)
Net Debt Service Income (Expense)	(110,468)	(159,914)	(121,487)	(12,565,059)
Ending Reserve Funds:				
Operations and Capital	1,501,594	4,268,763	2,274,318	2,121,834
Debt Service	487,796	327,882	481,872	112,823
	1,989,390	4,596,645	2,756,191	2,234,657
Assessed Value	76,036,532	76,436,440	76,436,440	87,414,130
Mill Levy	27.00	27.00	27.00	23.00

Cottonwood Water & Sanitation District

2016 Budget

2015

	2014			2015		TOTAL PROJECTED	ORIGINAL BUDGET	2016 BUDGET
	ACTUAL	JAN-JUL ACTUAL	AUG-DEC PROJECTED	PROJECTED	PROJECTED			
ENTERPRISE FUND								
Service Fees								
Water Service	1,635,910	873,708	876,292	1,750,000	1,750,000	1,750,000	1,750,000	0% increase
Sewer Service	1,671,926	1,022,491	737,509	1,760,000	1,800,000	1,800,000	1,780,000	0% increase
Parker Stormwater Mgmt	4,240	2,562	1,838	4,400	4,200	4,400	4,400	
Miscellaneous	21,258	10,798	7,202	18,000	7,000	15,000	15,000	
Total Service Fees	3,333,334	1,909,559	1,622,841	3,532,400	3,511,200	3,549,400		
Operating Expenses								
Management Fees	118,381	62,058	52,942	115,000	115,000	120,000	120,000	
Director's Fees	5,600	2,600	3,400	6,000	6,000	6,000	6,000	
Accounting/Billing/Collections	97,480	61,017	40,983	102,000	102,000	110,000	110,000	
Audit	6,402	6,803	-	6,803	7,500	7,500	7,500	
Bank Fees	9,978	6,837	4,663	11,500	10,000	12,000	12,000	
Legal - General	204,644	41,125	33,875	75,000	50,000	50,000	50,000	
Legal-Water Rights	92,833	25,891	14,109	40,000	100,000	50,000	50,000	
Prof & Engineering Fees	106,879	45,379	24,621	70,000	60,000	50,000	50,000	\$25k website/communications
Insurance Expense	30,219	26,143	-	26,143	32,000	30,000	30,000	
Wastewater Treatment	1,495,813	616,181	523,819	1,140,000	1,600,000	1,435,000	1,435,000	
System Operating Costs	119,615	81,666	58,334	140,000	120,000	145,000	145,000	
UCCWA	41,718	25,000	-	25,000	25,000	25,000	25,000	
CWCB Debt Service	-	-	10,000	10,000	11,329	11,329	11,329	
Repairs & Maintenance	97,259	56,995	63,005	120,000	120,000	120,000	120,000	
Water Treatment	241,869	126,236	138,764	265,000	300,000	310,000	310,000	
Utilities	365,403	212,453	167,547	380,000	325,000	350,000	350,000	
Water Conservation Rebates	1,485	1,270	1,230	2,500	6,000	3,000	3,000	
Postage & Misc	36,891	25,936	14,064	40,000	45,000	45,000	45,000	
Contingency	-	-	10,000	10,000	50,000	50,000	50,000	
Total Operating Expenses	3,072,469	1,423,590	1,161,356	2,584,946	3,084,829	2,929,829		
Net Service Fee Revenue	260,865	485,969	461,485	947,454	426,371	619,571		
Other Revenues & (Expenses)								
Tap Fees	129,806	382,404	850,736	1,233,140	1,996,268	2,500,000	2,500,000	
Tap Fees - ACWWA	(37,872)	(143,022)	(260,040)	(403,062)	(399,254)	(777,000)	(777,000)	
Asset Sales	1,200,000	1,974,102	1,974,102	1,974,102	1,975,000	750,000	750,000	
CWCB Loan Proceeds	343,291	-	-	-	-	(7,500)	(7,500)	
CWCB Issue Costs	(12,000)	-	-	-	-	(15,000)	(15,000)	
CCPWA Operations	(5,389)	(7,543)	(7,543)	(15,086)	(15,000)	8,000	8,000	
Capital Recovery Fee	8,404	8,441	3,176	8,441	9,000	5,000	5,000	
Interest Income	4,780	1,824	3,176	5,000	6,000	(5,230,000)	(5,230,000)	
Capital Expenses	(2,170,272)	(653,330)	(329,490)	(982,820)	(3,757,000)	(2,766,500)	(2,766,500)	
	(539,252)	(411,226)	2,230,941	1,819,715	(184,986)			
Net Enterprise Income	(278,387)	74,743	2,692,426	2,767,169	241,385	(2,146,929)		
Enterprise Reserve - Beg of Year	1,779,981	1,501,594	1,576,337	1,501,594	2,032,933	4,268,763	4,268,763	
Enterprise Reserve - End of Year	1,501,594	1,576,337	4,268,763	4,268,763	2,274,318	2,121,834		

Cottonwood Water & Sanitation District

2016 Budget

	2015			TOTAL PROJECTED	ORIGINAL BUDGET	2016 BUDGET
	2014 ACTUAL	JAN-JUL ACTUAL	AUG-DEC PROJECTED			
DEBT FUND						
Revenues						
Property Taxes	2,018,629	1,994,772	15,228	2,010,000	2,063,784	2,010,525
Specific Ownership Tax	184,197	113,740	84,260	198,000	175,000	185,000
Refunding Bond Proceeds						12,350,000
Interest Earnings (Refunds)	882	(12,142)	4,142	(8,000)	-	-
Total Bond Fund Revenues	2,203,708	2,096,370	103,630	2,200,000	2,238,784	14,545,525
Expenses						
County Collection Fees	30,302	29,967	183	30,150	30,957	30,158
Paying Agent Fees	700	-	1,000	1,000	1,000	1,000
Debt Service - DWRP (2006B)	743,361	740,386	450	740,836	740,386	737,081
Debt Service - 2006A	992,900	127,251	912,249	1,039,500	1,039,500	1,088,100
Debt Service - 2008A	546,913	121,713	426,715	548,428	548,428	544,245
Refunding Bond Escrow						12,150,000
Bond Issue Costs						200,000
Contingency	-			-		10,000
Total Debt Fund Expenses	2,314,176	1,019,317	1,340,597	2,359,914	2,360,271	14,760,584
Net Debt Fund Income	(110,468)	1,077,053	(1,236,967)	(159,914)	(121,487)	(215,059)
Debt Reserve - Beg of Year	598,264	487,796	1,564,849	487,796	603,359	327,882
Debt Reserve - End of Year	487,796	1,564,849	327,882	327,882	481,872	112,823
PROPERTY TAX SUMMARY:						
Assessed Valuation	76,036,532		76,436,440		87,414,130	
Mill Levy	27.00		27.00		23.00	
TOTAL FUNDS AVAILABLE SUMMARY:						
12/31/14 Actual	1,501,594		4,268,763		2,121,834	
12/31/15 Projected	487,796		327,882		112,823	
TOTAL	1,989,390	-	4,596,645	-	2,234,657	
2016 Expenditure Appropriation:						
Enterprise:						
Operating Expenses						2,929,829
Capital & Other Expenditures						6,029,500
Total Enterprise Appropriation						<u>8,959,329</u>

Cottonwood Water & Sanitation District

FINAL

2016 Budget

	2015			2016 BUDGET
	JAN-JUL ACTUAL	AUG-DEC PROJECTED	TOTAL PROJECTED	
Debt Service (General) Appropriation			ORIGINAL BUDGET	
	14,760,584			

Cottonwood Water & Sanitation District

2016 Budget

	2015			TOTAL PROJECTED	ORIGINAL BUDGET	2016 BUDGET
	2014 ACTUAL	JAN-JUL ACTUAL	AUG-DEC PROJECTED			
Detail of Capital Projects:						
Crown Point Booster Pump		910		910	30,000	30,000
Crown Point Non-Potable Irrig				-	20,000	500,000
Water Tank Road Rehab	25,650			-	-	
Water Treatment Plant	219,295	129,197	150,000	279,197	250,000	2,500,000
Augumentation Plan	99,659	98,586	50,000	148,586	40,000	100,000
SMWSA - General	19,467	25,345	25,000	50,345	60,000	60,000
SMWSA - WISE	1,541,855	128,058	135,000	263,058	650,000	500,000
WISE Local Connect						300,000
Ridgegate Line	148,296	20,744	(148,296)	(127,552)	814,000	-
Master Plan	5,912	7,886	13,500	21,386	-	
Water and WW Modeling	13,241	1,860	15,000	16,860	-	5,000
GIS Utility Mapping	6,145	10,638	5,000	15,638	25,000	10,000
Sewer Jetting and Repair	55,716	300		300	60,000	100,000
Replace Sewer Measuring Flume		2,130	20,000	22,130	40,000	
Manhole Rehab				-	250,000	
CCPWA Capital		14,286	14,286	28,572	60,000	60,000
Chloramine Conversion				-	100,000	100,000
Compark Infrastructure Extension		9,961		9,961	920,000	250,000
Well D3 Redrill		198,283		198,283	180,000	
Well D-1 Inspect Pump Test				-		100,000
Well DD2 and DD7 Pump Replace				-		50,000
VAC Trailer				-		15,000
Crown Point Potable Loop						150,000
Crown Point Water Line Relocate						150,000
SCADA/Operations Equipment	35,036	896		896	50,000	50,000
Surveillance System		4,250		4,250	8,000	
Contingency			50,000	50,000	200,000	200,000
Total Capital Outlay	2,170,272	653,330	329,490	982,820	3,757,000	5,230,000

**Cottonwood Water & Sanitation District
2016 Budget Summary**

FINAL

Debt Fund

	2015 Projected	2016 Budget	\$ Change	% Change
Assessed Value	76,436,440	87,414,130	10,977,690	14.4%
Mill Levy	27.0	23.0	(4.0)	-14.8%
Property Taxes	2,010,000	2,010,525	525	0.0%
Other Revenue	190,000	12,535,000	12,345,000	6497.4%
Total Revenue	2,200,000	14,545,525	12,345,525	561.2%
Debt Service	2,328,764	2,369,426	40,662	1.7%
Other Expenses	31,150	12,391,158	12,360,008	39679.0%
Total Expenses	2,359,914	14,760,584	12,400,670	525.5%
Net Debt Fund (Expense)	(159,914)	(215,059)	(55,145)	34.5%
Ending Cash Reserves	327,882	112,823	(215,059)	-65.6%

Refunding Bond Proceeds

Refunding Bond Expenses

**Cottonwood Water & Sanitation District
2016 Budget Summary**

FINAL

Operating Fund

	2015 Projected	2016 Budget	\$ Change	% Change	
Service Fees	3,532,400	3,549,400	17,000	0.5%	Volume Increase
Operating Expenses	(2,584,946)	(2,929,829)	(344,883)	-13.3%	See Detail Next Page
Net Operating Income	947,454	619,571	(327,883)	-34.6%	
Tap Fees (net)	830,078	1,723,000	892,922	107.6%	Lennar
Asset Sales	1,974,102	-	(1,974,102)	-100.0%	IREA
CWCB Loan Proceeds	-	750,000	750,000		WISE Funding
Capital Expenses	(982,820)	(5,230,000)	(4,247,180)	432.1%	JWPP & WISE
Other Income (Expense)	(1,645)	(9,500)	(7,855)	477.5%	
Net Capital Income (Expense)	1,819,715	(2,766,500)	(4,586,215)	252.0%	
Combined Net Income (Expense)	2,767,169	(2,146,929)	(4,914,098)	177.6%	
Ending Cash Reserves	4,268,763	2,121,834	(2,146,929)	-50.3%	

COTTONWOOD WATER AND SANITATION DISTRICT

2016 RESOLUTION LEVYING GENERAL PROPERTY TAXES

WHEREAS, it is necessary to provide for the certification of a mill levy for debt service requirements of the Cottonwood Water and Sanitation District, Douglas County, Colorado (“the District”) for the fiscal year ending December 31, 2016; and

WHEREAS, the Manager of the Cottonwood Water and Sanitation District submitted a proposed budget to the Board for its consideration on October 15, 2015, which proposed budget includes the following mill levy applied to an assessed value of \$87,414,130; and

WHEREAS, the Board of Directors of the District has adopted the proposed budget,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cottonwood Water and Sanitation District, Douglas County, Colorado:

- (1) That the following mill levy is adopted:

Cottonwood General Obligation Bonds and Interest 23.0 mills

\$2,010,525 (REVENUE)

- (2) That the District’s Manager is hereby authorized to file a certified copy of the mill levy with the Board of County Commissioners of Douglas County, Colorado.
- (3) The District expects the assessed value and total revenue to change nominally upon final certification and authorizes Manager to incorporate these changes on the County Mill Levy Certification.

The foregoing resolution was approved and adopted by a unanimous vote of the District’s Board of Directors on November 19, 2015.

COTTONWOOD WATER AND SANITATION DISTRICT

By Alyssa Kasaris
Alyssa Kasaris, Board President