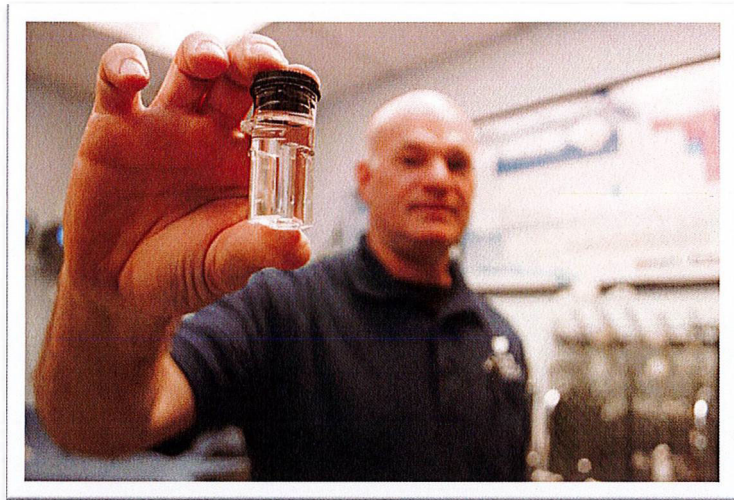
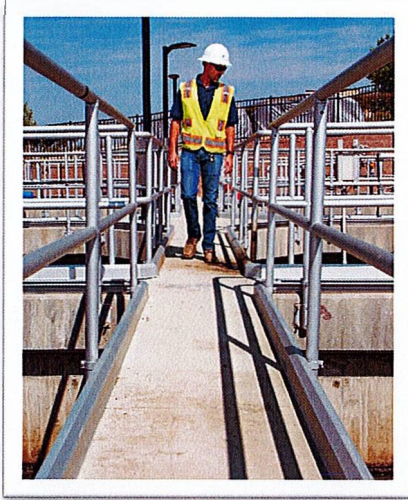




Centennial Water & Sanitation District

2022 Adopted Budget & Rates





CENTENNIAL
WATER AND SANITATION DISTRICT

2022
Adopted Budget
& Rates

December 14, 2021



CENTENNIAL

WATER AND SANITATION DISTRICT

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I, Stephanie Stanley, certify that the attached is a true and accurate copy of the adopted 2022 budget of the Centennial Water and Sanitation District.

Director, Finance and Administration
Centennial Water and Sanitation District

December 14, 2021

CENTENNIAL

WATER AND SANITATION DISTRICT

December 14, 2021

Centennial Water and Sanitation District
Board of Directors and Customers;

The primary objective of the budget is to present the Centennial Water and Sanitation District (“Centennial” or “District”) short term expenditure plan developed with perspective of long term needs and to identify the necessary resources and revenues. Long and short term planning is guided by District goals to provide all of our customers with safe, clean, and reliable water services that meet all regulatory requirements, as cost-effectively as possible.

The 2022 Budget was approved and adopted by the Board of Directors on December 14, 2021. As part of the approval process, \$41,839,222 was appropriated for operations, including miscellaneous capital and debt service.

The 2022 Operations Budget anticipates:

- A 0.9% or \$265,120 increase in expenditures from the 2021 budget. The increase in budgeted expenditures is primarily due to increases for wages.
- An increase in operating revenues of 2.4% or \$994,520 from 2021 budgeted revenues. This increase in revenues is generated primarily by an increase in water and wastewater fixed fees.

The Budget is a balanced allocation of resources to meet the continuing needs of Centennial’s customers. It meets all legal obligations mandated by federal, state and local laws. It is set forth as the financial plan and operations guide to communicate to its customers.

MANAGING CHALLENGES

Early planning for infrastructure funding needs has established a strong financial position and low rates compared to neighboring communities. As the community nears build out, the challenges facing the District have shifted from managing growth to:

Water Supply

Water is a precious resource in the arid west, and water supply management is a vital component of the operations of the District and a significant driver in the development of the budget. Annual and long term planning for demand is impacted by cost, storage, and availability. While the District has ample groundwater to supply the community’s indoor water demand, the primary source over the past 38 years has been renewable surface water.

The water supply for Centennial Water’s service area is predominately renewable surface water from the South Platte River Basin. Surface water supply is supplemented as needed with deep groundwater from Denver Basin aquifers beneath Highlands Ranch. Since 1982, surface water has comprised 85 percent of the District’s water supply.

The District holds long term and short term surface water leases in its portfolio to supply the needs in a cost effective manner. District leaders are active on several regional and state committees to identify water supply projects that will benefit the community now and into the future.



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December 14, 2021

Centennial Water and Sanitation District
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The District projects annual customer demand using a five-year rolling average of production plus the impact of anticipated new development. An estimate for available surface water is developed based on projected snow pack, reservoir storage levels, existing lease agreements and anticipated spot sales. The 2022 budget assumes total demand of 16,580 acre-feet from which 13,880 acre-feet is surface water, 2,000 acre-feet is groundwater and 700 acre-feet from WISE.

Regulatory

Federal and state regulations can have significant impact on District operations. Several initiatives are under review that could impact future water and wastewater operations. Staff considers pending and potential requirement changes when evaluating infrastructure upgrades.

Regulation 85 nutrient limits have made necessary improvements to District facilities. The district issued \$75 million in debt in January 2019 to finance these improvements as well as address aging infrastructure.

The renewal of the Marcy Gulch Wastewater Treatment Plant Discharge Permit was approved by the Colorado Department of Health and Environment (CDPHE) in 2015 and the new permit became effective January 1, 2016. The permit expired December 31, 2020 but CDPHE has administratively extended the permit. The permit will stay in full force and effect until CDPHE issues a new permit.

The Marcy Gulch Plant discharges into a portion of the South Platte River that has some of the strictest discharge standards in the basin. More strict nutrient limits were included in the new permit and resulted in an 84-year compliance schedule that began with design in 2018 followed by construction beginning in 2019 of the necessary improvements. Any improvements necessary to meet the schedule will be determined by the engineering design and must be completed and operational by June 30, 2024.

Current regulatory programs are listed below:

1. Centennial maintains an industrial pretreatment program to monitor industries and other businesses that discharge wastewater. Annual inspections at each facility are conducted and documented in a database. Periodic wastewater sampling is conducted as needed to monitor wastewater discharges. This program regulates and prevents hazardous chemicals or waste from being discharged into the sewer system and harming the wastewater treatment plant or passing through without treatment.
2. Centennial, in conjunction with the Highlands Ranch Metro District, Douglas County, and Tri-County Health Department, conducts a Household Hazardous Waste Roundup event on an annual basis. Hazardous and toxic chemicals and wastes are collected and either recycled or disposed of at approved facilities. This helps mitigate the dumping of the waste material into the streets, sanitary sewers, or storm sewers of Highlands Ranch. For more information about the Household Hazardous Waste Roundup, please visit www.highlandsranch.org.
3. As part of national homeland security efforts, Centennial has developed an Emergency Response Plan to document procedures that will be taken to protect Highlands Ranch's water sources and distribution system from accidental or intentional contamination.
4. Centennial's water system includes backup systems to provide drinking water to our residents in the event of accidental or intentional contamination. Centennial has standby equipment to contain and recover spills into surface water supplies.
5. Centennial has an Oil Spill Prevention Control and Countermeasure Plan for all of its facilities. The plan provides guidelines and procedures to control and contain fuel or oil spills from storage or treatment facilities.
6. Security measures have been taken to secure and monitor Centennial's water and wastewater treatment facilities. State of the art monitoring equipment provides information to ensure that the facilities are safe and secure.

Infrastructure

Maintenance of the District's infrastructure is essential to meeting customer demands. The District recently worked with Brown and Caldwell on condition assessments of the water and wastewater treatment plants and field assets. These assessments along with the use of Cityworks software will help staff to track maintenance and plan for significant replacements.

Technology

Technology changes continue to impact almost every aspect of our business. The District began implementation of Advanced Metering Infrastructure (AMI) in 2020. AMI completely automates the data collection process which can benefit the district by providing enhanced information for:

- Identification of loss or leak issues in the system
- Improved data for customer to use in their water budget decision making

INVESTING IN THE FUTURE

Water

Chatfield Reallocation is a regional storage project to increase storage capacity by 20,600 acre-feet with an estimated cost of \$153 million. Centennial's interest represents 31.24% of the total project. The project will store renewable surface water from Plum Creek and the South Platte River for storage and use as part of Centennial's water portfolio. Taking opportunities to increase surface water storage is critical to providing reliable water supplies in Colorado's semiarid climate and can help reduce dependence on non-renewable groundwater. The project was completed in 2021.

WISE is a regional project in conjunction with Aurora and Denver Water which combines the water district's infrastructures to improve water resource utilization for Aurora and Denver, and deliver water to WISE Authority participants when available. The District began receiving deliveries in 2018 and is projecting to take 700 acre-feet in 2022.

Wastewater

As mentioned above, the new discharge permit required an engineering assessment in 2016 which identified process changes in order to comply with the current CDPHE standards. The assessment not only included improvements necessary for the new standards, but also evaluated facilities at the treatment plant that were over 30 years old and may require renovation. These renovations will be done in conjunction with the overall improvements required to meet regulatory requirements.

BUDGET PROCESS

Although Centennial is an enterprise for financial reporting purposes, the Board has found it effective to communicate its budgetary practices by utilizing the more traditional governmental fund accounting. The current process is as follows:



Annual Operations Expenditures

Some key assumptions in the 2022 budget include:

- an average increase in wages of 3.50%,
- a 2.0% increase in health insurance premiums with no changes in benefits;
- an increase of 2.0% in the estimated cost of surface water leases

Infrastructure / Equipment Needs

The District has seven-year capital replacement plan to address aging infrastructure and improve efficiency. Several projects are identified to be funded by cash on hand including significant improvements at the water treatment plant.

FINANCIAL POLICIES

The Board of Directors has established financial policies for fund balances and transfers, rate making, investments, purchasing, and compensation.

Budget Procedures and Balancing

The District's budget procedures shall comply with Local Government Budget Law of Colorado as outlined in Colorado Revised Statutes (C.R.S.) Title 29 Article 1 Part 1 Budget Services Part 1, for the preparation, consideration, adoption execution and audit of the Highlands Ranch Metro District annual budget.

Balanced Budget:

- The budget shall be balanced by fund.
- The budget will be considered balanced if:
 - Estimated revenues and resources for each fund will equal or exceed recommended appropriations.
 - Fund balances meet or exceed the targeted ending fund balances established by the Board.
- The budget shall disclose whether the budget is balanced. If the budget is not balanced, the budget document shall disclose the reasons for not balancing the budget.

Fund Balances and Transfers

The District has formal targeted ending fund balances for the Operating Fund and the Debt Service Fund:

- The ending fund balance for the Operating Fund will be 6 months of working capital.
- The ending fund balance for the Debt Service Fund will be equal to the next year's debt service payment (principal and interest).

Available funds in excess of the above targeted ending fund balances will be transferred in the following priority:

- to the Major Repair Fund consistent with the budget and rate allocations;
- remaining funds will be transferred to the Financial Assurance Fund. The Financial Assurance Fund is available for the following potential Board directed transfers:
 - to stabilize rates as necessary during periods of revenue fluctuation;
 - ensure the Debt Service Fund targeted fund balance is properly maintained;
 - use by the Reserve Fund for major repairs above and beyond the balances maintained in the Reserve Fund;
 - and the acquisition of water from the Water Acquisition Fund.

Rate and Fee Policy

The Board has identified the following key items to be addressed when establishing rates and fees:

- The Water Service Availability Charge, which is assessed against all customers based on meter size, will be sufficient to meet the annual cost of water related debt service, cost of providing the periodic billing services, the cost of meter replacement, and a portion of the annual contribution to fund the Major Repair Fund.
- The Wastewater Service Availability Charge which is assessed against all customers based on meter size, will be sufficient to meet the annual cost of wastewater related debt service and a portion of funding the Major Repair Fund.
- The water and wastewater consumption rates are designed to cover the cost of the annual operations. Two year budget projections are prepared in order to stabilize the rate requirements and avoid dramatic single year increases whenever possible.
- Capacity fees are designed to recover the cost of capital as defined by the District's Facility Plan.

Investment Policy

Colorado State Statutes specify investment instruments meeting defined risk criteria in which units of local government may invest. The District has adopted an Investment Policy that is more restrictive than the State Statutes and is limited to:

1. U.S. Treasury Obligations: Treasury Bills, Treasury Notes, and Treasury Bonds with a final maturity not exceeding five years from the date of purchase and U.S. Treasury Strips with maturities not exceeding five years from the date of purchase.

2. Federal Instrumentality Securities: Debentures, discount notes, and callable securities with a final maturity not exceeding five years from the date of purchase issued by the following: Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Student Loan Marketing Association (SLMA).
3. Corporate Debt: debt issued by any corporation or bank organized and operating within the United States with a maturity not exceeding three years from the date of trade settlement. The debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs, and rated not less by any NRSRO that rates it. The District shall limit investments in Corporate Debt to no more than 25 percent of the total portfolio and 5 percent per issuer.
4. Repurchase Agreements, executed subject to an approved Master Purchase Agreement, with a termination date of 90 days or less collateralized by U.S. Treasury Securities listed above with maturities not exceeding ten years.
5. Prime Commercial Paper with an original maturity of 180 days or less which is rated at least A-1 by Standard & Poors or P-1 by Moody's at the time of purchase by each service which rates the commercial paper.
6. Eligible Bankers Acceptances with original maturities not exceeding 180 days, issued on domestic banks whose senior long-term debt is similar to 4 above; have a combined capital and surplus of at least \$250,000,000; and have deposits insured by the FDIC.
7. Local Government Investment Pools authorized under CRS 24-75-701 and 702.
8. Money Market Mutual funds which have a rating of AAA by Standard and Poors or AAAM by Moody's.

Purchasing Guidelines

Purchasing Guidelines are intended to ensure that purchases are made in accordance with good business practices while streamlining the amount of paperwork wherever possible. The Purchasing Guidelines were first implemented in the early 1980's and were most recently revised on September 1, 2020. The Purchasing Guidelines set the structure for delegated authority, levels for obtaining bids, and allowable purchases. In all circumstances, approvals cannot take place unless sufficient funds have been appropriated for the project through approval by the Board of Directors. Any adjustment to the appropriations must also be presented to the Board of Directors for approval.

Compensation Plan

The Board has established guidelines for determining wage compensation. The Board's objective is to administer salary changes fairly and consistently for all types of increases. To meet this objective the Board has provided staff with the following guidelines:

- Produce a compensation plan, which is consistent with the budget expectations found in the annual budget.
- Attract and retain quality employees.
- Ensure market competitiveness by targeting the level of compensation to be at or slightly above market. This is accomplished by assigning ranges so that the surveyed midpoint falls within a range of 100% to 105% of our midpoint.
- Ensure consistency by establishing a list of organizations for benchmark position market comparison that will be used consistently over time for each category.
- Within budget constraints, treat employees fairly.
- Treat exempt and non-exempt employees comparably.

Benefits

The District benefit package offers benefits that are comparable with that offered by other local governments. For the purpose of the budget, no changes in the benefit levels are anticipated to be required in order to meet the budgeted increase for benefits. The budget increase reflects the anticipated increase in premium costs.

To provide cost effective benefits the Board has authorized the following significant benefits:

1. Participation with the Highlands Ranch Metropolitan District in a defined contribution retirement plan. The plan is in lieu of participation in social security for regular employees and the contribution is the same 6.2% as would be contributed to social security.
2. A 457 plan that allows for matching of employee contributions of up to 6% by the District depending on the employee's contribution level.
3. In February 2019, a Roth IRA option became available to employees of the District to aid in retirement planning.
4. Medical, dental and vision plans offered in conjunction with the Special District Association via the Colorado Educational Benefit Trust. These plans have historically provided premium increases less than might otherwise be anticipated in the market. The medical plans that are offered are fully compliant with the Affordable Care Act.

Each year balancing available resources with the costs to provide quality services can be challenging. Centennial Water and Sanitation District is committed to providing quality water and wastewater services while managing resources wisely. The 2022 Budget enables the District to provide services which meet needs and enhance the quality of life for its customers. We encourage readers to read the Introduction and the narratives for each fund for more detailed information on the revenue sources and the outflow of funds in addition to reviewing the financial summaries.

Sincerely,



Stephanie Stanley
Director of Finance and Administration
Centennial Water and Sanitation District



CENTENNIAL

WATER AND SANITATION DISTRICT

Mission

Provide safe, sustainable, and reliable water and wastewater utility services to our customers with superior quality and value.

Vision

Set the standard of excellence for community-based water and wastewater utility services through innovative practices in finance, operations, and resource management.

Core Values



Safety

We work to ensure a safe environment for our employees and our customers.

Teamwork

We collaborate with internal teams and regional partners to achieve our goals.

Vision

We remain forward thinking to identify opportunities to benefit our community. We strive to provide leadership within the water and wastewater industry.

Excellence in Service

We strive for excellence in all facets of our industry, including customer service, water quality, and environmental stewardship.

Integrity

We take pride in our work and demonstrate honest and ethical behavior to ensure we meet our obligations. We respect the valuable resources that we are entrusted with and are committed to protecting them.

HOW TO USE THE BUDGET DOCUMENT

For those readers not familiar with the Centennial Water and Sanitation District's ("Centennial" or "District") budget documents and to help gain an understanding of how the budget is organized and what information is presented, below is a quick overview:

- The first section of the Budget is devoted to the **INTRODUCTION**, which includes a Budget Communication that provides an overview of the entire budget, and highlights where we are as a District.
- The second section – the **SUMMARY**- provides a quick reference to basic information in a capsulated form. Included in this section is: the Statement of Operations and Changes in Financial (Fund Balance) Position (2020-2022) for the combined as well as individual funds; the Key Economic Assumptions used to generate the budget numbers; and a narrative describing the key elements of the various funds.
- The final section is devoted to the detail of the **REVENUE and EXPENSE** Budgets of the District. The revenue section includes estimates of the revenues to be raised through the imposition of rates and charges to the District's customers and capital contributed from the collection of capacity fees. The expense section summarizes the expenses by the type of activity incurring the expense as well as the nature of the expense.

INTRODUCTION/OVERVIEW

Centennial was formed in 1980 for the purpose of providing water and wastewater service through wholesale service agreements to areas of unincorporated Douglas County specifically the areas now known as Highlands Ranch Metropolitan District (HRMD) and Mirabelle Metropolitan District (MMD). HRMD and MMD in turn retails those services to the end users - the property owners. In 1988, utilizing identified extra capacity in its system, Centennial made a minor expansion to its service area by entering into another wholesale agreement with Northern Douglas County Water and Sanitation District ("NDC" or "Extended Service Area"). A service area map can be found in the appendix of this document.

Centennial Board of Directors held an inclusion election on May 5, 2021 to include all of the properties located in the HRMD and MMD boundaries into the District's boundaries. The election passed by a vote of 478 to 53. The inclusion does not have a financial impact on the District and does not change the service area for Centennial.

The service area is located in Douglas County, Colorado. Highland Ranch specifically has been touted as one of the most desirable places to live by numerous publications. Highlands Ranch enjoys a favorable economic environment relative to other Denver Metro area communities and local economic indices and point to continued long-term stability.

In accordance with Colorado State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to:

- review the status of the current year budget
- approve the following year's budget
- appropriate funds necessary to operate for the ensuing year.
- approve rates for the following year

Although it is the intent of the Board of Directors to adopt a budget which will go unchanged, statutes allow the Board to modify the budget and the appropriation resolutions upon completion of notification and publication requirements.

FINANCIAL ENTERPRISE – BUDGET BY FUND

Although Centennial is an enterprise for financial reporting purposes, the Board has found it effective to communicate its budgetary practices by utilizing budgeting practices that more closely resemble traditional governmental fund accounting. As a result, Centennial's expenditures are broken down into distinct primary funds of a recurring nature.

Funds are a self-balancing group of accounts which are used to record the expenditures for various types of activities performed by the funds to account for different monies coming into the District in different ways. The fund balance represents the difference between assets and liabilities reported in a governmental fund. All expenditures for general operations and capital outlay are reported on a full accrual basis; i.e. expenses are recognized in the period incurred, if measurable. For budgetary purposes, debt and nonrecurring expenditures are recognized on a cash basis; i.e. the expenditure is recognized only when made, not when it is incurred. The funds of a recurring nature used for budgetary practices are:

- Operations Fund - budgets for the ongoing operations cost of the District including personnel and expenses associated with day to day operations necessary to deliver water and process wastewater.

For financial statement purposes, the following three sub-funds, although uniquely accounted for in the accounting system, are consolidated as part of **Current Assets**. Funding for the three sub-funds is from rate income. The rate income as collected is as follows:

- The specific amount collected related to Water Acquisition is deposited directly into the Water Acquisition Fund.
- The balance of the rate income collected is deposited into the operations funds. After meeting 1) the targeted ending working capital in the operations fund and 2) the targeted ending fund balance in the debt service fund, is transferred to the sub-funds.
 - *Major Repair* – \$3.8 M annual requirements is generated from the base rate income and includes components of both the water and wastewater rates. The fund balance is available for major repair and replacement of District owned process equipment, vehicles, well re-drills and smaller renovation of facilities. The District also funds the purchase of miscellaneous new equipment from this fund.
 - *Water Acquisition* - funded by a portion of the rates specifically identified for water acquisition and to the extent available an additional transfer from the financial assurance fund. The water acquisition portion of the rates increased from \$0.80 per thousand gallons to \$0.85 in order to fund the Chatfield Reallocation and WISE projects now that they are entering the design and construction phase. The fund balance is available for:
 - acquisition of surface water
 - operating costs related to the WISE and Chatfield Reallocation Projects
 - construction of facilities to capture, store and deliver surface water
 - protection of stream and reservoir quality and various water conservation incentives.
 - The fund may also be used to fund the cost of maintaining inventory levels in the reservoirs and using Aquifer Storage and Recovery (ASR) for underground storage.
 - *Financial Assurance* – the Financial Assurance Fund adjusts annually based upon the available annual resources net of the fund transfers above and after considering the targeted transfer to the Debt Service Fund. Examples of resource accumulation that impacts the available funds include 1) the rate income from the higher water tiers which is not accounted for in the calculation of rates; and 2) higher than or lower than the anticipated net investment income used to calculate the rates. Use of the Financial Assurance fund allows the District to avoid fluctuation of rates due to volatile economic conditions or significant reductions in demand.
- Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and other costs related to the management and retirement of debt.
- Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital improvement projects or facilities. The capital improvement projects funded are those identified as backbone infrastructure as identified in the District's Comprehensive Facility Plan as well as new facilities and processes required by an ever changing regulatory environment.

A comparison between the 2021 budget, 2021 projected and 2022 budget expenses are presented in summary form below. A more detailed look at each category of expenditures is found later in this introduction and under the detailed expenditure sections.

	2021 Budget	2021 Projected	2022 Budget	2021 Projected /2022 Budget % Increase/ Decrease
Operations Fund				
Operating expenses - operating fund	\$ 23,808,683	\$ 24,364,321	\$ 23,950,651	-1.70%
Water leases	4,501,409	4,764,414	5,131,441	7.70%
Water Acquisition Fund	1,810,880	429,880	2,723,479	533.54%
Misc. Capital (operations)	76,000	76,000	-	0.00%
Misc. Capital (major repair)	806,000	724,000	740,000	0.00%
Total Operating	31,002,972	30,358,615	32,545,571	7.20%
Debt service (scheduled and bond issuance)	11,941,065	11,940,983	12,757,130	6.83%
Capital Projects	51,304,536	27,378,030	29,380,420	7.31%
Nonrecurring	-	-	-	0.00%
	<u>\$ 94,248,573</u>	<u>\$ 69,677,629</u>	<u>\$ 74,683,121</u>	<u>7.18%</u>

OPERATING REVENUES/OTHER RECEIPTS

Operating Revenues

Operating revenues are comprised of income received from:

- Billing as a wholesaler to the Service Districts for water and wastewater services
 - The District also bills and collects from HRMD and MMD customers on behalf of the retail entities under a total service contract
 - NDC bills and collects from its own customers based on a water budget structure similar to that billed to the total service contract customers

The detailed rates charged by Centennial to be collected by the Service Districts are summarized below.

- Sale and installation of meters for new customers.
 - The District acquires all meters and sells them at cost to HRMD and MMD. In addition, District staff installs all meters for services located within HRMD and MMD, and charges an installation fee for providing this service.
 - NDC is responsible for its own sale and installation of meters.
- Other contract services billed to Castle Pines North Metro District and Roxborough Water and Sanitation District.

In 2022 base water rates will vary by customer type. The proposed rate structure reflects the additional impact that irrigation use has on the operation of the system.

- The rate model has calculated base rates of \$3.99 per thousand gallons for indoor usage and \$4.41 per thousand gallons for outdoor usage.
- Single family residential usage, because it combines indoor and outdoor usage through as single meter, has a blended rate of \$4.31 per 1,000 gallons for usage up to 100% of their water budget.
- Indoor commercial and multi-family residential usage is all indoor usage. The indoor base rate of \$3.99 per 1,000 gallons will be applied to usage up to 100% of their water budget.
- Irrigation customers' usage is solely for irrigation so the outdoor base rate of \$4.41 per 1,000 gallons will be applied to usage up to 100% of their water budget.

The service agreement between Centennial and NDC allows for a rate up to 200% of the HRMD rate. The 2022 rates for NDC include a surcharge of \$1.00 per 1,000 gallons which results in rates less than the maximum 200%. This surcharge is designed to partially offset the increase cost for the acquisition of water from the WISE project, the need for which is largely attributable to providing service outside of the Highlands Ranch service area. More information on the WISE project can be found in the discussion of the Water Acquisition Fund.

The table below summarizes the rates charged from 2018 through the 2022.

Highlands Ranch/ Mirabelle

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Water Service Availability Charge (bimonthly)	\$ 27.30	\$ 28.80	\$ 31.72	\$ 33.50	\$ 34.82
Single Family Water Rate Up to 100% of Budget/1,000 gallons	\$ 3.63	\$ 3.73	\$ 3.90	\$ 4.10	\$ 4.31
Indoor Commercial Water Rate Up to 100% of Budget/1,000 gallons	\$ 3.31	\$ 3.42	\$ 3.59	\$ 3.78	\$ 3.99
Irrigation Water Rate Up to 100% of Budget/1,000 gallons	\$ 3.66	\$ 3.82	\$ 3.99	\$ 4.20	\$ 4.41
Minimum Wastewater Charge (bimonthly)	\$ 24.00	\$ 28.65	\$ 30.74	\$ 32.77	\$ 35.26
Wastewater per 1,000 gallons over 3,000	\$ 3.20	\$ 3.35	\$ 3.68	\$ 3.75	\$ 3.86
Nonpotable Water per 1,000 gallons up to 100% of Water Budget	\$ 1.72	\$ 1.80	\$ 1.87	\$ 1.95	\$ 2.00

Northern Douglas County Water and Sanitation District

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Water Service Availability Charge (bimonthly)	\$ 27.30	\$ 28.80	\$ 31.72	\$ 33.50	\$ 33.50
Single Family Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.60	\$ 4.77	\$ 4.92	\$ 5.19	\$ 5.37
Indoor Commercial Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.33	\$ 4.46	\$ 4.62	\$ 4.88	\$ 5.05
Irrigation Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.68	\$ 4.86	\$ 5.01	\$ 5.29	\$ 5.47
Minimum Wastewater Charge (bimonthly)	\$ 24.00	\$ 28.65	\$ 30.74	\$ 32.77	\$ 35.26
Wastewater per 1,000 gallons over 3,000	\$ 3.20	\$ 3.35	\$ 3.68	\$ 3.75	\$ 3.86

Other

Castle Pines North per 1,000 gallons	\$ 2.48	\$ 2.57	\$ 2.67	\$ 2.69	
Roxborough per 1,000 gallons	\$ 1.45	\$ 1.37	\$ 1.37	\$ 1.37	\$ 1.37
Roxborough monthly fixed fee per equivalent	\$ 9.94	\$ 10.54	\$ 10.54	\$ 10.86	\$ 10.86

For both of the Service Districts, the base water rates are charged to each individual retail customer based on a unique “Water Budget” calculated for that customer based on the characteristics of the customer’s property. Usage above the budgeted amount results in increases to the three-tiered rates. The purpose of this innovative rate structure is to encourage water conservation through economic incentives to customers. The table below illustrates the tiered rate structure for HRMD and MMD.

	Residential		Non-Residential	
	Summer	Winter	Indoor	Outdoor
Up to 100%	\$ 4.31	\$ 4.31	\$ 3.99	\$ 4.41
101% up to 120%	\$ 5.80	\$ 5.80	\$ 5.40	\$ 6.00
121% up to 140%	\$ 8.81	\$ 5.80	\$ 5.40	\$ 10.40
Over 140%	\$ 13.33	\$ 9.60	\$ 9.39	\$ 17.70

For residential wastewater service, the rates are annually adjusted based on an individual homes average monthly wintertime water consumption for two months as a proxy for actual sewer flows during the entire year. The residential wastewater charges require a minimum of \$35.26 per bimonthly billing which includes the first 3,000 gallons. The actual bi-monthly rate will be determined for each individual household based on its wintertime consumption multiplied by \$3.86 (which is also the nonresidential rate) for usage greater than 3,000 gallons plus the minimum amount of \$35.26.

Beginning in 2022, the District’s Board of Directors could impose drought rates if there are drought conditions. The drought rates for 2022 are as follows:

Water Rates per 1,000 gallons		
Usage of Budget	Residential Summertime	Nonresidential/Multi- Family/Irrigation Only
Stage 1 Rates		
101 to 120%	\$7.25	\$7.50
121 to 140%	\$11.01	\$13.00
Stage 2 Rates		
101 to 120%	\$8.70	\$9.00
121 to 140%	\$13.21	\$15.60

Based on the above the District has projected the following rate based operating revenues for 2021 and 2022:

	2021 Budget	2021 Projected	2022 Budget	2021 Projected /2022 Budget % Increase/ Decrease
Water Operations				
Utilization charges (to Operations Fund)				
Metered water sales	\$ 15,700,000	\$ 14,500,450	\$ 16,500,000	13.79%
Surcharge	1,700,000	1,829,000	1,700,000	-7.05%
Metered water - CPN/RPMD	262,880	282,165	26,400	-90.64%
Service availability charge	8,300,000	8,203,000	8,700,000	6.06%
	25,962,880	24,814,615	26,926,400	8.51%
Water Acquisition (WAQ fund)	4,100,000	3,878,550	4,300,000	10.87%
	30,062,880	28,693,165	31,226,400	8.83%
Other operating income (to Operations Fund)				
Penalties, reconnects, final billing	300,000	135,000	300,000	122.22%
Backflow Device Testing Fee	117,000	116,250	132,600	14.06%
Castle Pines North	400,000	-	-	
Development charges				
Meter sales	63,100	63,835	62,380	-2.28%
Inspection Fees	42,190	42,500	40,310	-5.15%
Construction/hydrant water	20,000	114,595	20,000	-82.55%
	942,290	472,180	555,290	17.60%
Total water operations	\$ 31,005,170	\$ 29,165,345	\$ 31,781,690	8.97%
Wastewater Operations				
Base	5,000,000	5,000,000	5,181,000	3.62%
Usage driven	8,400,000	7,615,000	8,606,000	13.01%
Total wastewater operations (to Operations Fund)	13,400,000	12,615,000	13,787,000	9.29%
Total	\$ 44,405,170	\$ 41,780,345	\$ 45,568,690	9.07%

Contributed Capital

Contributed capital represents payments by the Service Districts to Centennial for the purpose of reserving capacity within the Centennial system. These payments are of three varieties:

- **The Base Capacity Fee**

The Base Capacity Fee for HRMD is calculated annually for new development within HRMD's boundaries as of October 1 and is payable by HRMD on April 1 of the following year. The HRMD fee, which has remained unchanged since January 1, 2000 is:

- ✓ \$5,960 per single family residential dwelling unit
- ✓ \$3,780 per multi-family residential dwelling unit
- ✓ \$9,650 per ¾" nonresidential equivalent tap

The capacity fee represents the amount necessary to recover the estimated cost of all of the initial infrastructure and facilities (including engineering and construction costs but **not** financing costs) to be built by Centennial allocated by user class. The Base Capacity Fee is collected based upon the zoning of new land brought into the HRMD adjusted for rezoning of prior inclusions, actual plat or re-plat of land within HRMD, and changes in the amount of the calculated capacity fee.

The Base Capacity Fee for MMD, by contract, includes a surcharge for necessary infrastructure to provide service solely to Mirabelle.

The Base Capacity Fee for NDC has, by contract, additional surcharges added to the above Base Capacity Fees and are payable as service is requested from Centennial. In addition to the adjusted Base Capacity Fee, option payments are required to reimburse Centennial for past carrying cost to preserve the reservation.

- **The Water Acquisition Development Fee**
Collected from new users in the Service Districts at the time the end user is actually placed in service. This fee is designed to generate revenue towards the cost of developing additional water resources to insure economically beneficial supplies in the future. The budgeted fee will remain unchanged in 2022 at \$1,480 per ¾" equivalent. Proceeds from this fee are deposited to the Water Acquisition Fund.
- **The Channel Stabilization surcharge**
Collected from new users only within HRMD, this surcharge is collected at the time the end user is actually placed in service. This fee is designed to generate revenue to cover \$4.2 million of funding for various channel stabilization projects in Highlands Ranch, primarily in the Marcy Gulch basin, that Centennial has committed to in order to protect Centennial's water storage in McLellan Reservoir from the effects of soil erosion and stormwater contamination and to protect Centennial's pipeline infrastructure from erosion induced damage. The budgeted fee is \$250, unchanged in 2022. Proceeds from this fee are deposited to the Water Acquisition Fund.

Other revenues not directly related to operations

Other operating revenues not directly related to the rate based charges include:

- Proceeds from an intergovernmental agreement with HRMD wherein the District recovers the cost of shared employees and expenses.
 - Finance and Administration department employees are employees of Centennial and therefore the 50% of the salaries and benefits paid by Centennial are shared with and revenue to the District.
 - Certain employees in Public Works, Human Resources and Community Relations are shared HRMD employees and are expenses to the District pursuant to the agreement.
- Rental of administrative office space and computer equipment to the Highlands Ranch Metropolitan District.
- Short term water leases to third parties
- Lab service charges to other water and sanitation districts for testing done by the District lab.

Net Investment Income

The District invests funds in excess of current requirements according to an investment policy approved by the Board of Directors. The projected yield for return on investments remains unchanged at 0.50%.

OUTLAYS

OPERATING EXPENSES

The Operating Fund budget accounts for operation, maintenance, and general management activities of the District.

BY COST CENTER

The budgeted expenses can be summarized by **Cost Center** as follows:

	2020 Actual	2021 Budget	2021 Projected	2022 Budget
<u>Operations Fund</u>				
<i>Operations expenses</i>				
Water operations	\$ 9,745,847	\$ 11,310,733	\$ 10,745,579	\$ 11,161,975
Wastewater operations	4,572,374	5,561,468	5,415,460	5,713,923
Technical management	4,490,129	5,308,898	4,811,689	5,191,925
General management	3,077,738	3,438,464	3,391,593	3,831,528
<i>Miscellaneous Capital / Leases</i>				
Water Leases	3,056,327	3,121,409	3,366,621	3,182,741
Direct payment	315,815	76,000	76,000	-
Capital Lease Payment	-	-	-	-
Total Operations Fund	25,258,230	28,816,972	27,806,942	29,082,092
<u>Water Acquisition Fund</u>				
Water Acquisition	1,746,853	1,810,880	1,827,673	2,723,479
Total Outlays	\$ 27,005,083	\$ 30,627,852	\$ 29,634,615	\$ 31,805,571

Water Operations

Water operations include funding for a staff of 33 Full Time Equivalents (FTE's).

The activities supported in Water Operations include the following:

- Maintenance of equipment associated with storage reservoirs including upstream erosion control.
- Costs associated with wells and ground water supply including electrical cost of pumping and operation of maintenance of the wells and appurtenant structures.
- Provides for the treatment of water from well sources to lower mineral content through filtration prior to use in the potable water system.
- Provides for the operations and maintenance associated with the pumping of water from the reservoirs to the Water Treatment Plant as well as the pumping of treated water to the distribution system.
- Provides for treatment of surface water sources at the Joseph Blake Water Treatment Plant to comply with the Safe Drinking Water Act.
- Provides for maintenance of the Joseph Blake Water Treatment Plant facilities used in the treatment of surface water supplies.
- Provides for the expense of water meters installed to provide service.
- Provides for the operations and maintenance associated with the transport of water through the distribution system including records keeping, equipment, emergency repairs, and preventative maintenance.

Wastewater Operations

Wastewater operations include funding for a staff of 25 FTE's.

The activities supported in Wastewater Operations include the following:

- Provides for the operation and maintenance of the Districts wastewater collection system including normal inspection and cleaning and emergency repairs to sewage transport facilities.
- Provides for treatment of the wastewater generated by the community to comply with the state and federal regulations prior to discharge to the South Platte River.
- Provides for preventative and major maintenance associated with the Marcy Gulch Wastewater Treatment facility necessary to preserve the capital equipment and facilities as well as to prevent any facilities down time.
- Provides for the operation and maintenance of the Willow Creek and Big Dry Sewage Lift Station facilities which are necessary to transport sewage from low lying areas to the main sewage collector system for ultimate transport to the Marcy Gulch facility for treatment.

Technical Management

Technical Management includes funding for a staff of 20.05 FTE's.

The activities supported in Technical Management include the following:

- Provides for the legal and engineering costs necessary to protect the Districts water portfolio. Includes the cost of water master planning and other non-capital development costs.
- Provides central direction, coordination and supervision of the Districts water and wastewater facilities including: wastewater collection, wastewater treatment, sludge management, water treatment, and distribution.
- Performs laboratory testing to assure compliance with the Safe Drinking Water Act and the Discharge Permits for the water and wastewater systems; quality control evaluation, and process control testing; assists operational staff in the proper operation of the treatment facilities; completes special projects to evaluate the effectiveness and efficiency of operating practices.
- Administers and facilitates the construction and operation of the facilities belonging to Centennial.
- Provides for operational costs and maintenance of the vehicles associated with District operation and maintenance functions.

General Management

General Management includes funding for a staff of 16.90 FTE's.

The activities supported by General Management include the following:

- Costs associated with the Board of Directors which serves as the District's legislative body adopts policies and resolutions that govern the direction and priorities of the community in a public forum.
- The expenses related to the office of the manager which implements policies set by the Board of Directors; manages the overall operation of the District and advises the Board of Directors of administrative matters and policy issues.

- Provides centralized recruitment, selection, and organizational development services to all departments; maintains personnel files and classifications and compensation system for District employees; coordinates the District's employee benefit programs.
- Provides for HRMD as well as Centennial centralized accounting; financial reporting and purchasing; provides periodic budget comparisons; coordinates vendor payments and payroll; responsible for coordinating independent audits. Provides investment portfolio and debt management; prepares the annual budget and supplemental appropriations; provides research and analysis of various programs; prepares long range financial forecast; is responsible for the risk management activities of the District.
- Provides for the data processing and other administrative computer system needs of the District.
- Provides for customer billing and response to customer inquiries.
- Provides centralized purchasing of office supplies; coordinates the management and development of District information and communications systems.
- Provides for maintenance of the District's Administration Building.
- Provides for the insurance necessary for risk management.

Water Leases

Provides for the annual purchase of surface water pursuant to various agreements for treatment at the Joseph Blake Water Treatment Plant.

Direct Payment / Capital Lease Payment

Purchases of miscellaneous capital items are typically done through one-time purchases. Depending on market conditions at the time, certain miscellaneous capital items (personal property - primarily vehicles) may be financed through lease/purchase agreements. The District has no current lease/purchase agreements covering real property.

BY OBJECT OF EXPENDITURE

The Operating expense budget can also be summarized by major classification of Object of Expenditure as follows:

	2021 Budget	2021 Projected	2022 Budget	2022 Budget compared to	
				2021 Budget % Inc/(Dec)	2021 Projected % Inc/(Dec)
Personnel	\$ 10,044,467	\$ 9,821,237	\$ 10,435,789	3.9%	6.3%
Material and supplies	2,749,850	2,641,350	2,730,930	-0.7%	3.4%
Fuel and chemical products	2,457,679	2,416,179	2,514,505	2.3%	4.1%
Purchased services	5,629,287	5,043,209	5,764,076	2.4%	14.3%
Utilities	3,515,800	3,600,746	3,588,551	2.1%	-0.3%
Contractual obligations (w/contingency)	3,989,009	4,184,221	4,048,241	1.5%	-3.2%
Subtotal - Operating Fund	28,386,092	27,706,942	29,082,092	2.5%	5.0%
Water Acquisition Fund - contracted services	1,810,880	1,827,673	2,723,479	50.4%	49.0%
Total	\$ 30,196,972	\$ 29,534,615	\$ 31,805,571	5.3%	7.7%

The type of costs charged to each Object of Expenditure include:

Personnel

Expenditures directly related to the District employee's such as wages, benefits, temporary wages, training, uniforms, and overtime.

Materials and Supplies

Expenditures relating to supplies purchased by the District including meters, repair parts, safety equipment, and general operating supplies.

Fuel and Chemical Products

Purchase of fuel for the District's fleet and water treatment chemicals.

Purchased Services

A wide variety of services acquired by the District in the normal course of business including printing and copying, memberships, equipment rental, repair services, licenses, postage, and conferences.

Miscellaneous Capital

Expenditures for capital assets with a value in excess of \$5,000 and a life expectancy of greater than two years. In general, these outlays are for nonstructural items that are used to directly assist with the day to day operations. Examples of items that are funded in this manner are vehicles, contractor equipment and other small equipment. The anticipated expenditures for 2022 are detailed on the Miscellaneous Capital Schedule.

Utilities

Payments for electricity, water and sewer, and natural gas. The biggest component is the electrical charges.

DEBT SERVICE

Capital improvements have been funded, based on required timing of improvements and bond market financing rates, from a combination of:

- Cash payments available from the Reserve Capacity payment
- Tax-exempt revenue obligation debt issued

In 2015 the Board authorized additional debt in order to fund the Chatfield Reallocation Project. The Colorado Water Conservation Board (“CWCB”) approved three loan contracts with the District in the maximum amount of \$44,000,000. The loans are similar to construction loans and proceeds will be disbursed to match the phased funding of the project. The contracts require that the District contribute at least 10 percent of the project cost which for the purpose of the CWCB loan approval is estimated at \$48,888,000. All three loan contracts closed on October 15, 2015. The District’s 10 percent match was deposited into an escrow account at the time of closing. Draws began in July of 2016. Based on revised cost estimate received in October 2017 the District increased the loan amount in 2018 by \$9.2 million.

The District issued Revenue Bonds in January 2020 to fund improvements at the wastewater treatment plant. The amount of the issuance was \$75,000,000.

The debt, described in more detail in a later section of the Budget, can be summarized as follows:

	2021 Projected	2022 Budget	2023 Projected
Interest	\$ 3,664,000	\$ 3,533,300	\$ 3,533,300
Principal payments (scheduled)	6,360,000	6,845,487	6,620,000
CWCB estimated loan payments	1,916,983	2,378,343	2,728,830
	<u>\$ 11,940,983</u>	<u>\$ 12,757,130</u>	<u>\$ 12,882,130</u>

On November 3, 1992, a majority of the qualified electors of the District authorized the issuance of general obligation debt in an amount not to exceed \$280,000,000 in General Obligation (GO) debt. On November 5, 2020 a majority of the qualified electors of the District eliminated the existing authority to issue GO debt and impose a property tax mill levy.

CAPITAL PROJECTS and MAJOR REPAIR

(Facility Plan and Capital Improvement Plan related, Channel Stabilization, Water acquisition and Reserve)

A Capital Improvement Project is a project to acquire or construct an asset generally with a value exceeding \$25,000 and an expected life of ten years or more.

Appropriations for Capital Improvements are made throughout the year based upon the actual projects required and the bids received for construction. Capital project appropriations continue in effect for the life of the project. It is characteristic that these projects span several years due to the scope of work being done. These capital improvement projects may include:

- projects identified in the Districts long-range Facility Plan
- reimbursements to HRMD for Channel Stabilization projects
- major repairs
- water acquisition and development

Major 2022 projects identified include:

- Wastewater Treatment Plant improvements to meet Regulation 85 nutrient requirements began in 2019 and work will continue through 2022.
- Ongoing repair and replacement of major equipment and infrastructure as needed.
- Water Treatment Plant pre-treatment modifications

The new appropriations during the year for water and wastewater projects are combined with any carry-forward unexpended appropriations from prior year's net of appropriations which are subsequently rescinded due to the completion of a project to provide the net available authorization for capital expenses. To the extent that the District does not expend this authorized amount during 2021, the unexpended amount will be carried forward to 2022 and will be added to the 2022 appropriations to calculate the authorized expenses. The schedule below shows the anticipated appropriation status for various water and wastewater projects in 2021 through 2022.

	Capital	Water	Water Acquisition	
	Major Repair	Acquisition	Fund	Chatfield Escrow
Carried forward from 2020	\$ 40,565,805	\$ 5,225,045		
Net appropriations anticipated	11,519,226	17,000		
Less carried forward to 2021	(24,000,000)			
2021 Outlay	\$ 28,085,031	\$ 5,242,045	\$ -	\$ -
Carried forward from 2021	24,000,000	-	-	-
Net appropriations anticipated	29,915,000	1,205,420	1,205,420	-
Less carried forward to 2022	(25,000,000)		-	-
2022 Outlay	\$ 28,915,000	\$ 1,205,420	\$ 1,205,420	\$ -
Carried forward from 2022	25,000,000	-	-	-
Net appropriations anticipated	-	-	-	-
Less carried forward to 2023	-	-	-	-
2023 Outlay	\$ 25,000,000	\$ -	\$ -	\$ -

NON-RECURRING

Non-recurring expenditures are those that are unique to a given year and therefore cannot be readily compared to other year's expenditures when evaluating budget programs. Often times, as in the case of the refunding of outstanding bonds, funding of these expenditures comes from proceeds of the new bonds issued. Those non-recurring expenditures will be treated differently for financial statement presentation purposes (i.e. compliance with generally accepted accounting principals') than budgetary presentation.

A non-recurring expenditure that may be specifically identified in the budget is the Water Transfer Agreement payment to Shea Homes, the primary developer of Highlands Ranch. This payment is required pursuant to an agreement with Shea Homes, wherein wells and other water supplies were given to the District in exchange for a specific payment amount to Shea for taps sold by the District to properties identified in the agreement and primarily composed of properties in NDC. The agreement incorporates an escalation provision every five years which was last escalated in 2018. The next increase will be effective January 1, 2023.

OPERATING TRANSFERS and FUND BALANCE POLICIES

Although the District’s financial statements are presented as an enterprise fund, for budgeting purposes the District has created numerous funds that mirror the intent of such funds as found in general governmental accounting. To assist with the funding, the Board has established various policies relating to target fund balances. In order to meet these policies, the Board authorizes transfer of resources between the various funds which have been established for budgetary purposes. The primary fund balance policies, the types of transfers and the priority of said transfers are anticipated in the 2021 and 2022 budgets as follows:

Operations Working Capital

The Board has established a target equal to 50% of the next years estimated operating expenditures. This target provides adequate working capital in case of unusual revenue patterns, economic or natural distress.

Operations to Debt Service

In order to ensure that the District complies with the various ratios required by Bond Covenants the District has chosen to maintain an ending fund balance equal to the **100% of the next years’ debt requirement**. After taking into consideration any other directly related available sources of funding, the Operations Fund will transfer funds to the Debt Service Fund to reach the targeted amount.

The rate structure is designed so that the Water Service Availability Charge and the fixed wastewater charge collected in the Operations Fund is the primary source of the funding to make this transfer. The following table summarizes the projected transfer required and the target ending fund balance:

*Target ending fund balance does not include payments of principal and interest funded by Water Acquisition.

Operations to (from) -in priority order- either Reserve or Financial Assurance

To the extent that the ending balance in the Operating Fund exceeds the working capital requirement and the Debt Service transfer, excess funds up to \$3,800,000 will be transferred first to the Reserve then to the Financial Assurance Funds. Projected 2021 and 2022 transfers from the Operating Fund are as follows:

	2021 Projected	2022 Budget
Operations Transfers of rate income to/(from):		
Major Repair Fund	\$ 3,800,000	\$ 3,800,000
Financial Assurance Fund	(500,000)	-
Total	<u>\$ 3,300,000</u>	<u>\$ 3,800,000</u>

Capital to Water Acquisition

The 2022 budget does not include a transfer from the Capital Fund to the Water Acquisition Fund for the Chatfield Reallocation Project.

CENTENNIAL WATER AND SANITATION DISTRICT
ALL FUNDS
2020-2022

	2022										
	2020 Actual	2021 Budget	2021 Projected	Operations	Operating Funds		Restricted Funds		Debt Service	Capital Major Repair	Budget
					Financial Assurance	Water Acquisition	Debt Service	Capital Major Repair			
REVENUES & OTHER RECEIPTS											
Operating revenues	\$ 31,913,421	\$ 30,062,880	\$ 28,693,165	\$ 26,926,400	\$ -	\$ 4,300,000	\$ -	\$ -	\$ -	\$ -	\$ 31,226,400
Water utilization charges	12,033,862	13,400,000	12,615,000	13,787,000	-	-	-	-	-	-	13,787,000
Wastewater utilization charges	931,707	942,290	472,180	555,290	-	-	-	-	-	-	555,290
Other operating	-	594,350	537,570	594,350	-	-	-	-	-	-	594,350
Intergovernmental/Fund reimbursement	286,055	249,100	265,500	249,100	-	-	-	-	-	-	249,100
Rental income	45,165,045	45,248,620	42,583,415	42,112,140	-	4,300,000	-	-	-	-	46,412,140
Nonoperating and other receipts											
Miscellaneous	103,158	25,000	55,435	25,000	-	-	-	-	-	-	25,000
Bond/Loan proceeds	10,304,455	-	-	-	-	-	-	-	-	-	-
Contributed Capital	3,284,998	4,381,383	4,422,263	-	-	706,790	-	668,602	5,180,868	-	6,556,261
Net investment income	3,542,514	472,000	1,239,000	503,000	-	-	-	-	-	-	503,000
Total Revenues & Other Receipts	62,400,170	50,127,003	48,300,113	42,640,140	-	5,006,790	-	668,602	5,180,868	-	53,496,401
OUTLAYS											
Operating expenses											
Water operations	11,492,700	11,310,733	11,175,459	11,161,975	-	774,779	-	-	-	-	11,936,754
Wastewater operations	4,572,374	5,561,468	5,415,460	5,713,923	-	-	-	-	-	-	5,713,923
Technical management	4,490,129	5,308,898	4,811,689	5,191,925	-	-	-	-	-	-	5,191,925
General management	3,077,738	3,438,464	3,391,593	3,831,528	-	-	-	-	-	-	3,831,528
Miscellaneous Capital/Leases	23,632,941	25,619,563	24,794,201	25,899,351	-	774,779	-	-	-	-	26,674,130
Water leases	3,056,327	4,501,409	4,764,414	3,182,741	-	1,948,700	-	-	-	-	5,131,441
Misc. Capital	315,815	882,000	800,000	-	-	-	-	-	740,000	-	740,000
Capital lease payments											
Debt Related	27,005,083	31,002,972	30,338,615	29,082,092	-	2,723,479	-	-	740,000	-	32,545,571
Interest	5,251,829	4,767,600	4,767,518	-	-	-	-	5,073,774	-	-	5,073,774
Principal	7,024,772	7,173,465	7,173,465	-	-	-	-	7,683,356	-	-	7,683,356
Capital outlay	12,276,600	11,941,065	11,940,983	-	-	-	-	12,757,130	-	-	12,757,130
Capital projects and related items	40,442,332	51,304,536	27,378,030	-	-	1,205,420	-	-	28,175,000	-	29,380,420
Nonrecurring	40,442,332	51,304,536	27,378,030	-	-	1,205,420	-	-	28,175,000	-	29,380,420
Bond issuance expenditures	-	-	-	-	-	-	-	-	-	-	-
Transfer to Escrow	-	-	-	-	-	-	-	-	-	-	-
Water transfer agreement payment	-	-	-	-	-	-	-	-	-	-	-
Total Outlays	79,724,015	94,248,573	69,677,629	29,082,092	-	3,928,899	-	12,757,130	28,915,000	-	74,683,121
OPERATING TRANSFERS											
Operations from (to) Debt Service Fund	-	-	-	(9,400,000)	-	-	-	9,400,000	-	-	-
Operations from (to) Major Repair Fund	-	-	-	(3,800,000)	-	-	-	-	3,800,000	-	-
Financial Assurance Fund from (to) Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-
Water Acquisition Fund from (to) Debt Service Fund	-	-	-	-	-	(2,378,343)	-	2,378,343	-	-	-
Financial Assurance Fund from (to) Major Repair Fund	-	-	-	(13,200,000)	-	(3,000,000)	-	-	3,000,000	-	-
NET RECEIPTS (OUTLAY) OF FUNDS AND OPERATING TRANSFERS	(17,323,846)	(44,121,570)	(21,377,515)	358,048	(3,000,000)	(1,300,452)	(310,184)	(16,934,132)	51,608,462	(21,186,720)	110,042,476
FUNDS AVAILABLE - BEGINNING	148,743,836	115,369,267	131,419,992	14,829,735	18,194,664	13,254,951	12,154,664	12,154,664	51,608,462	110,042,476	-
FUNDS AVAILABLE - ENDING	\$ 131,419,990	\$ 71,247,697	\$ 110,042,477	\$ 15,187,783	\$ 15,194,664	\$ 11,954,499	\$ 1,844,480	\$ 34,674,330	\$ 88,855,756	\$ -	\$ -

CENTENNIAL WATER AND SANITATION DISTRICT
REVISED - ALL FUNDS

	2021										Variance	
	2021 Budget	Operating Funds			Restricted Funds			Projected Actuals	Capital Projects	Debt Service		
		Operations	Financial Assurance	Major Repair	Water Acquisition	Debt Service	Capital Projects					
REVENUES & OTHER RECEIPTS												
Operating revenues	\$ 30,062,880	\$ 24,814,615	\$ -	\$ 3,878,550	\$ -	\$ -	\$ -	\$ 28,693,165	\$ -	\$ -	\$ -	\$ (1,369,715)
Water utilization charges	13,400,000	12,615,000	-	-	-	-	-	12,615,000	-	-	-	(785,000)
Wastewater utilization charges	942,290	472,180	-	-	-	-	-	472,180	-	-	-	(470,110)
Other operating	594,350	537,570	-	-	-	-	-	537,570	-	-	-	(56,780)
Intergovernmental/Fund reimbursement	249,100	265,500	-	-	-	-	-	265,500	-	-	-	16,400
Rental income	45,248,620	38,704,865	-	3,878,550	-	-	-	42,583,415	-	-	-	(2,665,205)
Nonoperating and other receipts	25,000	55,435	-	-	-	-	-	55,435	-	-	-	30,435
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Lease Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Bond proceeds	4,381,383	-	1,069,781	621,440	-	-	-	4,422,263	2,090,564	-	-	40,880
Contributed Capital	472,000	1,239,000	-	-	-	-	-	1,239,000	-	-	-	767,000
Net investment income	50,127,003	39,999,300	1,069,781	4,499,990	640,478	2,090,564	48,300,113	(1,826,890)	-	-	-	-
TOTAL REVENUES & OTHER RECEIPTS												
OUTLAYS												
Operating Expenses	11,310,733	10,745,579	-	429,880	-	-	-	11,175,459	-	-	-	135,274
Water operations	5,561,468	5,415,460	-	-	-	-	-	5,415,460	-	-	-	146,008
Wastewater operations	5,308,898	4,811,689	-	-	-	-	-	4,811,689	-	-	-	497,209
Technical management	3,438,464	3,391,593	-	-	-	-	-	3,391,593	-	-	-	46,871
General management	25,619,563	24,364,321	-	429,880	-	-	-	24,794,201	-	-	-	825,362
Miscellaneous Capital/Leases	4,501,409	3,366,621	-	1,397,793	-	-	-	4,764,414	-	-	-	(263,005)
Water Leases	882,000	76,000	724,000	-	-	-	-	800,000	-	-	-	82,000
Capital related items	31,002,972	27,806,942	-	724,000	1,827,673	-	-	30,358,615	-	-	-	(181,005)
Capital Lease Payments	4,767,600	-	-	-	-	-	-	4,767,518	-	-	-	82
Interest	7,173,465	-	-	-	-	-	-	7,173,465	-	-	-	0
Principal	11,941,065	-	-	-	-	-	-	11,940,983	-	-	-	82
Total debt related												
Nonrecurring	-	-	-	-	-	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Refunding Escrow	-	-	-	-	-	-	-	-	-	-	-	-
Water transfer agreement payment	-	-	-	-	-	-	-	-	-	-	-	-
Total nonrecurring												
Capital outlay	51,304,536	3,975,932	17,000	17,000	-	-	-	27,378,030	23,383,099	-	-	23,926,506
TOTAL OUTLAYS	94,248,573	27,806,942	4,699,932	1,844,673	11,940,983	23,383,099	69,677,629	24,570,944	-	-	-	-
OPERATING TRANSFERS												
Operations from (to) Debt Service Fund	-	(8,500,000)	-	-	-	-	-	-	8,500,000	-	-	-
Operations from (to) Major Repair Fund	-	(3,800,000)	-	-	-	-	-	-	-	-	-	-
Operations from (to) Water Acquisition Fund	-	-	3,800,000	-	-	-	-	-	-	-	-	-
Operations from (to) Financial Assurance Fund	-	500,000	(500,000)	-	-	-	-	-	-	-	-	-
Operations from (to) Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assurance Fund from (to) Water Acquisition Fund	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assurance Fund from (to) Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-
Major Repair Fund from (to) Capital Projects Fund	-	-	29,759,619	-	-	-	-	(29,759,619)	-	-	-	-
Water Acquisition Fund from (to) Major Repair Fund	-	-	-	-	-	-	-	-	-	-	-	-
Water Acquisition Fund from (to) Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	-	-
Water Acquisition Fund from (to) Debt Service Fund	-	-	-	(1,916,983)	1,916,983	-	-	-	-	-	-	-
Debt Service Fund from (to) Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	-	-
NET RECEIPTS/(OUTLAY) OF FUNDS												
AND OPERATING TRANSFERS	(44,121,570)	392,358	29,929,468	738,334	(883,322)	(51,054,154)	(21,377,516)	22,744,054	-	-	-	-
FUNDS AVAILABLE - BEGINNING	115,369,267	14,437,377	18,694,664	12,516,617	13,038,186	51,054,154	131,419,992	16,050,725	-	-	-	-
Restricted												
FUNDS AVAILABLE - ENDING	71,247,697	14,829,735	18,194,664	13,254,951	12,154,864	0	110,042,476	38,794,779	-	-	-	-

CENTENNIAL WATER AND SANITATION DISTRICT
OPERATIONS
2021-2023

	2020 Actual	2021 Budget	2021 Projected	2022 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Operating revenues				
Water utilization charges	\$ 27,693,054	\$ 25,962,880	\$ 24,814,615	\$ 26,926,400
Wastewater utilization charges	12,033,862	13,400,000	12,615,000	13,787,000
Other operating	931,707	942,290	472,180	555,290
Intergovernmental/fund reimbursment	-	594,350	537,570	594,350
Rental income	286,055	249,100	265,500	249,100
<i>Total operating revenues</i>	<u>40,944,678</u>	<u>41,148,620</u>	<u>38,704,865</u>	<u>42,112,140</u>
Other revenues				
Gain (loss)	1,288	10,000	23,435	10,000
Lease Proceeds	-	-	-	-
Miscellaneous	-	15,000	32,000	15,000
Net investment income	2,935,076	472,000	1,239,000	503,000
<i>TOTAL REVENUES & OTHER RECEIPTS</i>	<u>43,881,042</u>	<u>41,645,620</u>	<u>39,999,300</u>	<u>42,640,140</u>
<i>OUTLAYS</i>				
Operations expense				
Water operations	9,745,847	11,310,733	10,745,579	11,161,975
Wastewater operations	4,572,374	5,561,468	5,415,460	5,713,923
Technical management	4,490,129	5,308,898	4,811,689	5,191,925
General management	3,077,738	3,438,464	3,391,593	3,831,528
<i>Total operations expense</i>	<u>21,886,088</u>	<u>25,619,563</u>	<u>24,364,321</u>	<u>25,899,351</u>
Miscellaneous Capital and Leases				
Water Leases	3,056,327	3,121,409	3,366,621	3,182,741
Direct payments	315,815	76,000	76,000	-
Capital Lease Payments	-	-	-	-
<i>TOTAL OUTLAYS</i>	<u>25,258,230</u>	<u>28,816,972</u>	<u>27,806,942</u>	<u>29,082,092</u>
<i>OPERATING TRANSFERS</i>				
From (to) Debt Service Fund	(11,100,000)	(9,300,000)	(8,500,000)	(9,400,000)
From (to) Major Repair Fund	(2,900,000)	(3,800,000)	(3,800,000)	(3,800,000)
From (to) Water Acquisition & Protection Fund	-	-	-	-
From (to) Financial Assurance Fund	(4,000,000)	-	500,000	-
From (to) Capital Projects Fund	-	-	-	-
<i>TOTAL OPERATING TRANSFERS</i>	<u>(18,000,000)</u>	<u>(13,100,000)</u>	<u>(11,800,000)</u>	<u>(13,200,000)</u>
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>				
	622,812	159,528	392,358	358,048
<i>FUNDS AVAILABLE - BEGINNING</i>				
	13,814,565	13,802,368	14,437,377	14,829,735
<i>FUNDS AVAILABLE - ENDING</i>				
	<u>\$ 14,437,377</u>	<u>\$ 13,961,896</u>	<u>\$ 14,829,735</u>	<u>\$ 15,187,783</u>

CENTENNIAL WATER AND SANITATION DISTRICT
CAPITAL AND MAJOR REPAIR
2020-2022

	2020 Actual	2021 Adopted	2021 Projected	2022 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Contributed capital	-	900,000	1,069,781	5,180,868
Other/Miscellaneous	101,870	-	-	-
<i>TOTAL REVENUES & OTHER RECEIPTS</i>	<u>101,870</u>	<u>900,000</u>	<u>1,069,781</u>	<u>5,180,868</u>
<i>OUTLAYS</i>				
Capital outlay	1,339,552	16,800,536	2,906,151	26,575,000
Well redrills	-	-	-	1,500,000
Miscellaneous Capital	779,139	806,000	724,000	740,000
In-tract Replacement	-	900,000	1,069,781	100,000
<i>TOTAL OUTLAYS</i>	<u>2,118,691</u>	<u>18,506,536</u>	<u>4,699,932</u>	<u>28,915,000</u>
<i>OPERATING TRANSFERS</i>				
From (to) Operations Fund	2,900,000	3,800,000	3,800,000	3,800,000
From (to) Financial Assurance Fund	-	3,000,000	-	3,000,000
From (to) Water Acquisition & Protection Fund	-	-	-	-
From (to) Capital Projects Fund	-	-	29,759,619	-
<i>TOTAL OPERATING TRANSFERS</i>	<u>2,900,000</u>	<u>6,800,000</u>	<u>33,559,619</u>	<u>6,800,000</u>
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>	883,179	(10,806,536)	29,929,468	(16,934,132)
<i>FUNDS AVAILABLE - BEGINNING</i>	20,795,816	19,483,375	21,678,994	51,608,462
<i>FUNDS AVAILABLE - ENDING</i>	<u>\$ 21,678,994</u>	<u>\$ 8,676,839</u>	<u>\$ 51,608,462</u>	<u>\$ 34,674,330</u>

CENTENNIAL WATER AND SANITATION DISTRICT
WATER ACQUISITION and PROTECTION
2021-2023

	2020 Actual	2021 Budget	2021 Projected	2022 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Water utilization charges				
Rate allocation	\$ 4,220,367	\$ 3,848,000	\$ 3,626,550	\$ 4,048,000
NDC Surcharge	-	252,000	252,000	252,000
Contributed Capital				
Water Acquisition	839,160	671,920	559,440	663,040
Channel Stabilization	125,750	56,250	62,000	43,750
Loan Proceeds	10,304,455	-	-	-
Other	-	-	-	-
Net investment income	41	-	-	-
<i>TOTAL REVENUES & OTHER RECEIPTS</i>	<u>15,489,773</u>	<u>4,828,170</u>	<u>4,499,990</u>	<u>5,006,790</u>
<i>OUTLAYS</i>				
Operations				
WISE	1,331,533	1,534,000	1,550,793	2,169,719
Chatfield Reallocation	415,320	276,880	276,880	553,760
Water Conservation Grants	-	-	-	-
Capital outlay				
Water Acquisition Projects	14,289,985	243,000	17,000	1,205,420
Water Rights	-	-	-	-
Nonrecurring				
Bond issuance costs	-	-	-	-
Transfer to Escrow	-	-	-	-
<i>TOTAL OUTLAYS</i>	<u>16,036,838</u>	<u>2,053,880</u>	<u>1,844,673</u>	<u>3,928,899</u>
<i>OPERATING TRANSFERS</i>				
From (to) Debt Service	(4,172,113)	(1,917,065)	(1,916,983)	(2,378,343)
<i>TOTAL OPERATING TRANSFERS</i>	<u>(4,172,113)</u>	<u>(1,917,065)</u>	<u>(1,916,983)</u>	<u>(2,378,343)</u>
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>				
	(4,719,178)	857,225	738,334	(1,300,452)
<i>FUNDS AVAILABLE - BEGINNING</i>				
	17,235,795	12,047,956	12,516,617	13,254,951
Restricted for WISE Operational Reserve			-	-
<i>FUNDS AVAILABLE - ENDING</i>	<u>\$ 12,516,617</u>	<u>\$ 12,905,181</u>	<u>\$ 13,254,951</u>	<u>\$ 11,954,499</u>

CENTENNIAL WATER AND SANITATION DISTRICT
WATER ACQUISITION and PROTECTION
2021-2023

	2020 Actual	2021 Budget	2021 Projected	2022
OPERATIONS				
WISE (45-615-40)				
SMWiseA	50,000	95,000	95,000	95,000
Program management		-		
Infrastructure O&M	53,103	59,000	58,000	126,019
Minimum based on take or pay	1,228,430	1,380,000	1,397,793	1,948,700
Operational reserves		-	-	-
Total WISE	1,331,533	1,534,000	1,550,793	2,169,719
CHATFIELD (45-615-50)				
CRMC management	415,320	276,880	276,880	553,760
Operations		-	-	-
Total Chatfield	415,320	276,880	276,880	553,760
GRAND TOTAL	1,746,853	1,810,880	1,827,673	2,723,479

CENTENNIAL WATER AND SANITATION DISTRICT
DEBT SERVICE
2020-2022

	2020 Actual	2021 Adopted	2021 Projected	2022 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Contributed Capital	\$ 554,234	\$ 790,249	\$ 640,478	\$ 668,602
Bond proceeds	-	-	-	-
Other	-	-	-	-
Investment Income	1,173	-	-	-
<i>TOTAL REVENUES & OTHER RECEIPTS</i>	<u>555,407</u>	<u>790,249</u>	<u>640,478</u>	<u>668,602</u>
<i>OUTLAYS</i>				
Debt Related				
Principal	6,235,000	6,360,000	6,360,000	6,845,487
Principal (water acquisition funded)	789,772	813,465	813,465	837,869
Interest - (actual payments)	4,275,166	3,664,000	3,664,000	3,533,300
Interest - (water acquisition funded)	976,662	1,103,600	1,103,518	1,540,474
<i>Total debt related</i>	<u>12,276,600</u>	<u>11,941,065</u>	<u>11,940,983</u>	<u>12,757,130</u>
Nonrecurring				
Bond issuance expenditures	-	-	-	-
Transfer to Refunding Escrow	-	-	-	-
<i>Total nonrecurring</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>TOTAL OUTLAYS</i>	<u>12,276,600</u>	<u>11,941,065</u>	<u>11,940,983</u>	<u>12,757,130</u>
<i>OPERATING TRANSFERS</i>				
From (to) Operations	11,100,000	9,300,000	8,500,000	9,400,000
From (to) Debt Service	-	-	-	-
From (to) Water Acquisition & Protection	4,172,113	1,917,065	1,916,983	2,378,343
From (to) Financial Assurance Fund	-	-	-	-
<i>TOTAL OPERATING TRANSFERS</i>	<u>15,272,113</u>	<u>11,217,065</u>	<u>10,416,983</u>	<u>11,778,343</u>
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>	3,550,920	66,249	(883,522)	(310,184)
<i>FUNDS AVAILABLE - BEGINNING</i>	9,487,265	11,055,221	13,038,186	12,154,664
<i>FUNDS AVAILABLE - ENDING</i>	<u>\$ 13,038,186</u>	<u>\$ 11,121,470</u>	<u>\$ 12,154,664</u>	<u>\$ 11,844,480</u>

CENTENNIAL WATER AND SANITATION DISTRICT
CAPITAL PROJECTS
2020-2022

	2020 Actual	2021 Adopted	2021 Projected	2022 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Contributed Capital	\$ 1,765,854	\$ 1,962,964	\$ 2,090,564	
Bond proceeds	-	-	-	-
Net Investment Income	606,224	-	-	-
<i>TOTAL REVENUES & OTHER RECEIPTS</i>	<u>2,372,078</u>	<u>1,962,964</u>	<u>2,090,564</u>	<u>-</u>
<i>OUTLAYS</i>				
Capital outlay				
Capital Improvements	24,033,656	33,361,000	23,385,099	
Mirabelle Metro District		-	-	-
Nonrecurring				
Bond issuance expenditures	-	-	-	-
Water transfer agreement payment	-	-	-	-
<i>TOTAL OUTLAYS</i>	<u>24,033,656</u>	<u>33,361,000</u>	<u>23,385,099</u>	<u>-</u>
<i>OPERATING TRANSFERS</i>				
From (to) Operations	-	-	-	-
From (to) Financial Assurance Fund	-	-	-	-
From (to) Major Repair	-	-	(29,759,619)	-
From (to) Water Acquisition & Protection	-	-	-	-
<i>TOTAL OPERATING TRANSFERS</i>	<u>-</u>	<u>-</u>	<u>(29,759,619)</u>	<u>-</u>
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>	(21,661,578)	(31,398,036)	(51,054,154)	-
<i>FUNDS AVAILABLE - BEGINNING</i>	72,715,732	43,685,684	51,054,154	0
<i>FUNDS AVAILABLE - ENDING</i>	<u>\$ 51,054,154</u>	<u>\$ 12,287,648</u>	<u>\$ 0</u>	<u>\$ 0</u>

KEY ECONOMIC ASSUMPTIONS

Absorption:

The following are the absorption assumptions that impact the various revenue sources of the District:

	As of 12/31/20	2021 Budget	2021 Projected	2022 Budget
Highlands Ranch Metro District				
Single Family	29143	115	75	50
Multi Family	8045	125	154	125
Commercial oriented development				
Commercial and Industrial 3/4" equiv.	2922	0	18	0
Irrigation only 3/4" equiv.	1530	0	1	0
Metro irrigation 3/4" equivalents	1369	0	0	0
Mirabelle Metropolitan District				
Single Family	64	100	110	125
Commercial and Industrial 3/4" equiv.	0	0	0	0
Irrigation only 3/4" equiv.	0	0	0	0
Metro irrigation 3/4" equivalents	84	0	0	0
Northern Douglas County 3/4" equiv.				
Single Family	1532	0	16	16
Multi Family	216	0	0	0
C and I 3/4" equiv.w/ GW fee	181	0	4	0
C and I 3/4" equiv.w/oGW fee	4	0	0	0
Irrigation only w/ Groundwater fee	101	0	0	8
Irrigation only w/o Groundwater fee	6	0	0	0

Investment Earnings:

The various fund balances are reinvested pursuant to an investment policy managed by a third-party management firm. Investment earnings on accumulated cash balances in the District's treasury (net of management fees) are estimated, based on five-year averages of appropriate indices, to be:

	2021 Budget	2021 Projected	2022 Budget
Assumed interest rates on investments	0.50%	0.50%	0.50%

Changes in Personnel:

The 2022 budget includes the following assumptions for personnel expenditures:

1. The 2022 compensation budget is based on a formula consistent with the results of the Wage Compensation Policy adopted by the Board. The formula includes an adjustment to the range structure, merit pay based on performance and an adjustment to market conditions based on information supplied to the Board. Employers Council data is used to estimate the structure adjustment of 0.9% for 2022 and the existing performance matrix based on the employee census would estimate an increase for performance of 2.0%. For 2022, the Board has elected to authorize the average salary increase to 3.5%.
2. The benefits program, which is reflected in the cost of payroll expenses, includes the following:
 - Health (medical/dental/vision) insurance – In 2022 the District will provide employees a choice between PPO, EPO and Kaiser plan. The budget identifies no cost sharing for the employee coverage and 25% contribution to the family portion of the monthly premiums.
 - Retirement Plan contributions – the defined contribution plan will be funded from 6.2% matching contributions from both the District and the employee. Since this plan is intended to be a replacement for social security, the plan has been changed to limit the maximum contribution at the social security maximum taxable earnings level each year.
 - Employees who participate in the 457 Plan are eligible for a matching contribution up to 6%. For purposes of the budget, it is assumed that all employees that currently participate in this program will continue to do so in 2022. In 2022, the matching structure increased to 100% on the first 3% of employee contribution and 50% on employee contribution of 4% up to 6%.

- Medicare portion of FICA - is estimated to continue at 1.45% of salary for those employees who are members of the pension plan. For the temporary or part time employees not eligible for the plan, the full FICA contribution of 7.65% will be made.
- Life/Disability insurance - Is estimated to be .14% and .52% of eligible wages respectively.
- Unemployment taxes - it is anticipated that the unemployment taxes mandated for all governmental units will remain at .20% of wages.
- The cost for Workers Compensation is anticipated to increase 10% based on a 5% rate increase and an increase in the experience modification.

Based on the above, the 2022 payroll costs are estimated to be 32.4% of regular wages as compared to 31.8% in 2021.

FLOW OF FUNDS

The District provides two distinct types of services to its customers:

- delivery of treated water and
- removal and treatment of wastewater.

The District coordinates and budgets for the common activities between the two functions in order to maximize operational efficiency.

Included as operation costs are:

- The operation and maintenance of the water and wastewater treatment plants.
- The maintenance of the water distribution and transmission systems and the wastewater transmission and collection systems.
- The cost of general management and administration necessary to manage day to day operations.

Sources of funds to make the above expenditures include:

- Revenue from rate income. The rates are established by the Board of Directors and, together with investment earnings and accumulated reserves, are sufficient to meet the first three costs identified above. The rate income is collected from the Highlands Ranch Metropolitan District and the Northern Douglas County Water and Sanitation District who are responsible for in turn collecting sufficient revenue from their customers to remit the proper revenues.
- Investment Earnings. The District policy provides for maximum flexibility in the use of earnings from investments by transferring all investment income to the operations fund.

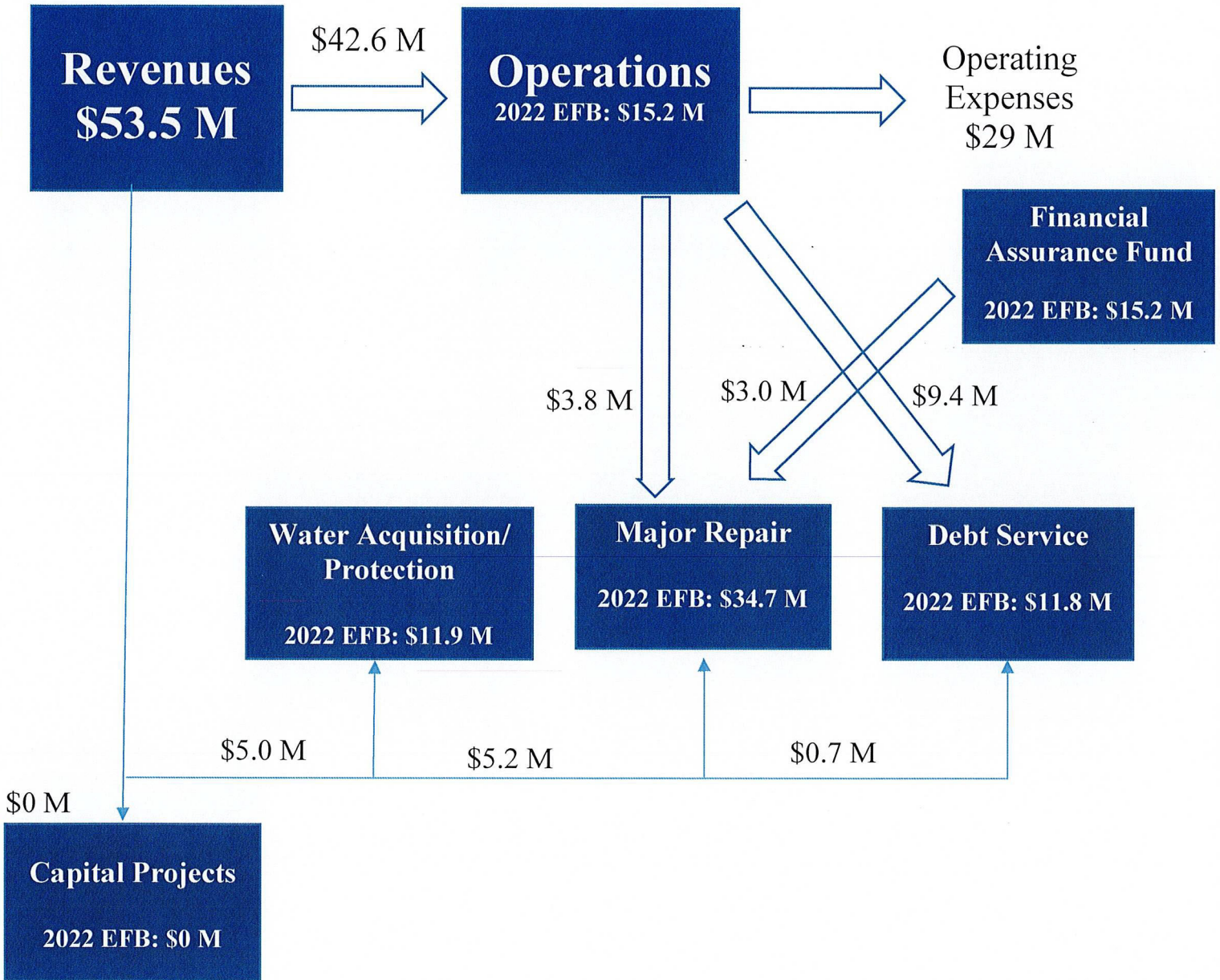
In addition, the District incurs:

- Expense for constructing the water and wastewater systems including treatment plants and the necessary infrastructure to distribute treated water and collect wastewater.
- The interest expense on the outstanding debt which was used to raise capital to pay for construction of the water and wastewater systems.

These expenditures are financed by:

- Contributed Capital
 - a) Base Reserve Capacity payment equal to the capacity fee per dwelling unit times the number of units included (or for nonresidential at a rate per acre times the number of acres) and is collected from the Highlands Ranch Metropolitan District or Northern Douglas Water and Sanitation District as these Districts include new land which require additional capacity. Base Reserve Capacity payments flow to the Capital Projects Fund.
 - b) Surcharges on new connections to the system are used to fund:
 - Channel stabilization projects. Channel Stabilization payments flow to the Water Acquisition and Protection Fund.
 - Water resource development. Water Acquisition payments flow to the Water Acquisition and Protection Fund.
- Bond Proceeds. Bond proceeds are used to make the payments for the initial construction of water and wastewater system facilities.
- Revenues from the Service Availability Fee. Since 2003 the District has had a Service Availability Fee that is, among other requirements, designed to pay the interest due on the District's outstanding debt. Although not pledged for this purpose, the Service Availability Fee is the primary source for paying debt and interest.

2022 Budget Flow of Funds



*EFB – Ending Fund Balance

RATE INCOME

Rates are established by the Board of Directors in order to fund the cost of providing water and wastewater service to the customers of the District. The primary function of the various rates are to cover:

1. The operations cost of providing water supply, treatment and distribution.
2. The operations cost of providing wastewater collection and treatment.
3. The cost of providing periodic billing statements, maintaining meters and administrative costs .
4. Debt service payments
- 5 The cost to fund a reserve for the repair and replacement of equipment
- 6 Accumulation of reserves for the acquisition of additional water supplies

	2021			2020		
	Rate per 1,000 Gallons			Rate per 1,000 Gallons		
	Summer	Winter	Irrig Only	Summer	Winter	Irrig Only
Metered Water Consumption						
Usage Relative to "Water Budget" *						
Up to 100% of WB	\$4.10	\$4.10	\$4.20	\$4.31	\$4.31	\$4.41
101% to 120% of WB**	\$5.52	\$5.52	\$5.70	\$5.80	\$5.80	\$6.00
121% to 140% of WB**	\$8.38	\$5.52	\$9.90	\$8.81	\$5.80	\$10.40
Over 140% of WB**	\$12.68	\$9.13	\$16.80	\$13.33	\$9.60	\$17.70
Drought Rates - Stage 1						
101% to 120% of WB**				\$7.25		\$7.50
121% to 140% of WB**				\$11.01		\$13.00
Drought Rates - Stage 2						
101% to 120% of WB**				\$8.70		\$9.00
121% to 140% of WB**				\$13.21		\$15.60
Wastewater Treatment Service						
<u>Residential - Single Family</u>						
Fixed fee	\$ 21.52	Bi-monthly		\$ 23.68	Bi-monthly	
Minimum charge -Fixed fee plus 3,000 gallons Use	\$ 32.77			\$ 35.26		
Use - winter time average (Fixed fee plus use for winter time average sets fee for year)	\$ 3.75	per 1,000 gallons		\$ 3.86	per 1,000 gallons	
<u>Residential - Multi Family (per unit)</u>						
Fixed fee	\$ 10.76	Monthly		\$ 11.84	Monthly	
Minimum charge -Fixed fee plus 1,500 gallons	\$ 16.39			\$ 17.63		
Use - winter time average (Fixed fee plus use for winter time average sets fee for year)	\$ 3.75	per 1,000 gallons		\$ 3.86	per 1,000 gallons	
<u>Nonresidential</u>						
Fixed fee per 3/4" equiv. tap size	\$ 10.76	Monthly		\$ 11.84	Monthly	
(Rate times 80% of water consumed)	\$ 3.75	per 1,000 gallons		\$ 3.86	per 1,000 gallons	
Water Service Availability Fee						
Residential - Single Family	\$ 33.50	bimonthly		\$ 34.82	bimonthly	
Residential - Multi Family	\$ 10.47	monthly		\$ 10.88	monthly	
Nonresidential (per 3/4" equivalent)	\$ 16.75	monthly		\$ 17.41	monthly	

* Water Budget per residential customer = 12,000 gallons bimonthly for indoor use + outdoor usage equivalent to 27" of irrigation annually on the irrigated area of the lot (irrigated area = 45% of gross lot size). Water budget for irrigation only customers = 27" annually of irrigation on actual irrigated area.

** Rates subject to change due to, but not limited to, water supply conditions such as drought, and the provision of sufficient funds for the operation of the district.

CONTRIBUTED CAPITAL

From Highlands Ranch Metropolitan District

The District requires advance payment of the Reserved Capacity Cost from the Highlands Ranch Metropolitan District for land that is

- within the Highlands Ranch Service Area;
- included within the boundaries of the Metro District; and
- for which service has been or will reasonably be requested.

This budget is based on the Intergovernmental Agreements (IGA) adopted December, 1990. Under the IGA the Reserved Capacity Cost is calculated as follows:

- by multiplying the number of single family residential dwelling units zoned for a property or in the case of platted land the number of units actually shown on the filing, by the Capacity Fee. The Single-Family Residential Capacity Fee effective since January 1, 2000, was \$5,960. The fee is not expected to increase during 2022.
- by multiplying the number of multi-family residential dwelling units zoned for a property or in the case of platted land the number of units actually shown on the filing, by the Capacity Fee. The Multi-Family Residential Capacity Fee effective since January 1, 2000, was \$3,780. The fee is not expected to increase during 2022.
- for nonresidential land the Reserved Capacity Cost is calculated by multiplying the number of acres (either zoned or platted) by two and then multiplying again by the Nonresidential Capacity Fee (3/4" equivalent) of \$9,650 effective since January 1, 2000 and which is not expected to increase during 2022.

The IGA provides for the following payment levels:

- \$100,000 minimum plus 40% of the remaining amount is due on the April 1 following the inclusion with \$100,000 plus 40% of the unpaid balance due each consecutive April 1 (with payment in full of any unpaid balance of less than \$100,000) or as specifically negotiated.
- If, as of October 1, the amount collected from its customers by the Metro District exceeds the amount previously paid to Centennial, the full amount of the excess is due the following April 1. Any balance remaining after the excess is remitted will be paid according to the appropriate item 1 through 3 above.

In addition to the advance payments required at the time as a result of increases in service area, Centennial will recalculate the Reserved Capacity Cost every October 1 in order to determine additional reserved capacity payments which may be due or owing as a result of; 1) an increase in the calculated Capacity Fees as it applies to all end-user residential dwelling units and non-residential acreage which were previously included within the Metro District but which have not yet been placed in service; 2) changes in the number of dwelling units or nonresidential acreage as a result of rezoning, re-plat or actual use. This additional payment or refund is due the following April 1.

Centennial also collects two surcharges in addition to the Capacity Fee which are due to Centennial at the time the Metro District sells taps to the end user.

- The channel stabilization surcharge is currently \$250.
- A water acquisition fee is currently at the rate of \$1,480 per residential unit.

From Mirabelle Metropolitan District

Mirabelle Metropolitan District ("MMD") which serves outside the Highlands Ranch Service Area, has a unique payment schedule from the Highlands Ranch Metropolitan Districts. In order to reserve future taps, MMD is required to acquire options in addition to a tap fee that is paid just prior to meter installation. The option is equal to 2% of the number of taps being reserved.

From Northern Douglas County Water and Sanitation District

Northern Douglas County Water and Sanitation District ("NDC") which serves outside the Highlands Ranch Service Area, has a unique payment schedule from the Highlands Ranch Metropolitan Districts. In order to reserve future taps, NDC is required to acquire options. The option is equal to 2% of the number of taps being reserved. There are currently two developments within NDC boundaries with outstanding options. At the sole discretion of the Board, these options may be renewed by paying back options plus interest. Because the option payments are unknown and immaterial, no estimate has been made.

The collections for contributed capital (including the payments, if any, from NDC and Mirabelle) in 2021 and 2022 are estimated in the following table.

COLLECTIONS FOR CONTRIBUTED CAPITAL

	2021 <u>Projected</u>	2022 <u>Budget</u>
Reserved Capacity Payments		
HRMD - Exhibit B	\$ 686,964	\$ 3,448,868
Northern Douglas County	331,500	397,250
Mirabelle Metropolitan District	1,403,600	1,632,000
	<u>2,422,064</u>	<u>5,478,118</u>
Channel Stabilization surcharge		
HRMD	<u>62,000</u>	<u>43,750</u>
Water acquisition fee		
HRMD	367,040	479,520
Northern Douglas County	29,600	35,520
Mirabelle Metropolitan District	162,800	148,000
	<u>559,440</u>	<u>663,040</u>
Option Payments		
Northern Douglas County	\$ 13,718	\$ 5,776
Mirabelle	295,260	265,577
	<u>\$ 3,352,482</u>	<u>\$ 6,456,261</u>

CENTENNIAL WATER & SANITATION DISTRICT
BY ACTIVITY

	2020 ACTUAL	2021 BUDGET	2021 REVISED	2022 BUDGET			TOTAL	% CHANGE FROM BUDGET
				BASE	Ongoing	One-Time		
WATER OPERATIONS								
600 SURFACE WATER	\$ 3,239,353	\$ 3,365,084	\$ 3,536,796	\$ 3,446,440	\$ -	\$ -	\$ 3,446,440	2.4%
602 WELLS	1,425,096	1,349,100	1,609,956	1,366,100	-	-	1,366,100	1.3%
610 GROUNDWATER FAC.	184,699	164,600	199,600	182,400	-	-	182,400	10.8%
620 PUMPING EXPENSES	1,807,368	2,322,149	2,052,239	2,353,941	-	-	2,353,941	1.4%
630 DISTRIBUTION TANKS	44,080	76,500	96,500	92,500	-	-	92,500	
640 WTP OPERATIONS	2,906,041	3,012,910	2,962,910	3,069,065	2,080	-	3,071,145	1.9%
650 WTP MAINTENANCE	1,181,274	1,290,569	1,235,569	1,340,300	-	7,500	1,347,800	4.4%
664 METER INSTALLATION	588,449	904,940	904,940	917,940	-	-	917,940	1.4%
671 TRANS/DIST MAINTENANCE	1,425,816	1,515,410	1,513,690	1,566,450	-	-	1,566,450	3.4%
TOTAL WATER OPS	12,802,176	14,001,262	14,112,200	14,335,136	2,080	7,500	14,344,716	2.5%
WASTEWATER OPERATIONS								
711 COLL/TRANS. MAINTENANCE	830,357	1,171,845	1,171,845	1,267,860	-	-	1,267,860	8.2%
720 WWTP OPERATIONS	2,181,708	2,258,493	2,092,485	2,310,573	2,080	-	2,312,653	2.4%
730 WWTP MAINTENANCE	1,443,028	1,913,630	1,938,630	1,927,910	-	-	1,927,910	0.7%
740 LIFT STATIONS	117,281	217,500	212,500	205,500	-	-	205,500	-5.5%
TOTAL WASTEWATER OPS	4,572,374	5,561,468	5,415,460	5,711,843	2,080	-	5,713,923	2.7%
TECHNICAL MANAGEMENT								
805 WATER RESOURCES	1,164,749	1,414,115	1,204,115	1,369,565	-	-	1,369,565	-3.2%
805-75 WATER CONSERVATION	91,617	181,075	133,075	177,555	-	-	177,555	-1.9%
840 O&M ADMINISTRATION	879,330	1,155,300	1,064,300	1,015,955	-	-	1,015,955	-12.1%
860 LAB SERVICES	788,553	997,080	867,080	923,800	18,720	-	942,520	-5.5%
870 SCADA	502,041	491,600	491,600	532,400	-	-	532,400	8.3%
850 GIS SERVICES	211,340	214,740	221,040	224,740	-	-	224,740	4.7%
880 ENGINEERING	710,498	692,688	668,179	766,690	-	-	766,690	10.7%
893 VEHICLES	142,001	162,300	162,300	162,500	-	-	162,500	0.1%
TOTAL TECHNICAL MGMT	4,490,129	5,308,898	4,811,689	5,173,205	18,720	-	5,191,925	-2.2%
GENERAL MANAGEMENT								
900 GENERAL GOVERNANCE	151,335	137,000	137,000	156,900	-	-	156,900	14.5%
905 COMMUNITY RELATIONS	69,650	95,340	135,340	193,310	7,000	-	200,310	110.1%
910 OFFICE OF THE MANAGER	283,331	280,670	260,670	283,660	-	-	283,660	1.1%
920 HUMAN RESOURCES	208,051	187,858	187,858	184,800	140,000	-	324,800	72.9%
930 FINANCIAL SERVICES	910,151	1,023,331	1,023,331	1,013,543	-	-	1,013,543	-1.0%
950 INFORMATION SYSTEMS	382,630	401,500	351,500	465,000	-	-	465,000	15.8%
960 CUSTOMER SERVICE	628,970	733,990	741,949	768,425	-	-	768,425	4.7%
970 OFFICE SERVICES	71,571	94,725	94,725	100,100	-	-	100,100	5.7%
975 ADMINISTRATIVE BLDG	164,457	267,450	242,620	276,790	-	-	276,790	3.5%
980 INSURANCE	206,386	215,000	215,000	242,000	-	-	242,000	12.6%
991 DEBT SERVICE	1,206	1,600	1,600	-	-	-	-	-100.0%
TOTAL GENERAL MGMT	3,077,738	3,438,464	3,391,593	3,684,528	147,000	-	3,831,528	11.4%
MISC CAPITAL	315,815	76,000	76,000	-	-	-	-	
TOTAL BY ACTIVITY	\$ 25,258,232	\$ 28,386,092	\$ 27,806,942	\$ 28,904,712	\$ 169,880	\$ 7,500	\$ 29,082,092	2.5%

CENTENNIAL WATER & SANITATION DISTRICT
BY OBJECT

	2022 BUDGET						TOTAL
	2020 ACTUAL	2021 BUDGET	2021 REVISED	BASE	Ongoing	One-Time	
BOARD DIRECTED BUDGET							
111 REGULAR WAGES	\$ 6,496,090	\$ 6,897,295	\$ 6,695,295	\$ 7,150,000	\$ 22,880	\$ -	\$ 7,172,880
121 OVERTIME WAGES	226,475.00	216,003	216,003	224,999	-	-	224,999
13* PAYROLL EXPENSES	1,898,794.00	2,179,250	2,179,250	2,253,550	140,000	-	2,393,550
113X TEMPORARY HELP	10,697.00	58,360	36,360	30,000	7,000	-	37,000
182 TRAINING & DEVELOPMENT	25,526.00	72,400	73,100	66,500	-	-	66,500
184 UNIFORMS	26,256.00	40,585	40,655	40,860	-	-	40,860
195 ADMINISTRATIVE CONTRACT	626,842.00	580,574	580,574	500,000	-	-	500,000
TOTAL	9,310,680	10,044,467	9,821,237	10,265,909	169,880	-	10,435,789
CONTRACTED SERVICES							
302 PAYING AGENT FEES	1,206	1,600	1,600	-	-	-	-
352 LEGAL	459,492	548,000	498,000	538,000	-	-	538,000
370 ELECTION	23,538	-	-	50,000	-	-	50,000
354 AUDITING	26,500	27,000	27,000	28,000	-	-	28,000
368 INSURANCE	206,386	215,000	215,000	242,000	-	-	242,000
550 WATER LEASE	3,056,327	3,121,409	3,366,621	3,182,741	-	-	3,182,741
MISC. CAPITAL	315,815	76,000	76,000	-	-	7,500	7,500
TOTAL	4,089,264	3,989,009	4,184,221	4,040,741	-	7,500	4,048,241
DEPT DIRECTED NONVARIABLE							
219 OFFICE SUPPLIES	1,570	2,500	2,500	-	-	-	-
220 MEETING EXP.	2,194	7,225	7,225	7,225	-	-	7,225
222 EMPLOYEE RELATIONS	6,360	13,710	13,710	13,710	-	-	13,710
224 FACILITIES SUPPLIES	-	-	-	-	-	-	-
226 SAFETY SUPPLIES	29,097	34,605	34,605	34,605	-	-	34,605
227 JANITORIAL SUPPLIES	15,121	20,000	20,000	18,000	-	-	18,000
229 OTHER OPERATING SUPPLIES	268,670	315,420	258,920	334,800	-	-	334,800
230 COMPUTER SUPPLIES	106,885	101,000	101,000	144,000	-	-	144,000
244 REPAIR PARTS	1,556,712	2,144,390	2,092,390	2,067,590	-	-	2,067,590
245 METER REPLACEMENTS	84,977	91,000	91,000	91,000	-	-	91,000
246 TIRES, TUBES	17,237	20,000	20,000	20,000	-	-	20,000
TOTAL	2,088,823	2,749,850	2,641,350	2,730,930	-	-	2,730,930
PURCHASED SERVICES							
301 BANK FEES	84,028	76,000	76,000	76,000	-	-	76,000
311 POSTAGE AND FREIGHT	41,469	104,375	108,875	131,500	-	-	131,500
313 VEHICLE LICENSES	116	700	700	700	-	-	700
319 COMMUNICATION	95,110	125,620	125,220	125,240	-	-	125,240
325 ADVERTISING	11,544	6,850	6,850	6,500	-	-	6,500
329 PRINTING	46,640	73,400	74,900	102,200	-	-	102,200
331 MEMBERSHIP DUES	79,119	86,588	85,728	86,408	-	-	86,408
335 PUBLICATIONS	2,000	3,950	3,950	4,150	-	-	4,150
342 COMPUTER RENTAL	19,316	-	-	2,200	-	-	2,200
343 EQUIPMENT RENTAL	60,188	78,500	80,780	79,000	-	-	79,000
344 REPAIR SERVICES	939,679	1,592,400	1,616,400	1,610,400	-	-	1,610,400
346 CONTRACT TEMP	4,800	15,000	15,000	15,000	-	-	15,000
347 JANITORIAL SERVICES	62,281	62,000	62,000	62,300	-	-	62,300
348 CONTRACT MAINTENANCE	118,286	209,300	209,300	218,000	-	-	218,000
349 LANDFILL SERVICES	80,722	78,770	83,762	83,570	-	-	83,570
351 MEDICAL	-	-	-	-	-	-	-
355 PROFESSIONAL SERVICES	836,656	1,112,100	712,100	1,086,840	-	-	1,086,840
356 DATA PROCESSING	-	-	-	-	-	-	-
359 PROFESSIONAL	-	-	-	-	-	-	-
363 LAB SERVICES	178,805	271,700	231,700	230,700	-	-	230,700
367 SLUDGE DISPOSAL	464,472	458,000	355,000	487,000	-	-	487,000
369 OTHER PURCHASED SERVICES	929,306	1,132,243	1,053,153	1,206,113	-	-	1,206,113
371 AUTOMOBILE EXPENSE	743	6,050	6,050	5,450	-	-	5,450
372 CONFERENCES	10,047	46,805	46,805	48,805	-	-	48,805
389 ADMINISTRATIVE CONTRACT	86,695	88,936	88,936	96,000	-	-	96,000
TOTAL	4,152,022	5,629,287	5,043,209	5,764,076	-	-	5,764,076
DEPT DIRECTED VARIABLE							
271 GASOLINE/FUEL	68,681	110,999	110,999	110,974	-	-	110,974
281 WATER TREATMENT CHEM.	2,339,555	2,346,680	2,305,180	2,403,531	-	-	2,403,531
TOTAL	2,408,236	2,457,679	2,416,179	2,514,505	-	-	2,514,505
UTILITIES							
391 ELECTRICITY AND POWER	3,076,127	3,412,905	3,468,851	3,488,591	-	-	3,488,591
392 WATER/SEWER	56,647	35,000	35,000	35,000	-	-	35,000
394 NATURAL GAS	76,433	67,895	96,895	64,960	-	-	64,960
TOTAL	3,209,207	3,515,800	3,600,746	3,588,551	-	-	3,588,551
TOTAL EXPENDITURES BY OBJECT	\$ 25,258,232	\$ 28,386,092	\$ 27,706,942	\$ 28,904,712	\$ 169,880	\$ 7,500	\$ 29,082,092

DEBT SERVICE REQUIREMENTS

The projected outstanding principal for the District is as follows:

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21	Additions	Retirements	Balance 12/31/22	Additions	Retirements	Balance 12/31/23
Water										
Series 2012A	10,655,000	-	3,470,000	7,185,000	-	3,555,000	3,630,000	-	3,630,000	-
Series 2012B	6,485,000	-	2,120,000	4,365,000	-	2,160,000	2,205,000	-	2,205,000	-
CWCB 2055	37,573,717	-	813,465	36,760,252	-	837,869	35,922,383	-	863,005	35,059,378
CWCB 2056	4,212,118	6,188,250	-	10,400,368	-	245,847	10,154,521	-	233,222	9,901,299
CWCB 2053	-	4,978,290	-	4,978,290	-	104,640	4,873,650	-	107,779	4,765,871
	58,925,835	11,166,540	6,403,465	63,688,910	-	6,903,356	56,785,554	-	7,059,006	49,726,548
Wastewater										
Series 2012A	4,050,000	-	330,000	3,720,000	-	330,000	3,390,000	-	330,000	3,060,000
Series 2012B	1,485,000	-	440,000	1,045,000	-	450,000	595,000	-	455,000	140,000
Series 2019	64,355,000	-	-	64,355,000	-	-	64,355,000	-	-	64,355,000
	69,890,000	-	770,000	69,120,000	-	780,000	68,340,000	-	785,000	67,555,000
	\$ 128,815,835	\$ 11,166,540	\$ 7,173,465	\$ 132,808,910	\$ -	\$ 7,683,356	\$ 125,125,554	\$ -	\$ 7,844,006	\$ 117,281,548

The projected expenditure for interest on the District's debt service during the periods 2021 to 2023 can be summarized as follows:

	2021	2022	2023
Funded from Fixed Fees			
Series 2012A	295,000	215,000	215,000
Series 2012B (w/conversion)	154,000	103,300	103,300
Series 2019	3,215,000	3,215,000	3,215,000
	3,664,000	3,533,300	3,533,300
Funded from Water Acquisition			
CWCB	1,103,518	1,540,474	1,504,823
	\$ 4,767,518	\$ 5,073,774	\$ 5,038,123

The projected expenditure by bond issue for principal (not including refunding) and interest on the District's debt service during the periods 2021 to 2023 can be summarized as follows:

	2021	2022	2023
Series 2012A	4,095,000	4,100,000	4,175,000
Series 2012B (w/conversion)	2,714,000	2,713,300	2,763,300
Series 2019	3,215,000	3,215,000	3,215,000
	10,024,000	10,028,300	10,153,300
CWCB Loans	1,916,983	2,728,830	2,728,830
Total Principal and Interest	\$ 11,940,983	\$ 12,757,130	\$ 12,882,130

**Centennial Water & Sanitation District
Capital and Major Repair*
2021 - 2032**

	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028-2032 Projected
Vehicles & Equipment								
Vehicles	\$ 224,000	\$ 240,000	\$ 260,000	\$ 265,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 1,375,000
WTP Equipment	-	-	100,000	100,000	100,000	100,000	100,000	500,000
WWTP Equipment	-	-	50,000	50,000	50,000	50,000	50,000	250,000
Field Equipment	-	-	100,000	100,000	100,000	100,000	100,000	500,000
Well Equipment	500,000	500,000	500,000	500,000	500,000	500,000	500,000	2,500,000
Iron Mobile Radio Equipment	56,000	-	-	-	-	-	-	-
Vac-Con	321,920	-	-	-	-	-	-	-
580 Backhoe	-	-	-	150,000	-	-	-	-
Camera Truck Replacement	-	-	300,000	-	-	-	-	-
Portable Generator	202,120	-	-	-	-	-	-	-
Hydro Excavation Trailer	-	60,000	-	-	-	-	-	-
Remote Lift Station backhoe	-	150,000	-	-	-	-	-	-
Subtotal Vehicles & Equipment	1,304,040	950,000	1,310,000	1,165,000	1,020,000	1,020,000	1,020,000	5,125,000
Water Treatment Plant								
Phase 1a: pre-treatment	-	21,000,000	-	-	-	-	-	-
Phase 1b: chemical building & electrical improvements	-	-	750,000	40,500,000	-	-	-	-
Phase 2: Filter Imp/Chlorine Contact	-	-	-	-	-	45,500,000	-	-
Phase 3: Zone 1/2 Pump/ Back up Power (2028)	-	-	-	-	-	-	-	33,000,000
C&D heat/ac	-	-	-	150,000	-	-	-	-
Phase 4: Advanced Treatment (2033)	-	-	-	475,000	475,000	-	-	-
Lagoon Rehab	-	-	-	-	-	-	-	-
Operations Building(s) Renovation (2030)	-	-	-	-	-	-	-	10,000,000
Subtotal Water Treatment Plant	-	21,000,000	750,000	41,125,000	475,000	45,500,000	-	43,000,000
Ground Water Treatment Plant (GWTP) and Well Redrills								
GWTP #1 Filter Media	175,000	350,000	-	-	-	-	-	-
GWTP #2 Filter Media	-	-	-	-	-	-	-	-
GWTP 2 Bleach Tank	26,000	-	-	-	-	-	-	-
Well Redrill Arapahoe	-	1,500,000	-	-	-	-	-	1,800,000
Well Redrill Denver	-	-	-	-	-	-	1,800,000	-
GWTP #1 Filter Valve Replacement	-	-	750,000	-	-	-	-	-
GWTP #2 Sewer Line outfall	-	-	-	-	-	-	-	-
Redundant Ammonia Feed Systems	-	125,000	-	-	-	-	-	-
Subtotal GWTP and Well Redrills	201,000	1,975,000	750,000	-	-	-	1,800,000	1,800,000

	2021	2022	2023	2024	2025	2026	2027	2028-2032
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Pump Stations / Distribution / Water Storage								
Zone 1 Pump Replacement	85,975	-	-	-	-	-	-	-
South Platte Rip Rap	-	400,000	-	-	-	-	-	-
Catholic Protection	-	150,000	150,000	150,000	-	-	-	-
Zone 4A pump station	-	-	-	-	-	-	-	2,000,000
McLellan A / City Ditch PS	-	-	-	-	2,000,000	-	-	-
Distribution System Upgrades	-	-	-	-	-	-	-	-
Zone 5 Surge Anticipator Valve	-	60,000	-	-	-	-	-	-
Dist. System Surge Improvements	-	-	400,000	-	-	-	-	-
Zone 6 Surge Anticipator Valve	-	-	-	-	-	-	-	100,000
McLellan B Pump Station 3rd Pump Install	-	310,000	-	-	-	-	-	-
Security Improvements	-	-	60,000	-	-	-	-	-
Subtotal Pump Stations / Distribution / Water Storage	85,975	920,000	610,000	150,000	2,000,000	-	-	2,100,000
Lift Stations / Collection								
Big Dry / Willow Creek LS Evaluation	-	500,000	-	-	-	-	-	-
Big Dry Lift Station Upgrades	-	-	-	-	-	10,500,000	-	-
Willow Creek LS	-	-	-	-	-	-	7,500,000	-
Big Dry Electrical	-	150,000	-	-	-	-	-	-
Bluffs LS Generator / ATS	-	150,000	-	-	-	-	-	-
Willow Creek LS MTS	-	40,000	-	-	-	-	-	-
Big Dry LS emergency pump	-	185,000	-	-	-	-	-	-
Mirabelle Service Lines	-	250,000	-	-	-	-	-	-
Marina LS	-	120,000	-	-	-	-	-	-
Subtotal Lift Stations / Collection	-	1,395,000	-	-	-	10,500,000	7,500,000	-
SCADA								
SCADA Cellular vs Radio Path	-	250,000	125,000	125,000	-	-	-	-
Wastewater Treatment Plant								
Grit System Equip.	-	375,000	-	-	-	-	-	-
Temperature Modifications	-	-	-	-	-	-	-	-
Advanced Treatment / Phase III / Reg 31	-	-	-	-	-	-	-	-
MGWTP Phase II - Reg 85	-	2,950,000	-	-	-	-	-	-
Subtotal Wastewater Treatment Plant	-	3,325,000	-	-	-	-	-	-
In-Tract Lines (Funded by HRMD)								
Chesapeake (2,000 LF)	1,069,781	-	-	-	-	-	-	-
Filing 14 (1,700 LF)	-	100,000	1,000,000	-	-	-	-	-
Filing 51 (1,800 LF)	-	-	-	125,000	1,100,000	-	-	-
Filing 17 (2,400 LF)	-	-	-	-	-	150,000	1,500,000	-
Subtotal In-Tract Lines	1,069,781	100,000	1,000,000	125,000	1,100,000	150,000	1,500,000	-
Total	\$ 2,660,796	\$ 29,915,000	\$ 4,545,000	\$ 42,690,000	\$ 4,595,000	\$ 57,170,000	\$ 11,820,000	\$ 52,025,000

Centennial Water & Sanitation District								
Capital Improvements								
2021 - 2032								
	2021	2022	2023	2024	2025	2026	2027	2028-2032
Carryforward	38,530,000							
Water Treatment Plant								
Landscape WTP								
GWTP and Wells								
Well Site / Zone 3 Landscape	128,600							
Pump Stations/ Distribution/Water Storage								
Wastewater Treatment Plant								
MGWTP Phase II- Reg 85	500,000							
Lift Stations/ Collection								
Marcy Gulch LS	8,189,830							
Big Dry Lift Station Flowmeters	40,000							
Vehicles & Equipment								
TOTAL	47,388,430							

Centennial Water & Sanitation District									
Water Acquisition									
2021 - 2032									
	2021	2022	2023	2024	2025	2026	2027	2028-2032	
Carry Forward	5,225,045								
Operations									
WISE Water	1,380,000								
WISE Operations	154,000								
Chatfield Operations	276,880								
Chatfield Reallocation Capital									
Mitigation									
Storage									
WISE									
Binny Connection		130,420							
SM Land Acquisition		575,000							
Wells									
City Pump Station Improvements				500,000					
Wells SP -14	17,000	400,000							
Pipeline (SP-14) 600 LF		100,000							
Expenses Total	7,052,925	1,205,420	-	500,000	-	-	-	-	-

CENTENNIAL WATER & SANITATION DISTRICT
SCHEDULE OF APPROVED POSITIONS - REGULAR PERSONNEL

REGULAR EMPLOYEES (FTE)	2021 Budget	2021 Actual	2022 Budget	Change 2021 Actual to 2022 Budget	FTE's 2022 Adj. For Sch. III Shared Emp.
<hr/>					
Director, Water/Wastewater Oper.	1.000	1.000	1.000	-	1.000
Superintendent, Operations and Maint.	1.000	1.000	1.000	-	1.000
Superintendent, Field	1.000	1.000	1.000	-	1.000
Superintendent, Asset Management	1.000	1.000	1.000	-	1.000
Business Support	4.000	4.000	4.000	-	4.000
Regulatory	1.000	1.000	1.000	-	1.000
<hr/>					
SCADA supervisor	1.000	1.000	1.000	-	1.000
SCADA Lead	1.000	1.000	1.000	-	1.000
SCADA Technicians	3.000	3.000	3.000	-	3.000
Lead Operators	2.000	2.000	2.000	-	2.000
WTP Plant Operator	5.000	5.000	5.000	-	5.000
WWTP Operator	6.000	6.000	6.000	-	6.000
<hr/>					
Lead Maintenance Mechanic	2.000	2.000	2.000	-	2.000
Maintenance Mechanic	5.000	5.000	5.000	-	5.000
Maintenance Worker	1.000	1.000	1.000	-	1.000
Field Operations Lead	1.000	1.000	1.000	-	1.000
Field Operators	5.000	5.000	5.000	-	5.000
Field Instrument Technician	1.000	1.000	1.000	-	1.000
<hr/>					
Lead Collection/Distribution/ Meter	2.000	2.000	2.000	-	2.000
Collection and Distribution Mechanics	10.000	10.000	10.000	-	10.000
Meter Technicians	9.000	9.000	9.000	-	9.000
Laboratory Supervisor	1.000	1.000	1.000	-	1.000
Lab Technician	4.000	4.000	4.000	-	4.000
<hr/>					
Water Resource Manager	1.000	1.000	1.000	-	1.000
Water Resource Engineer	1.000	1.000	1.000	-	1.000
Conservation Coordinator	1.000	1.000	1.000	-	1.000
Water Facility Caretaker	0.250	0.250	0.250	-	0.250
<hr/>					
* Director - Engineering	*	*	*	*	0.600
* Office Manager / Admin Assit. II	*	*	*	*	0.500
* Contract Administrator	*	*	*	*	0.500
* Clerk/ Engineering Tech	*	*	*	*	0.600
** GIS Coordinator	-	-	-	-	-
** GIS Technician	2.000	2.000	2.000	-	1.600
Engineer	1.000	1.000	1.000	-	1.000
Project Engineer	1.000	1.000	1.000	-	1.000
Utility Inspector	1.000	1.000	1.000	-	1.000

**CENTENNIAL WATER & SANITATION DISTRICT
SCHEDULE OF APPROVED POSITIONS - REGULAR PERSONNEL**

REGULAR EMPLOYEES (FTE)	2021 Budget	2021 Actual	2022 Budget	Change 2021 Actual to 2022 Budget	FTE's 2022 Adj. For Sch. III Shared Emp.
General Manager	1.000	1.000	1.000	-	1.000
Administrative Assistant	1.000	1.000	1.000	-	1.000
* Community Relations Manager	*	1.000	1.000	*	1.000
* Community Relations Coordinator	*	*	*	*	-
* Human Resources Administrator	*	*	*	*	0.500
* Human Resources Assistants (2)	*	*	*	*	0.900
* Director - Finance & Admin.	*	*	*	*	0.500
** Asset & Revenue Manager	0.500	0.500	0.500	-	0.250
** Accounting Supervisor	1.000	1.000	1.000	-	0.500
** Administrative Analyst	1.000	1.000	1.000	-	0.500
** Manager, Financial and Budget Reporting	1.000	1.000	1.000	-	0.500
** PC Specialist	-	-	-	-	-
** Accounting Assistants/Payroll	3.500	3.500	3.500	-	1.750
* Receptionist / Office Assistant	1.500	1.500	1.500	-	0.750
** Building Assistant (District Office Bldg.)	1.000	1.000	1.000	-	1.000
Asset & Revenue Manager	0.500	0.500	0.500	-	0.500
Customer Service Rep.	4.000	4.000	5.000	-	5.000
Meter Readers	2.000	2.000	2.000	-	2.000
Regular employees	<u>94.250</u>	<u>95.250</u>	<u>96.250</u>	<u>-</u>	<u>95.700</u>
Plant Operations	0.210	0.210	0.210	-	0.500
Plant Maintenance	0.450	0.450	0.450	-	0.450
Collection and Distribution	0.250	0.250	0.250	-	0.250
Lab	-	-	-	-	-
Water Conservation	0.300	0.300	0.300	-	0.300
Engineering	0.300	0.300	0.300	-	0.300
Total with equivalents	<u><u>95.760</u></u>	<u><u>96.760</u></u>	<u><u>97.760</u></u>	<u><u>-</u></u>	<u><u>97.500</u></u>

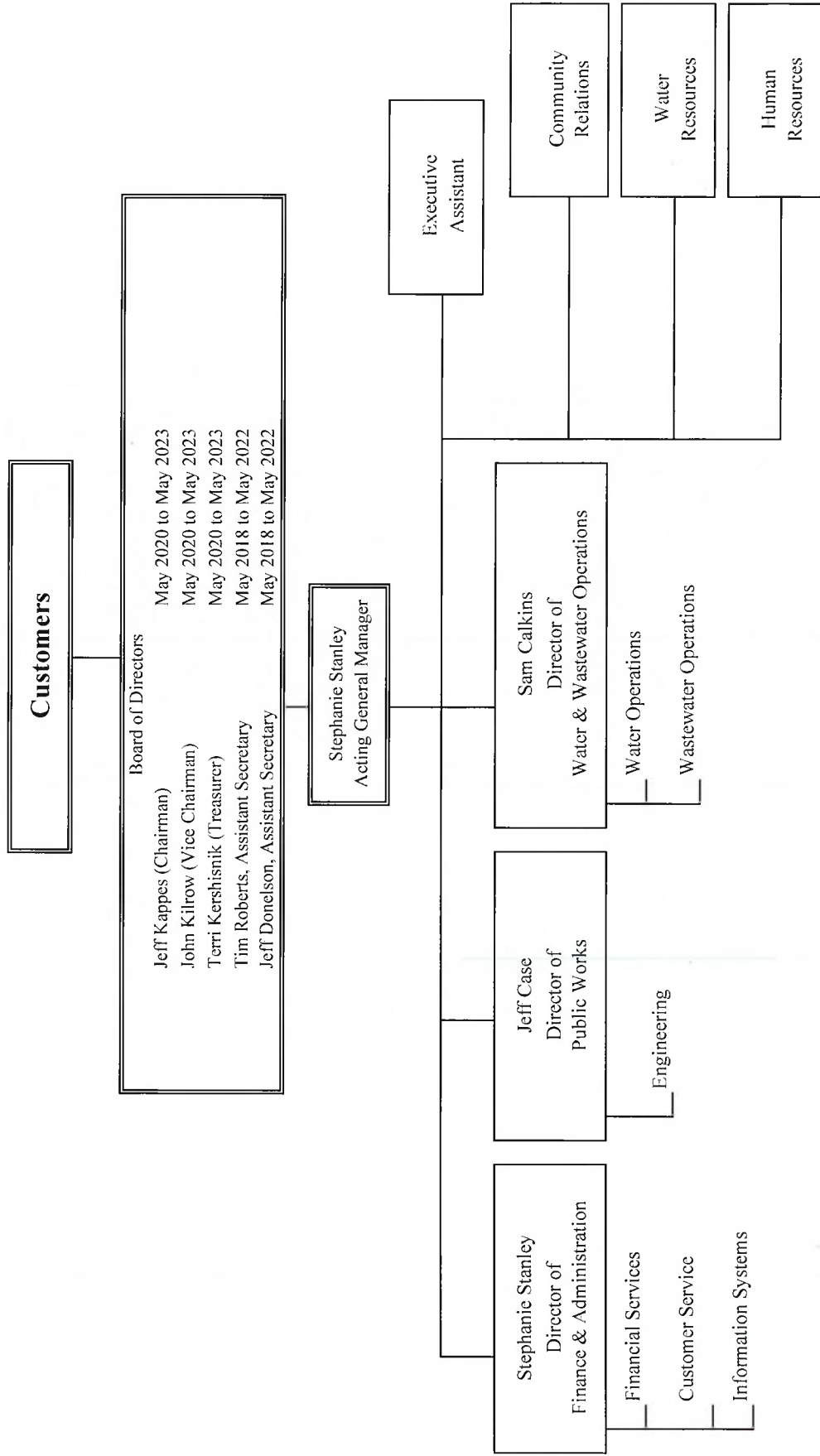
* Employee cost is partially allocated FROM Metro District pursuant to Employee, Office Services and Capital Equipment Sharing contract (Schedule III employees).

** Employee cost is partially allocated TO Metro District pursuant to Employee, Office Services and Capital Equipment Sharing contract (Schedule III employees).



CENTENNIAL

WATER AND SANITATION DISTRICT



APPENDIX

CENTENNIAL WATER AND SANITATION DISTRICT GLOSSARY

- Absorption:*** An estimate of the expected annual sales or new occupancy of a particular type of land use. For example, the demand for new homes in a market area is estimated to be 500 per year.
- Base Capacity Fee:*** A portion of the tap fee paid by developers prior to installation of the tap. The fee is calculated based on an estimated cost of all facilities allocated by user class.
- Bond Covenant:*** An agreement between the issuer and holder of a bond, requiring or forbidding certain actions of the issuer. Positive covenants require actions while negative covenants forbid them.
- Capital Outlay:*** A capital expenditure either adds a fixed asset unit or increases the value of an existing fixed asset.
- Enterprise Fund:*** In governmental accounting, a fund that provides goods or services to the public for a fee that makes the entity self-supporting.
- Fund Balance:*** The excess of a governmental fund's assets and revenues over its liabilities, reserves, and expenditures at the close of the fiscal year.
- Governmental Funds:*** Funds generally used to account for tax-supported activities.
- Proxy:*** Substitute; in the case of calculating the wastewater fee the average winter time water usage is used as a substitute for actual sewer flows during the entire year.
- Target Fund Balances:*** A minimum level fund balance established by the Board with the primary objective of a fund balance that maintains adequate resources to cope with contingencies.
- Water Acquisition Fee:*** A portion of the tap fee paid by developers prior to installation of the tap. The fee is designed to generate revenues to develop additional water resources such as acquisition of water rights, construction of storage reservoirs, and other associated projects.

CENTENNIAL WATER AND SANITATION DISTRICT

Resolution No. 21-159

WHEREAS, staff has submitted a proposed budget to this Board on or before October 15, 2021 for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on December 14, 2021, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, no comments related to the budget were received or filed; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations, which are applicable to or binding upon the District;

WHEREAS, the District is an enterprise for the purpose of compliance with TABOR and generally accepted accounting principles but has chosen for the purpose of internal controls and bond covenant compliance to budget on the fund basis.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Centennial Water & Sanitation District:

1. That Estimated expenditures for each fund are as follows:

Operations	\$ 29,082,092
Water Acquisition	3,828,899
Debt Service Funds	12,757,130
Capital Projects Fund	28,915,000
	<u>\$ 74,583,121</u>

- 2.

That estimated revenues and other sources of funding to fund the expenditures for each fund are as follows:

Operating Fund	
From Operating Revenues	\$ 42,112,140
From Nonoperating Revenue	528,000
From (to) interfund transfers	(13,200,000)
From (to) unappropriated surpluses	(358,048)
	<u>\$ 29,082,092</u>

Water Acquisition

From Operating Revenues	\$ 4,300,000
From Nonoperating Revenue	706,790
From (to) interfund transfers	(2,378,343)
From (to) unappropriated surpluses	1,200,452
	<u>\$ 3,828,899</u>

Major Repair	
From Nonoperating Revenue	\$ 5,180,868
From (to) interfund transfers	6,800,000
From (to) unappropriated surpluses	16,934,132
	<u>\$ 28,915,000</u>
Debt Service Funds	
From Nonoperating Revenue	\$ 668,602
From (to) interfund transfers	11,778,343
From (to) unappropriated surpluses	310,184
	<u>\$ 12,757,130</u>

3. That the budget, as submitted, amended and herein summarized by budgetary fund, be and the same hereby is, approved and adopted as the budget of the Centennial Water & Sanitation District for the 2021 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by a Secretary and/or General Manager of the District to all appropriate agencies and is made a part of the public records of the District.

APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, which shall include any transfers between funds listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Centennial Water & Sanitation District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

Funds Appropriated with Budget Adoption	
Operations	\$ 29,082,092
Water Acquisition - Operations	2,723,479
Major Repair	740,000
Debt Service Fund	12,757,130
Capital Projects Fund -Specific Year (water transfer payment, etc)	-
	<u>\$ 45,302,701</u>

BE IT FURTHER RESOLVED, that appropriations for expenditures on capital projects from the Capital Projects and Water Acquisition Funds will be considered on a project-by-project basis during 2022 and that any unexpended appropriations will continue to be available until rescinded by the Board of Directors.

TRANSFERS

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors has established the following policies for maintaining sufficient reserves for the operation of the District. To the extent available, the following transfers will be made in the listed priority.

- The Operations Fund will maintain working capital equal to 50% of the next years' budgeted operating expenditures.
- To the Debt Service Fund to maintain an ending fund balance equal to the following years' debt service payment.
- To the Reserve Fund, \$3,800,000
- Any remaining available funds will be transferred to the Financial Assurance Fund.

RATES AND FEES FOR AREAS OUTSIDE THE HIGHLANDS RANCH SERVICE AREA

WHEREAS, Centennial entered into the Extended Service Area Water and Sewage Agreement dated August 1, 1994 between Centennial and Northern Douglas County Water and Sanitation District ("Northern") and said agreement establishes the requirement for Centennial and Northern to adopt rules and regulations as well as rates, tolls and fees; and

WHEREAS, Centennial entered into an agreement with Castle Pines North ("CPN") dated January 27, 2010 and said agreement establishes the requirement for Centennial to establish water rates, tolls and fees; and

WHEREAS, Centennial staff reviewed the existing rate structure for purposes of ensuring adequate revenue to fund Centennial costs.

NOW THEREFORE BE IT RESOLVED that:

- The rates for Northern shall be as shown below:

	2021	2022	% Change
NDCWSD			
Residential	\$ 5.19	\$ 5.37	3.5%
Commercial Indoor	\$ 4.88	\$ 5.05	3.5%
Irrigation	\$ 5.29	\$ 5.47	3.5%
Service Availability Charge	\$ 16.75	\$ 17.42	4.0%
Wastewater fixed	\$ 10.76	\$ 11.84	10.0%
Wastewater per 1,000 gallons	\$ 3.75	\$ 3.86	2.9%

- Centennial staff shall notify Northern consistent with the IGA between Northern and Centennial in order for them to implement the above changes.

BE IT FURTHER RESOLVED that:

- The base water rate for CPN pursuant to the CPN agreement shall be \$2.67 per thousand gallons.
- Service requested by CPN outside the scope of the CPN agreement shall be charged the same as other service outside the service boundaries, as delineated in the Highlands Ranch Agreement.

Adopted this 14th day of December, 2021

Certified by *Stephanie Harsley*, Secretary

Ayes 5 Nays 0 Abstained 0 Absent 0