



CENTENNIAL
WATER AND SANITATION DISTRICT

2023
ADOPTED BUDGET

December 13, 2022



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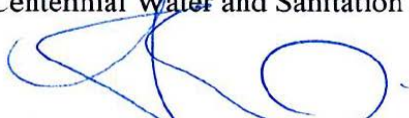
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I, *Heather Morgan*, certify that the attached is a true and accurate copy of the adopted 2023 budget for the Centennial Water and Sanitation District



Budgeting and Financial Analysis Manager
Centennial Water and Sanitation District



December 13, 2022

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 2023 Budget was approved and adopted by the Board of Directors on December 13, 2022. As part of the approval process, \$46.6 million was appropriated for District operations including miscellaneous capital, water leases and debt service. The 2023 budget anticipates:

- A 2.8% or \$1.28 million increase in expenditures from the 2022 budget. The increase in budgeted expenditures is primarily due to increases for wages, water leases, chemicals and electricity.
- An increase in operating revenues of 7.4% or \$3.4 million from 2022 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 the following:

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.

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 2023 budget assumes total demand of 16,580 acre-feet from which 13,725 acre-feet is surface water, 2,000 acre-feet is groundwater and 855 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 8-year compliance schedule that began in 2016 with hiring a consultant, obtaining funding and creating a Wastewater System Utility Plan in 2017, followed by design in 2018 and construction beginning in 2019. Any improvements necessary to meet the schedule will be determined by engineering design and must be completed and operational by June 30, 2024.

Current regulatory compliance programs:

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.

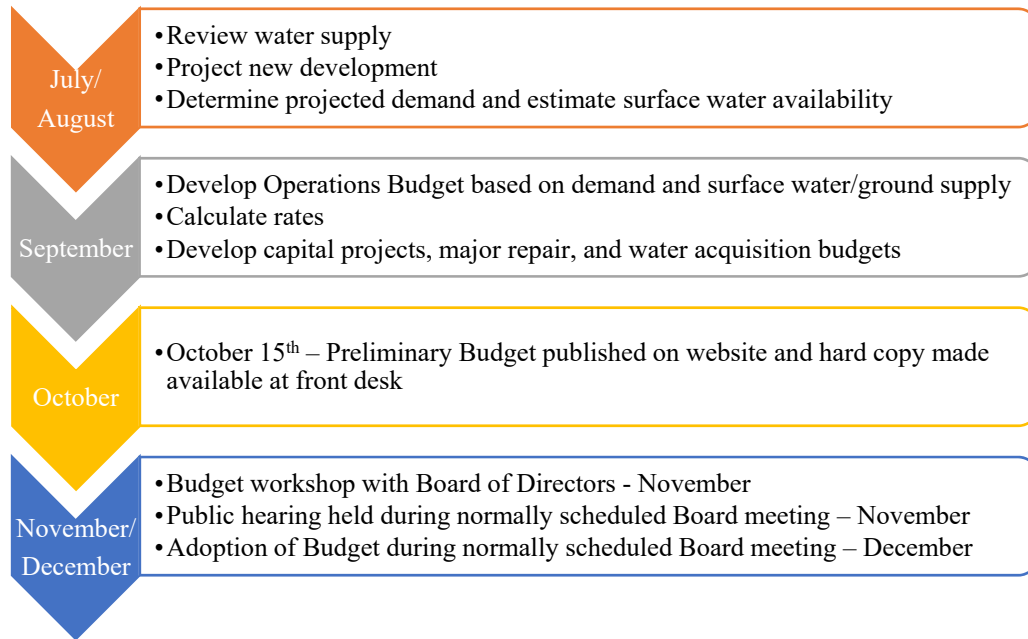
WISE is a regional project in conjunction with Aurora and Denver Water which combines the water district's infrastructures to improve water resource utilization for Aurora and Denver, and deliver water to WISE Authority participants when available. The District began receiving deliveries in 2018 and is projecting to take 855 acre-feet in 2023.

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 OPERATING EXPENDITURES

Some key assumptions in the 2023 budget include:

- an average increase in wages of 6.8%
- a 4.5% increase in health insurance premiums with no changes in benefits
- a 19.7% increase 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 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 budget expectations
- 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.

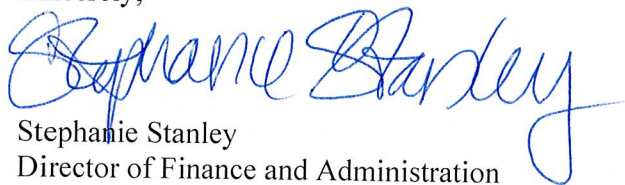
To provide cost effective benefits the Board has authorized the following significant benefits:

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.

CONCLUSION

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 2023 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



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.

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 and 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.

To help gain an understanding of how the budget is organized and what information is presented, below is a quick overview:

- The first section explains **BUDGETING BY FUND** which includes an explanation of each fund.
- The second section summarizes **OPERATING REVENUES and OTHER RECEIPTS**. This 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 third section – **EXPENDITURES** - summarizes expenses by the type of activity incurring the expense as well as the nature of the expense.
- The fourth section – **CAPITAL PROJECTS AND MAJOR REPAIR** – explains what qualifies as a capital or major repair project and highlights significant projects occurring in 2023.
- The fifth section explains the **FUND BALANCE AND OPERATING TRANSFER** policies.

I. FINANCIAL ENTERPRISE – BUDGET BY FUND

An Enterprise Fund accounts for the acquisition and operations of Government facilities and services that are primarily supported by user charges. Although Centennial reports as an Enterprise Fund for financial reporting purposes, the Board has found it effective to utilize budgeting practices that resemble general governmental fund accounting to communicate its budgetary practices. As a result, Centennial's budgeted revenues and expenditures are broken down into distinct “funds” of a recurring nature.

A fund is a self-balancing, segregated sum of money (or other resource) for the purpose of carrying out a specific activity or to obtain a specific objective. The fund is managed by identifiable objectives, regulations, and/or restrictions. Centennial’s funds of a recurring nature used for budgetary practices are:

- **OPERATIONS FUND** - the day to day, ongoing operating costs of the District necessary to deliver water and wastewater services. This Fund is developed on a full accrual basis; i.e. if measurable, expenses are recognized in the period incurred.
- **MAJOR REPAIR AND CAPITAL PROJECTS FUND** – This fund balance is available for the major repair and replacement of District owned process equipment, vehicles, well re-drills, smaller renovation of facilities and the purchase of miscellaneous new equipment. It also funds the financial resources needed for the acquisition or construction of major capital improvement projects or facilities identified in the District’s long-range capital plan found on Pages 34-35.

The 2023 need of \$5.8 million to be transferred from the Operating Fund is generated from the base rate income and includes components of both the water and wastewater rates. This Fund is reported on a full accrual basis; i.e. if measurable, expenses are recognized in the period incurred.

- **WATER ACQUISITION FUND** - funded by a portion of rates specifically identified for water acquisition and, to the extent available, an additional transfer from the financial assurance fund (see below). For 2023, the water acquisition portion of the rates stayed the same at \$0.85 per thousand gallons. 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 cost of maintaining inventory levels in the reservoirs and using Aquifer Storage and Recovery (ASR) for underground storage

This Fund is reported on a full accrual basis; i.e. if measurable, expenses are recognized in the period incurred.

- **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. This fund is reported on a cash basis; i.e. expenditures are recognized when the outflow of cash occurs.
- **FINANCIAL ASSURANCE FUND** – this Fund adjusts annually based upon the available resources net of any fund transfers to the above Funds. Examples of resource accumulation that impacts the adjustment includes 1) the rate income from higher water tiers which is not accounted

for in the annual calculation of rates; and 2) higher or lower than the anticipated net investment income used to calculate 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.

Collected rate income is deposited first into the Operations Fund. After meeting the targeted ending balances in the Operations and Debt Service Funds, the outstanding rate income is transferred to the remaining Funds.

A comparison between the 2022 budget, 2022 projected and 2023 budgeted expenses in each Fund are:

	<u>2022 Budget</u>	<u>2022 Projected</u>	<u>2023 Budget</u>	<u>2022 Projected /2023 Budget</u>
Operations Fund:				
Operating expenses	\$ 23,950,651	\$ 25,709,770	\$ 25,760,899	0.20%
Water leases	5,131,441	4,595,741	5,099,173	10.95%
Water Acquisition Fund - operating	2,723,479	774,779	2,209,637	185.20%
Misc. Capital (operations)	-	43,000	-	0.00%
Misc. Capital (major repair)	740,000	639,550	790,000	0.00%
Total Operating	<u>32,545,571</u>	<u>31,762,840</u>	<u>33,859,709</u>	6.60%
Debt service	12,757,130	12,757,830	12,719,830	-0.30%
Capital Projects	28,175,000	20,265,485	29,210,000	44.14%
Water Acquisition - capital	1,205,420	2,440,000	3,500,000	0.00%
Total Outlays	<u>\$ 74,683,121</u>	<u>\$ 67,226,155</u>	<u>\$ 79,289,539</u>	17.94%

A more comprehensive look at each Fund is found later in the detailed expenditure sections.

II: OPERATING REVENUES AND OTHER RECEIPTS

OPERATING REVENUES

Operating revenues are comprised of income received from:

- Billing as a wholesaler to Service Districts for water and wastewater services which include the Highlands Ranch Metro District (HRMD) and the Mirabelle Metropolitan District (MMD) under a “total service” contract. The District also serves Northern Douglas County (NDC) who collects from their customers based on a water budget structure similar to the total service contracts.
- The 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 install 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.

Base water rates vary by customer type. The proposed rate structure also reflects the additional impact that irrigation use has had on the operation of the system. A detailed rate sheet can be found on Page 32.

- The rate model has calculated base rates of \$4.18 per thousand gallons for indoor usage and \$4.62 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 \$4.52 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 \$4.18 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 \$4.62 per 1,000 gallons will be applied to usage up to 100% of their water budget.

The service agreement between the District and NDC allows for a rate up to 200% of the HRMD rate. The 2023 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 2019 through the 2023:

Northern Douglas County Water and Sanitation District

	2019	2020	2021	2022	2023
Water Service Availability Charge (bimonthly)	\$ 28.80	\$ 31.72	\$ 33.50	\$ 34.82	\$ 36.50
Single Family Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.77	\$ 4.92	\$ 5.19	\$ 5.37	\$ 5.58
Indoor Commercial Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.46	\$ 4.62	\$ 4.88	\$ 5.05	\$ 5.25
Irrigation Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.86	\$ 5.01	\$ 5.29	\$ 5.47	\$ 5.69
Minimum Wastewater Charge (bimonthly)	\$ 28.65	\$ 30.74	\$ 32.77	\$ 35.26	\$ 39.08
Wastewater per 1,000 gallons over 3,000	\$ 3.35	\$ 3.68	\$ 3.75	\$ 3.86	\$ 4.04

For both of the Service Districts, the base water rates are charged to each individual customer’s unique “Water Budget” which is calculated 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%	\$ 4.52	\$ 4.52	\$ 4.18	\$ 4.62
101% up to 120%	\$ 6.08	\$ 6.08	\$ 5.66	\$ 6.20
121% up to 140%	\$ 9.23	\$ 6.08	\$ 5.66	\$ 10.90
Over 140%	\$ 13.97	\$ 10.06	\$ 9.85	\$ 18.50

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 \$39.08 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 \$4.04 (which is also the nonresidential rate) for usage greater than 3,000 gallons plus the minimum amount of \$39.08.

Beginning in 2022 and moving forward, the District’s Board of Directors could impose drought rates if the drought conditions are impacting the system. The drought rates for 2023 are as follows:

Use of Budget	HRMD/MMD		NDC	
	Residential	Irrigation Only	Residential	Irrigation Only
Stage 1				
101-120%	\$ 7.60	\$ 7.75	\$ 9.42	\$ 7.75
121-140%	\$ 11.54	\$ 13.63	\$ 14.28	\$ 13.63
Stage 2				
101 - 120%	\$ 9.12	\$ 9.30	\$ 11.30	\$ 9.30
121 - 140%	\$ 13.85	\$ 16.35	\$ 17.14	\$ 16.35

Based on the above, the District had projected the following **RATE BASED** operating revenues:

	<u>2022 Budget</u>	<u>2022 Projected</u>	<u>2023 Budget</u>	<u>2022 Projected /2023 Budget</u>
Water Operations				
Utilization charges (to Operations Fund)				
Metered water sales	\$ 16,500,000	\$ 15,329,000	\$ 17,679,000	15.33%
Surcharge	1,700,000	2,119,700	1,700,000	-19.80%
Metered water - CPN/RPMD	26,400	501,000	26,400	-94.73%
Service availability charge	8,700,000	8,452,000	9,100,000	7.67%
	<u>26,926,400</u>	<u>26,401,700</u>	<u>28,505,400</u>	<u>7.97%</u>
Water Acquisition (WAQ fund)	4,300,000	4,553,100	4,300,000	-5.56%
	<u>31,226,400</u>	<u>30,954,800</u>	<u>32,805,400</u>	<u>5.98%</u>
Other operating income (to Operations Fund)				
Penalties, reconnects, final billing	300,000	306,000	300,000	-1.96%
Backflow Device Testing Fee	132,600	116,100	132,600	14.21%
Castle Pines North	-	400,000	400,000	0.00%
Meter sales	62,380	104,850	67,780	-35.36%
Inspection Fees	40,310	41,000	44,710	9.05%
Construction/hydrant water	20,000	70,500	20,000	-71.63%
	<u>555,290</u>	<u>1,038,450</u>	<u>965,090</u>	<u>-7.06%</u>
Total water operations	<u>31,781,690</u>	<u>31,993,250</u>	<u>33,770,490</u>	<u>5.56%</u>
Wastewater Operations				
Base	5,181,000	5,181,000	6,400,000	23.53%
Usage driven	8,606,000	7,933,000	9,000,000	13.45%
Total wastewater operations (to Operations Fund)	<u>13,787,000</u>	<u>13,114,000</u>	<u>15,400,000</u>	<u>17.43%</u>
Total Rate Based Revenues	<u>\$ 45,568,690</u>	<u>\$ 45,107,250</u>	<u>\$ 49,170,490</u>	<u>9.01%</u>

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:

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. 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, and changes in the amount of 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.

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 2023 at \$1,480 per ¾" equivalent. Proceeds from this fee are deposited to the Water Acquisition Fund.

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 2023. 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:
 - Finance and Administration are employees of Centennial and therefore 50% of their salaries and benefits are reimbursed by HRMD.
 - *Note:* certain employees in Public Works and Human Resources are shared HRMD employees and, pursuant to the agreement, are expensed to the District.
- Rental of administrative office space and computer equipment to HRMD.
- 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 0.25%.

III: EXPENDITURES

OPERATING EXPENSES

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

WATER OPERATIONS

Water operations include funding for a staff of **31.50** Full Time Equivalents (FTE's).

- Maintenance of equipment associated with storage reservoirs including 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 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 **24.50** FTE's.

- 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 **22.00** FTE's.

- 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; FINANCE; ADMINISTRATION

General Management includes funding for a staff of **17.90** FTE's.

- 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.

- 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 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.

MISCELLANEOUS CAPITAL/CAPITAL LEASES

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

BY COST CENTER

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

	2021 <u>Actual</u>	2022 <u>Budget</u>	2022 <u>Projected</u>	2023 <u>Budget</u>
OPERATIONS FUND				
Operations expenses				
Water operations	\$ 9,793,528	\$ 11,161,975	\$ 11,200,814	\$ 11,344,638
Wastewater operations	4,792,826	5,713,923	5,739,293	5,650,828
Technical management	4,293,003	5,191,925	5,250,010	6,267,360
General management	3,780,423	3,831,528	3,519,653	3,788,368
Miscellaneous Capital / Leases				
Water Leases	3,173,609	3,182,741	3,182,741	3,808,878
Direct payment	219,153	-	43,000	-
Total Operations Fund	<u>26,052,541</u>	<u>29,082,092</u>	<u>28,935,511</u>	<u>30,860,072</u>
WATER ACQUISITION FUND	1,679,113	2,723,479	2,187,779	2,209,637
TOTAL OPERATING OUTLAY	<u>\$ 27,731,654</u>	<u>\$ 31,805,571</u>	<u>\$ 31,123,290</u>	<u>\$ 33,069,709</u>

BY OBJECT

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

OPERATIONS FUND	2021 Actual	2022 Budget	2022 Projected	2023 Budget
Personnel	8,769,477	\$ 10,435,790	\$ 9,968,505	\$ 10,977,005
Material and supplies	2,320,995	2,730,930	2,635,130	2,789,985
Fuel and chemical products	2,416,272	2,514,505	2,639,680	2,711,365
Purchased services	4,390,137	5,764,076	5,700,216	5,894,986
Utilities	3,384,802	3,588,551	3,913,239	3,817,853
Contractual obligations (w/contingency)	4,770,858	4,048,241	4,078,741	4,668,878
Subtotal - Operating Fund	26,052,541	29,082,092	28,935,511	30,860,072
WATER ACQUISITION FUND (contracted services)	1,679,113	2,723,479	2,187,779	2,209,637
TOTAL OPERATING OUTLAY	\$ 27,731,654	\$ 31,805,571	\$ 31,123,290	\$ 33,069,709

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 day to day operations. The anticipated expenditures for 2023 are detailed on the Miscellaneous Capital Schedule.

UTILITIES

Payments for electricity, water and sewer, and natural gas.

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 Reserved Capacity payments
- 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 were similar to construction loans and proceeds were disbursed to match the phased funding of the project. During the project various amendments were made to the loans to provide for additional funding. All three loan contracts closed on October 15, 2015. Based on revised cost estimates received in October 2017, the District increased the loan amount in 2018 by \$9.2 million. The District used a total of \$52,952,375 in their loan capacity.

The District issued Revenue Bonds in January 2019 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:

	2022 Projected	2023 Budget	2024 Projected
Interest	\$ 3,534,000	\$ 3,371,000	\$ 3,266,000
Principal (scheduled)	6,495,000	6,620,000	3,800,000
CWCB Loan interest	1,540,474	1,504,823	1,468,103
CWCB Loan principal (scheduled)	1,188,356	1,224,006	1,260,726
	\$ 12,757,830	\$ 12,719,830	\$ 9,794,830

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.

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 amount payable to Shea for taps sold by the District to properties identified in the agreement. The agreement incorporates an escalation provision every five years which was last escalated in 2018. The next increase will be effective January 1, 2023.

VI. CAPITAL PROJECTS AND MAJOR REPAIR

Facility and Capital Improvement Plans related to Channel Stabilization, Water acquisition and Major Repair

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 actual projects required and the bids received for construction. Capital project appropriations continue in effect for the life of the project. It is expected that these projects span several years due to the scope of work being done. Capital improvement projects may include:

- projects identified in the District’s long-range Facility Plan
- major repairs
- water acquisition and development

MAJOR 2023 PROJECTS IDENTIFIED INCLUDE:

- Wastewater Treatment Plant improvements to meet Regulation 85 nutrient requirements; began in 2019 and work will continue through 2023.
- Water Treatment Plant pre-treatment modifications; began in 2022 and work will continue through 2024.

New appropriations during the year are combined with any carry-forward, unexpended appropriations from prior years. If the total appropriation exceeds the actual cost of the project, funds are subsequently rescinded. To the extent that the District does not expend authorized amounts during 2022, the unexpended amount will be carried forward to 2023 and are used to calculate the authorized expenses. The schedule below shows the anticipated appropriation status for various water and wastewater projects in 2022 through 2023:

	Capital Major Repair	Water Acquisition
Carried forward from 2021	\$ 36,441,635	\$ 4,646,870
Net 2022 appropriations (Actual)	27,795,305	2,805,237
Less carried forward to 2023	(43,331,905)	(5,012,107)
2022 Outlay	\$ 20,905,035	\$ 2,440,000
Carried forward from 2022	43,331,905	5,012,107
Net 2023 appropriations anticipated	7,405,000	1,757,971
Less carried forward to 2024	(20,736,905)	(3,270,078)
2023 Outlay	\$ 30,000,000	\$ 3,500,000
Carried forward from 2023	20,736,905	3,270,078
Net 2024 appropriations anticipated	46,815,000	640,000
Less carried forward to 2025	(32,551,905)	(3,270,078)
2024 Outlay	\$ 35,000,000	\$ 640,000

V: FUND BALANCE and OPERATING TRANSFERS POLICIES

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 2022 and 2023 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 2023 budget anticipates a transfer of \$8,000,000.

OPERATIONS TO (FROM) -IN PRIORITY ORDER

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 \$5,800,000 will be transferred first to the Capital and Major Repair Fund then to the Financial Assurance Fund. Projected 2022 and 2023 transfers from the Operating Fund are as follows:

	2022 Projected	2023 Budget
Operations Transfers of rate income to/(from):		
Capital and Major Repair Fund	\$ 2,400,000	\$ 5,800,000
Financial Assurance Fund	-	-
Total	\$ 2,400,000	\$ 5,800,000

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

BUDGET SUMMARY

CENTENNIAL WATER AND SANITATION DISTRICT
ALL FUNDS
2021-2023

	2023 BUDGET								
	2021 Actual	2022 Budget	2022 Projected	Operating Funds			Restricted Funds		Budget
				Operations	Financial Assurance	Water Acquisition	Debt Service	Capital Major Repair	
REVENUES & OTHER RECEIPTS									
Operating revenues									
Water utilization charges	\$ 30,418,273	\$ 31,226,400	\$ 30,954,800	\$ 28,505,400	\$ -	\$ 4,300,000	\$ -	\$ -	\$ 32,805,400
Wastewater utilization charges	13,076,330	13,787,000	13,114,000	15,400,000	-	-	-	-	15,400,000
Other operating	402,336	555,290	1,038,450	965,090	-	-	-	-	965,090
Intergovernmental/Fund reimbursement	640,493	594,350	634,350	487,640	-	-	-	-	487,640
Rental income	168,900	249,100	168,900	185,684	-	-	-	-	185,684
	<u>44,706,332</u>	<u>46,412,140</u>	<u>45,910,500</u>	<u>45,543,814</u>	<u>-</u>	<u>4,300,000</u>	<u>-</u>	<u>-</u>	<u>49,843,814</u>
Nonoperating and other receipts									
Miscellaneous	1,253,383	25,000	(88,800)	25,000	-	-	15,900	-	40,900
Lease Proceeds	72,737	-	66,609	53,730	-	-	-	-	53,730
Bond/Loan proceeds	862,086	-	-	-	-	-	-	-	-
Contributed Capital	3,792,726	6,556,260	6,324,672	-	-	693,240	209,475	3,069,891	3,972,606
Net investment income	(469,318)	503,000	77,200	19,000	-	13,200	-	67,100	99,300
	<u>50,217,945</u>	<u>53,496,400</u>	<u>52,290,181</u>	<u>45,641,544</u>	<u>-</u>	<u>5,006,440</u>	<u>225,375</u>	<u>3,136,991</u>	<u>54,010,350</u>
OUTLAYS									
Operating Expenses									
Water operations	11,472,641	11,936,754	11,975,593	11,344,638	-	919,342	-	-	12,263,980
Wastewater operations	4,792,826	5,713,923	5,739,293	5,650,828	-	-	-	-	5,650,828
Technical management	4,293,003	5,191,925	5,250,010	6,267,360	-	-	-	-	6,267,360
General management	3,780,423	3,831,528	3,519,653	3,788,368	-	-	-	-	3,788,368
Total Operating Expenses	<u>24,338,892</u>	<u>26,674,130</u>	<u>26,484,549</u>	<u>27,051,194</u>	<u>-</u>	<u>919,342</u>	<u>-</u>	<u>-</u>	<u>27,970,536</u>
Miscellaneous Capital/Leases									
Water leases	3,173,609	5,131,441	4,595,741	3,808,878	-	1,290,295	-	-	5,099,173
Misc. Capital	219,153	740,000	682,550	-	-	-	-	790,000	790,000
Capital lease payments	-	-	-	-	-	-	-	-	-
Total Miscellaneous Capital/Leases	<u>3,392,762</u>	<u>5,871,441</u>	<u>5,278,291</u>	<u>3,808,878</u>	<u>-</u>	<u>1,290,295</u>	<u>-</u>	<u>790,000</u>	<u>5,889,173</u>
Debt Related									
Interest	5,175,284	5,073,774	5,074,474	-	-	-	4,875,823	-	4,875,823
Principal	7,173,465	7,683,356	7,683,356	-	-	-	7,844,006	-	7,844,006
Total Debt Related	<u>12,348,749</u>	<u>12,757,130</u>	<u>12,757,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,719,830</u>	<u>-</u>	<u>12,719,830</u>
Capital Outlay									
Capital projects and related items	15,753,065	29,380,420	22,705,484	-	-	3,500,000	-	29,210,000	32,710,000
Total Capital Outlay	<u>15,753,065</u>	<u>29,380,420</u>	<u>22,705,484</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>29,210,000</u>	<u>32,710,000</u>
	<u>55,833,467</u>	<u>74,683,121</u>	<u>67,226,154</u>	<u>30,860,072</u>	<u>-</u>	<u>5,709,637</u>	<u>12,719,830</u>	<u>30,000,000</u>	<u>79,289,539</u>
OPERATING TRANSFERS									
Operations from (to) Debt Service Fund	-	-	-	(8,000,000)	-	-	8,000,000	-	-
Operations from (to) Major Repair Fund	-	-	-	(5,800,000)	-	-	-	5,800,000	-
Water Acquisition Fund from (to) Debt Service Fund	-	-	-	-	-	(2,728,830)	2,728,830	-	-
Financial Assurance Fund from (to) Major Repair Fund	-	-	-	-	(3,000,000)	-	-	3,000,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,800,000)</u>	<u>(3,000,000)</u>	<u>(2,728,830)</u>	<u>10,728,830</u>	<u>8,800,000</u>	<u>-</u>
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS	<u>(5,615,522)</u>	<u>(21,186,721)</u>	<u>(14,935,973)</u>	<u>981,472</u>	<u>(3,000,000)</u>	<u>(3,432,027)</u>	<u>(1,765,625)</u>	<u>(18,063,009)</u>	<u>(25,279,189)</u>
FUNDS AVAILABLE - BEGINNING	<u>131,419,985</u>	<u>110,042,476</u>	<u>125,804,469</u>	<u>15,179,559</u>	<u>18,694,664</u>	<u>10,575,693</u>	<u>12,703,353</u>	<u>53,715,225</u>	<u>110,868,495</u>
FUNDS AVAILABLE - ENDING	<u>\$ 125,804,463</u>	<u>\$ 88,855,755</u>	<u>\$ 110,868,496</u>	<u>\$ 16,161,031</u>	<u>\$ 15,694,664</u>	<u>\$ 7,143,666</u>	<u>\$ 10,937,728</u>	<u>\$ 35,652,216</u>	<u>\$ 85,589,306</u>

**CENTENNIAL WATER AND SANITATION DISTRICT
2022 BUDGET REVISED - ALL FUNDS**

	2022 REVISED							Variance
	2022 Budget	Operating Funds			Restricted Funds		Projected Actuals	
	Operations	Financial Assurance	Capital Major Repair	Water Acquisition	Debt Service			
OPERATING REVENUES & OTHER RECEIPTS								
Operating revenues								
Water utilization charges	\$ 31,226,400	\$ 26,401,700	\$ -	\$ -	\$ 4,553,100	\$ -	\$ 30,954,800	\$ (271,600)
Wastewater utilization charges	13,787,000	13,114,000	-	-	-	-	13,114,000	(673,000)
Other operating	555,290	1,038,450	-	-	-	-	1,038,450	483,160
Intergovernmental/Fund reimbursement	594,350	634,350	-	-	-	-	634,350	40,000
Rental Income	249,100	168,900	-	-	-	-	168,900	(80,200)
Total Operating Revenues & Other Receipts	46,412,140	41,357,400	-	-	4,553,100	-	45,910,500	(501,640)
NON-OPERATING REVENUE & OTHER RECEIPTS								
Miscellaneous	25,000	(103,600)	-	-	-	14,800	(88,800)	(113,800)
Lease Proceeds	-	66,609	-	-	-	-	66,609	66,609
Bond proceeds	-	-	-	-	-	-	-	-
Contributed Capital	6,556,260	-	-	5,267,032	466,790	590,850	6,324,672	(231,588)
Net investment income	503,000	19,000	-	43,300	14,900	-	77,200	(425,800)
TOTAL REVENUES & OTHER RECEIPTS	53,496,400	41,339,409	-	5,310,332	5,034,790	605,650	52,290,181	(1,206,219)
OUTLAYS								
Operating Expenses								
Water operations	11,936,754	11,200,814	-	-	774,779	-	11,975,593	(38,839)
Wastewater operations	5,713,923	5,739,293	-	-	-	-	5,739,293	(25,370)
Technical management	5,191,925	5,250,010	-	-	-	-	5,250,010	(58,085)
General management	3,831,528	3,519,653	-	-	-	-	3,519,653	311,875
Total Operating Expenses	26,674,130	25,709,770	-	-	774,779	-	26,484,549	189,581
Miscellaneous Capital/Leases								
Water Leases	5,131,441	3,182,741	-	-	1,413,000	-	4,595,741	535,700
Capital related items	740,000	43,000	-	639,550	-	-	682,550	57,450
Total Miscellaneous Capital/Leases	5,871,441	3,225,741	-	639,550	1,413,000	-	5,278,291	593,150
Debt Related								
Interest	5,073,774	-	-	-	-	5,074,474	5,074,474	(700)
Principal	7,683,356	-	-	-	-	7,683,356	7,683,356	0
Total Debt Related	12,757,130	-	-	-	-	12,757,830	12,757,830	(700)
Capital outlay	29,380,420	-	-	20,265,485	2,440,000	-	22,705,484	6,674,936
TOTAL OUTLAYS	74,683,121	28,935,511	-	20,905,035	4,627,779	12,757,830	67,226,154	7,456,967
OPERATING TRANSFERS								
Operations from (to) Debt Service Fund	-	(8,800,000)	-	-	-	8,800,000	-	-
Operations from (to) Major Repair Fund	-	(2,400,000)	-	2,400,000	-	-	-	-
Water Acquisition Fund from (to) Debt Service Fund	-	-	-	-	(2,728,830)	2,728,830	-	-
TOTAL OPERATING TRANSFERS	-	(11,200,000)	-	2,400,000	(2,728,830)	11,528,830	-	-
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS								
	(21,186,721)	1,203,898	-	(13,194,703)	(2,321,819)	(623,350)	(14,935,974)	6,250,747
FUNDS AVAILABLE - BEGINNING	110,042,476	13,975,662	18,694,664	66,909,929	12,897,512	13,326,703	125,804,469	15,761,993
FUNDS AVAILABLE - ENDING	\$ 88,855,755	\$ 15,179,559	\$ 18,694,664	\$ 53,715,225	\$ 10,575,693	\$ 12,703,353	\$ 110,868,495	\$ 22,012,740

KEY ECONOMIC ASSUMPTIONS

ABSORPTION

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

	As of 12/31/21	2022 Budget	2022 Projected	2023 Budget
Highlands Ranch Metro District				
Single Family	29203	50	90	50
Multi Family	8295	125	0	125
Commercial and Industrial 3/4" equiv.	2936	0	0	4
Irrigation only 3/4" equiv.	1540	0	13	1
Metro irrigation 3/4" equivalents	1369	0	0	0
Mirabelle Metropolitan District				
Single Family	190	125	175	125
Commercial and Industrial 3/4" equiv.	0	0	0	0
Irrigation only 3/4" equiv.	0	0	48	0
Metro irrigation 3/4" equivalents	84	0	0	0
Northern Douglas County 3/4" equiv.				
Single Family	1562	16	0	0
Multi Family	216	0	0	0
C and I 3/4" equiv.w/ GW fee	181	0	0	0
C and I 3/4" equiv.w/oGW fee	4	0	0	0
Irrigation only w/ Groundwater fee	105	8	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:

	2022 Budget	2022 Projected	2023 Budget
Assumed interest rates on investments	0.25%	0.25%	0.25%

PERSONNEL

The 2023 budget includes the following assumptions for personnel expenditures:

1. The 2023 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 a structure adjustment of 4.8% for 2023 and the existing performance matrix based on the employee census estimates an increase for performance of 2.0%, for a total 6.8% average wage increase.
2. The benefits program, which is reflected in the cost of payroll expenses, includes the following:
 - Health (medical/dental/vision) insurance – In 2023 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 limits 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 2023. In 2023, 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 5% based on an increase in the experience modification.

Based on the above, the 2023 payroll costs are estimated to be 31.4% of regular wages as compared to 32.4% in 2022.

FLOW OF FUNDS

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

- Delivery of treated water
- 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 Highlands Ranch Metropolitan District and Northern Douglas County Water and Sanitation District who are responsible for collecting sufficient revenue from their customers to remit the required 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.

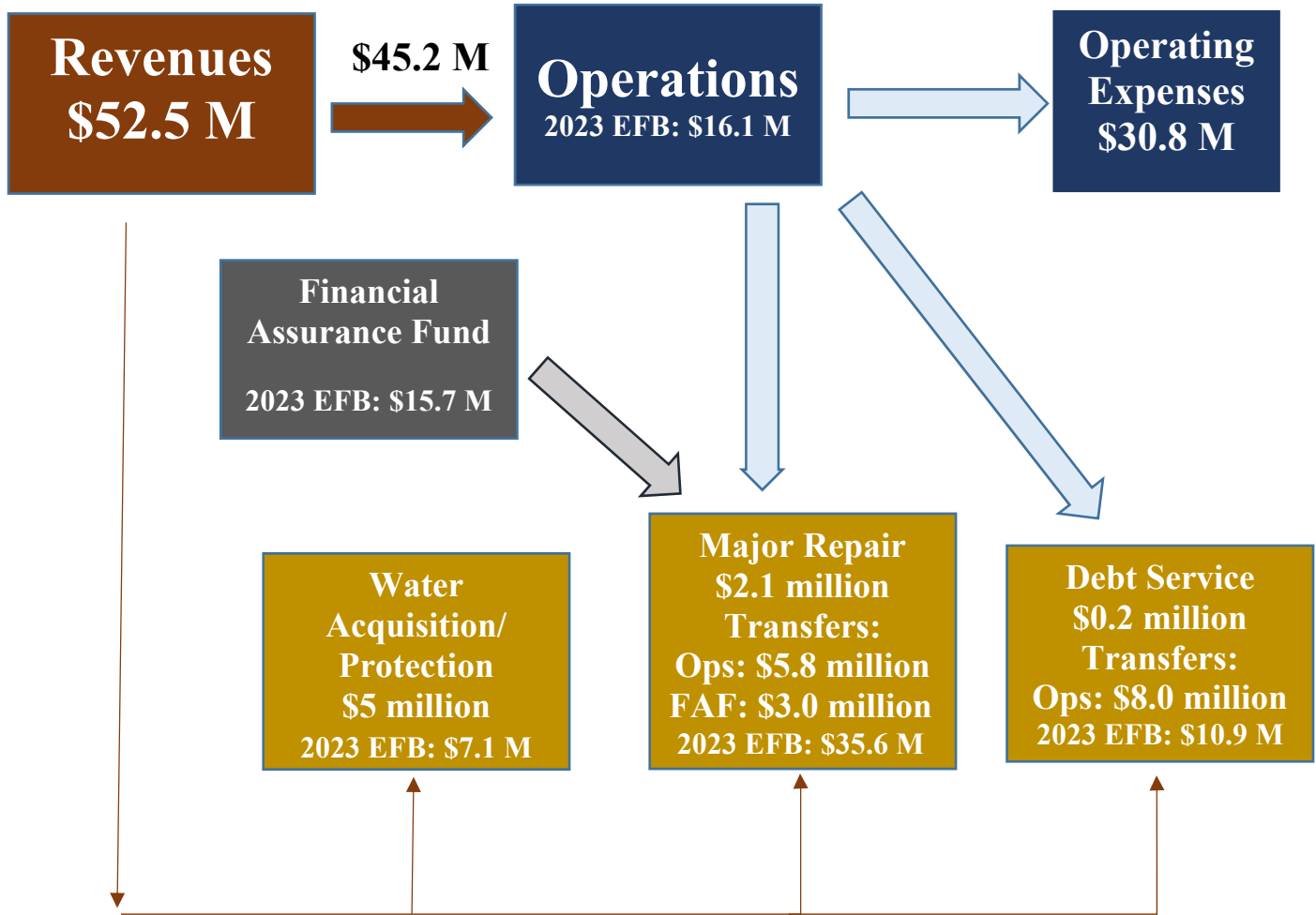
In addition, the District incurs:

- 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) 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). This is collected from 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.

2023 BUDGET FLOW OF FUNDS



*EFB – Ending Fund Balance

BUDGET DETAIL

**CENTENNIAL WATER AND SANITATION DISTRICT
OPERATIONS
2021-2023**

	2021 Actual	2022 Budget	2022 Projected	2023 Budget
REVENUES & OTHER RECEIPTS				
Operating revenues				
Water utilization charges	\$ 26,444,623	\$ 26,926,400	\$ 26,401,700	\$ 28,505,400
Wastewater utilization charges	13,076,330	13,787,000	13,114,000	15,400,000
Other operating	402,336	555,290	1,038,450	965,090
Intergovernmental/fund reimbursment	640,493	594,350	634,350	487,640
Rental income	168,900	249,100	168,900	185,684
Total operating revenues	<u>40,732,682</u>	<u>42,112,140</u>	<u>41,357,400</u>	<u>45,543,814</u>
Other revenues				
Gain (loss)	23,431	10,000	21,600	10,000
Cell Site Lease Rental Income	72,737	-	66,609	53,730
Miscellaneous	-	15,000	(125,200)	15,000
Net investment income	(488,024)	503,000	19,000	19,000
TOTAL REVENUES & OTHER RECEIPTS	<u>40,340,826</u>	<u>42,640,140</u>	<u>41,339,409</u>	<u>45,641,544</u>
OUTLAYS				
Operations expense				
Water operations	9,793,528	11,161,975	11,200,814	11,344,638
Wastewater operations	4,792,826	5,713,923	5,739,293	5,650,828
Technical management	4,293,003	5,191,925	5,250,010	6,267,360
General management	3,780,423	3,831,528	3,519,653	3,788,368
Total operations expense	<u>22,659,779</u>	<u>25,899,351</u>	<u>25,709,770</u>	<u>27,051,194</u>
Miscellaneous Capital and Leases				
Water Leases	3,173,609	3,182,741	3,182,741	3,808,878
Direct payments	219,153	-	43,000	-
Capital Lease Payments	-	-	-	-
TOTAL OUTLAYS	<u>26,052,541</u>	<u>29,082,092</u>	<u>28,935,511</u>	<u>30,860,072</u>
OPERATING TRANSFERS				
From (to) Debt Service Fund	(9,000,000)	(9,400,000)	(8,800,000)	(8,000,000)
From (to) Major Repair Fund	(5,750,000)	(3,800,000)	(2,400,000)	(5,800,000)
TOTAL OPERATING TRANSFERS	<u>(14,750,000)</u>	<u>(13,200,000)</u>	<u>(11,200,000)</u>	<u>(13,800,000)</u>
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS				
	(461,715)	358,048	1,203,898	981,472
FUNDS AVAILABLE - BEGINNING				
	14,437,377	14,829,735	13,975,662	15,179,559
FUNDS AVAILABLE - ENDING				
	<u>\$ 13,975,662</u>	<u>\$ 15,187,783</u>	<u>\$ 15,179,559</u>	<u>\$ 16,161,031</u>

**CENTENNIAL WATER & SANITATION DISTRICT
BY ACTIVITY**

	2021 ACTUAL	2022 BUDGET	2022 REVISED	2023 BUDGET			% CHANGE FROM BUDGET	
				BASE	ON-GOING	ONE-TIME		TOTAL
WATER OPERATIONS								
600 SURFACE WATER	\$ 3,317,964	\$ 3,446,440	\$ 3,407,441	4,068,078	\$ -	\$ -	\$ 4,068,078	18.0%
602 WELLS	1,574,239	1,366,100	1,829,500	1,414,000	-	-	1,414,000	3.5%
610 GROUNDWATER FAC.	154,999	182,400	332,300	193,100	-	-	193,100	5.9%
620 PUMPING EXPENSES	1,787,650	2,353,941	1,924,879	2,498,953	-	-	2,498,953	6.2%
630 DISTRIBUTION TANKS	72,359	92,500	96,500	95,500	-	-	95,500	
640 WTP OPERATIONS	2,807,316	3,071,145	2,975,045	3,167,355	-	-	3,167,355	3.1%
650 WTP MAINTENANCE	1,077,827	1,347,800	1,368,000	1,236,800	-	-	1,236,800	-8.2%
664 METER INSTALLATION	731,388	917,940	897,940	951,200	-	-	951,200	3.6%
671 TRANS/DIST MAINTENANCE	1,443,395	1,566,450	1,551,950	1,528,530	-	-	1,528,530	-2.4%
TOTAL WATER OPS	12,967,137	14,344,716	14,383,555	15,153,516	-	-	15,153,516	5.6%
WASTEWATER OPERATIONS								
711 COLL/TRANS. MAINTENANCE	899,479	1,267,860	1,150,460	1,214,410	15,000	-	1,229,410	-3.0%
720 WWTP OPERATIONS	2,052,417	2,312,653	2,440,073	2,456,318	-	-	2,456,318	6.2%
730 WWTP MAINTENANCE	1,645,276	1,927,910	1,914,260	1,743,600	-	-	1,743,600	-9.6%
740 LIFT STATIONS	195,654	205,500	234,500	221,500	-	-	221,500	7.8%
TOTAL WASTEWATER OPS	4,792,826	5,713,923	5,739,293	5,635,828	15,000	-	5,650,828	-1.1%
TECHNICAL MANAGEMENT								
805 WATER RESOURCES	1,093,143	1,369,565	1,299,615	1,363,455	105,000	7,500	1,475,955	7.8%
805-75 WATER CONSERVATION	139,844	177,555	200,400	194,555	-	50,000	244,555	37.7%
840 O&M ADMINISTRATION	846,387	1,015,955	990,855	1,087,495	-	-	1,087,495	7.0%
860 LAB SERVICES	724,114	942,520	913,500	947,400	-	-	947,400	0.5%
870 SCADA	486,929	532,400	551,900	1,028,850	-	-	1,028,850	93.2%
850 GIS SERVICES	181,235	224,740	229,740	259,640	-	-	259,640	15.5%
880 ENGINEERING	673,845	766,690	870,325	1,024,790	-	-	1,024,790	33.7%
893 VEHICLES	147,505	162,500	193,675	198,675	-	-	198,675	22.3%
TOTAL TECHNICAL MGMT	4,293,002	5,191,925	5,250,010	6,104,860	105,000	57,500	6,267,360	20.7%
GENERAL MANAGEMENT								
900 GENERAL GOVERNANCE	131,425	156,900	157,100	159,300	-	-	159,300	1.5%
905 COMMUNITY RELATIONS	142,816	200,310	142,150	148,610	6,500	20,300	175,410	-12.4%
910 OFFICE OF THE MANAGER	327,145	283,660	238,100	339,560	-	-	339,560	19.7%
920 HUMAN RESOURCES	193,302	324,800	198,800	213,000	-	-	213,000	-34.4%
930 FINANCIAL SERVICES	856,825	1,013,543	913,543	1,018,193	-	-	1,018,193	0.5%
950 INFORMATION SYSTEMS	316,657	465,000	522,715	465,000	-	-	465,000	0.0%
960 CUSTOMER SERVICE	649,222	768,425	772,625	851,375	-	-	851,375	10.8%
970 OFFICE SERVICES	71,532	100,100	78,600	74,500	-	20,000	94,500	-5.6%
975 ADMINISTRATIVE BLDG	220,902	276,790	254,020	230,030	-	-	230,030	-16.9%
980 INSURANCE	870,057	242,000	242,000	242,000	-	-	242,000	0.0%
991 DEBT SERVICE	539	-	-	-	-	-	-	0.0%
TOTAL GENERAL MGMT	3,780,422	3,831,528	3,519,653	3,741,568	6,500	40,300	3,788,368	-1.1%
MISC CAPITAL	219,154	-	43,000	-	-	-	-	
TOTAL BY ACTIVITY	\$ 26,052,541	\$ 29,082,092	\$ 28,935,511	30,635,772	\$ 126,500	\$ 97,800	\$ 30,860,072	6.1%

**CENTENNIAL WATER & SANITATION DISTRICT
BY OBJECT
2021-2023**

	2021 ACTUAL	2022 BUDGET	2022 REVISED	2023 BUDGET				% CHANGE FROM 2022 BUDGET	
				BASE	ON-GOING	ONE-TIME	TOTAL		
BOARD DIRECTED BUDGET									
111 REGULAR WAGES	\$ 6,680,351	\$ 7,172,880	\$ 6,850,690	\$ 7,420,400	\$ 75,000	\$ -	\$ 7,495,400	4.5%	
121 OVERTIME WAGES	328,168.00	225,000	225,000	285,900	-	-	285,900	27.1%	
13x PAYROLL EXPENSES	1,088,594.00	2,393,550	2,252,350	2,418,950	30,000	-	2,448,950	2.3%	
113 TEMPORARY HELP	23,535.00	37,000	41,440	60,000	15,000	-	75,000	102.7%	
182 TRAINING & DEVELOPMENT	37,047.00	66,500	59,400	82,600	-	-	82,600	24.2%	
184 UNIFORMS	29,662.00	40,860	39,625	42,015	-	-	42,015	2.8%	
191 DIRECTORS FEES	-	-	-	2,400	-	-	2,400	100.0%	
195 ADMINISTRATIVE CONTRACT	582,120.00	500,000	500,000	544,740	-	-	544,740	8.9%	
TOTAL BOARD DIRECTED BUDGET	8,769,477	10,435,790	9,968,505	10,857,005	120,000	-	10,977,005	5.2%	
CONTRACTED SERVICES									
352 LEGAL	479,999	538,000	533,000	540,000	-	-	540,000	0.4%	
370 ELECTION	-	50,000	50,000	50,000	-	-	50,000	0.0%	
354 AUDITING	27,500	28,000	28,000	28,000	-	-	28,000	0.0%	
368 INSURANCE	870,057	242,000	242,000	242,000	-	-	242,000	0.0%	
550 WATER LEASE	3,173,609	3,182,741	3,182,741	3,808,878	-	-	3,808,878	19.7%	
MISC. CAPITAL	219,154	7,500	43,000	-	-	-	-	-100.0%	
TOTAL CONTRACTED SERVICES	4,770,858	4,048,241	4,078,741	4,668,878	-	-	4,668,878	15.3%	
DEPT. DIRECTED NONVARIABLE									
219 OFFICE SUPPLIES	1,576	-	2,500	1,500	-	-	1,500	100.0%	
220 MEETING EXP.	5,222	7,225	7,575	7,650	-	-	7,650	5.9%	
222 EMPLOYEE RELATIONS	6,263	13,710	13,710	14,760	-	-	14,760	7.7%	
226 SAFETY SUPPLIES	42,026	34,605	36,105	37,075	-	-	37,075	7.1%	
227 JANITORIAL SUPPLIES	16,667	18,000	16,500	18,500	-	-	18,500	2.8%	
229 OTHER OPERATING SUPPLIES	267,656	334,800	340,250	388,600	-	7,500	396,100	18.3%	
230 COMPUTER SUPPLIES	16,373	144,000	132,500	132,500	-	-	132,500	-8.0%	
244 REPAIR PARTS	1,896,241	2,067,590	1,974,990	2,085,650	-	-	2,085,650	0.9%	
245 METER REPLACEMENTS	59,695	91,000	91,000	76,250	-	-	76,250	-16.2%	
246 TIRES, TUBES	9,276	20,000	20,000	20,000	-	-	20,000	0.0%	
TOTAL DEPT. DIRECTED NONVARIABLE	2,320,995	2,730,930	2,635,130	2,782,485	-	7,500	2,789,985	2.2%	

**CENTENNIAL WATER & SANITATION DISTRICT
BY OBJECT
2021-2023**

	2021 ACTUAL	2022 BUDGET	2022 REVISED	2023 BUDGET				% CHANGE FROM 2022 BUDGET
				BASE	ON-GOING	ONE-TIME	TOTAL	
PURCHASED SERVICES								
301 BANK FEES	73,586	76,000	76,000	76,000	-	-	76,000	0.0%
311 POSTAGE AND FREIGHT	124,630	131,500	93,600	96,100	-	-	96,100	-26.9%
313 VEHICLE LICENSES	9	700	700	700	-	-	700	0.0%
319 COMMUNICATION	88,748	125,240	123,740	145,780	-	-	145,780	16.4%
325 ADVERTISING	6,203	6,500	10,500	6,500	-	-	6,500	0.0%
329 PRINTING	58,737	102,200	97,045	90,700	6,300	14,000	111,000	8.6%
331 MEMBERSHIP DUES	81,638	86,408	88,008	90,688	-	-	90,688	5.0%
335 PUBLICATIONS	3,623	4,150	4,750	5,000	-	-	5,000	20.5%
342 COMPUTER RENTAL	-	2,200	-	-	-	-	-	-100.0%
343 EQUIPMENT RENTAL	52,239	79,000	76,000	80,000	-	-	80,000	1.3%
344 REPAIR SERVICES	1,263,588	1,610,400	1,534,600	1,594,000	-	20,000	1,614,000	0.2%
346 CONTRACT TEMP	30,720	15,000	45,000	15,000	-	-	15,000	0.0%
347 JANITORIAL SERVICES	62,000	62,300	63,200	65,400	-	-	65,400	5.0%
348 CONTRACT MAINTENANCE	113,915	218,000	218,000	239,500	-	-	239,500	9.9%
349 LANDFILL SERVICES	89,184	83,570	94,870	95,100	-	-	95,100	13.8%
355 PROFESSIONAL SERVICES	767,520	1,086,840	1,046,940	1,088,840	-	-	1,088,840	0.2%
363 LAB SERVICES	174,952	230,700	229,000	215,500	-	-	215,500	-6.6%
367 SLUDGE DISPOSAL	320,728	487,000	560,000	539,000	-	-	539,000	10.7%
369 OTHER PURCHASED SERVICES	977,219	1,206,113	1,173,368	1,201,023	6,500	50,000	1,257,523	4.3%
371 AUTOMOBILE EXPENSE	1,196	5,450	5,450	5,450	-	-	5,450	0.0%
372 CONFERENCES	16,709	48,805	45,805	51,905	-	-	51,905	6.4%
389 ADMINISTRATIVE CONTRACT	82,993	96,000	113,640	96,000	-	-	96,000	0.0%
TOTAL PURCHASED SERVICES	4,390,137	5,764,076	5,700,216	5,798,186	12,800	84,000	5,894,986	2.3%
DEPT DIRECTED VARIABLE								
271 GASOLINE/FUEL	103,420	110,974	110,975	110,975	-	-	110,975	0.0%
281 WATER TREATMENT CHEM.	2,312,852	2,403,531	2,528,705	2,600,390	-	-	2,600,390	8.2%
TOTAL DEPT. DIRECTED VARIABLE	2,416,272	2,514,505	2,639,680	2,711,365	-	-	2,711,365	7.8%
UTILITIES								
391 ELECTRICITY AND POWER	3,281,905	3,488,591	3,789,279	3,716,353	-	-	3,716,353	6.5%
392 WATER/SEWER	34,657	35,000	35,000	35,000	-	-	35,000	0.0%
394 NATURAL GAS	68,240	64,960	88,960	66,500	-	-	66,500	2.4%
TOTAL UTILITIES	3,384,802	3,588,551	3,913,239	3,817,853	-	-	3,817,853	6.4%
TOTAL EXPENDITURES BY OBJECT	\$ 26,052,541	\$ 29,082,093	\$ 28,935,511	\$ 30,635,772	\$ 132,800	\$ 91,500	\$ 30,860,072	6.1%

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 support:

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, and
6. Accumulation of reserves for the acquisition of additional water supplies.

		2022				2023				
WATER BUDGET*	METERED WATER CONSUMPTION (per 1,000 Gallons)									
	Residential				Non-Residential					
	Summer		Winter (non-irrigation)		Indoor Only		Irrigation Only			
	up to 100%	101% to 120%	121% to 140%	140% and over	up to 100%	101% to 120%	121% to 140%	140% and over		
	\$	\$	\$	\$	\$	\$	\$	\$		
	\$ 4.31	\$ 4.31	\$ 3.99	\$ 4.41	\$ 4.52	\$ 4.52	\$ 4.18	\$ 4.62		
	\$ 5.80	\$ 5.80	\$ 5.40	\$ 6.00	\$ 6.08	\$ 6.08	\$ 5.66	\$ 6.20		
	\$ 8.81	\$ 5.80	\$ 5.40	\$ 10.40	\$ 9.23	\$ 6.08	\$ 5.66	\$ 10.90		
	\$ 13.33	\$ 9.60	\$ 9.39	\$ 17.70	\$ 13.97	\$ 10.06	\$ 9.85	\$ 18.50		
	Drought Rates - Stage 1**									
	\$ 4.31	N/A	N/A	\$ 4.41	\$ 4.52	N/A	N/A	\$ 4.62		
	\$ 7.25	N/A	N/A	\$ 7.50	\$ 7.60	N/A	N/A	\$ 7.75		
	\$ 11.01	N/A	N/A	\$ 13.00	\$ 11.54	N/A	N/A	\$ 13.63		
	\$ 13.33	N/A	N/A	\$ 17.70	\$ 13.97	N/A	N/A	\$ 13.97		
	Drought Rates - Stage 2**									
	\$ 4.31	N/A	N/A	\$ 4.41	\$ 4.52	N/A	N/A	\$ 4.62		
	\$ 8.70	N/A	N/A	\$ 9.00	\$ 9.12	N/A	N/A	\$ 9.30		
	\$ 13.21	N/A	N/A	\$ 15.60	\$ 13.85	N/A	N/A	\$ 16.35		
	\$ 13.33	N/A	N/A	\$ 17.70	\$ 13.97	N/A	N/A	\$ 18.50		
	WATER SERVICE AVAILABILITY FEE									
	Residential - Single Family (bi-monthly)				\$ 34.82	Residential - Single Family (bi-monthly)				\$ 36.50
	Residential - Multi Family (monthly)				\$ 10.88	Residential - Multi Family (monthly)				\$ 11.32
	Nonresidential per 3/4" equivalent (monthly)				\$ 17.41	Nonresidential per 3/4" equivalent (monthly)				\$ 18.25
	WASTEWATER TREATMENT									
	Residential - Single Family***									
	Fixed fee (bi-monthly)				\$ 23.68	Fixed fee (bi-monthly)				\$ 26.96
	Minimum charge -Fixed fee plus					Minimum charge -Fixed fee plus				
	3,000 gallons Use				\$ 35.26	3,000 gallons Use				\$ 39.08
	Use - winter time average (per 1,000 gallons)				\$ 3.86	Use - winter time average (per 1,000 gallons)				\$ 4.04
	Residential - Multi Family (per unit)***									
	Fixed fee (monthly)				\$ 11.84	Fixed fee (monthly)				\$ 13.48
	Minimum charge -Fixed fee plus					Minimum charge -Fixed fee plus				
	1,500 gallons				\$ 17.63	1,500 gallons				\$ 19.54
	Use - winter time average (per 1,000 gallons)				\$ 3.86	Use - winter time average (per 1,000 gallons)				\$ 4.04
	Nonresidential									
	Fixed fee per 3/4" equiv. tap size (monthly)				\$ 11.84	Fixed fee per 3/4" equiv. tap size (monthly)				\$ 13.48
	Rate * 80% water consumed (per 1,000 gallons)				\$ 3.86	Rate * 80% water consumed (per 1,000 gallons)				\$ 4.04

* 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.

***Fixed fee plus use during winter time average sets fee for the year

**CENTENNIAL WATER AND SANITATION DISTRICT
CAPITAL AND MAJOR REPAIR
2021-2023**

	2021 Actual	2022 Adopted	2022 Projected	2023 Budget
REVENUES & OTHER RECEIPTS				
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Contributed capital	2,294,724	5,180,868	5,267,032	3,069,891
Other/Miscellaneous	1,229,952	-	-	-
Net investment income	20,194	-	43,300	67,100
TOTAL REVENUES & OTHER RECEIPTS	<u>3,544,870</u>	<u>5,180,868</u>	<u>5,310,332</u>	<u>3,136,991</u>
OUTLAYS				
Capital outlay	13,281,599	26,575,000	17,565,485	28,010,000
Well redrills	430,466	1,500,000	2,700,000	-
Miscellaneous Capital	446,171	740,000	639,550	790,000
In-tract Replacement	959,854	100,000	-	1,200,000
TOTAL OUTLAYS	<u>15,118,090</u>	<u>28,915,000</u>	<u>20,905,035</u>	<u>30,000,000</u>
OPERATING TRANSFERS				
From (to) Operations Fund	5,750,000	3,800,000	2,400,000	5,800,000
From (to) Financial Assurance Fund	-	3,000,000	-	3,000,000
TOTAL OPERATING TRANSFERS	<u>5,750,000</u>	<u>6,800,000</u>	<u>2,400,000</u>	<u>8,800,000</u>
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS	(5,823,220)	(16,934,132)	(13,194,703)	(18,063,009)
FUNDS AVAILABLE - BEGINNING	72,733,148	51,608,462	66,909,929	53,715,225
FUNDS AVAILABLE - ENDING	<u>\$ 66,909,929</u>	<u>\$ 34,674,330</u>	<u>\$ 53,715,225</u>	<u>\$ 35,652,216</u>

**CENTENNIAL WATER AND SANITATION DISTRICT
CAPITAL AND MAJOR REPAIR
2022-2033**

	2022 Adopted	2022 Projected	2023 Proposed	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029-2033 Projected
VEHICLES & EQUIPMENT									
Vehicles	\$ 240,000	\$ 89,550	\$ 260,000	\$ 265,000	\$ 270,000	\$ 270,000	\$ 270,000	275,000	\$ 1,375,000
Vehicles - Carried Forward from Prior Year	-	-	\$ 150,000	-	-	-	-	-	-
WTP Equipment	-	-	-	100,000	100,000	100,000	100,000	500,000	500,000
WWTP Equipment	-	-	-	50,000	50,000	50,000	50,000	250,000	250,000
Field Equipment	-	-	-	100,000	100,000	100,000	100,000	100,000	500,000
Well Equipment	500,000	400,000	500,000	500,000	500,000	500,000	500,000	500,000	2,500,000
Front End Loader	-	-	-	300,000	-	-	-	-	-
Camera Truck Replacement	-	-	350,000	-	-	-	-	-	-
Hydro Excavation Trailer	60,000	-	80,000	-	-	-	-	-	-
Dump Truck	-	-	-	200,000	-	-	-	-	-
Boom Lift - WWTP	-	-	90,000	-	-	-	-	-	-
Remote Lift Station backhoe	150,000	150,000	-	-	-	-	-	-	-
Subtotal Vehicles & Equipment	950,000	639,550	1,430,000	1,515,000	1,020,000	1,020,000	1,020,000	1,625,000	5,125,000
WATER TREATMENT PLANT									
Phase 1a: pre-treatment	21,000,000	20,261,820	-	-	-	-	-	-	-
Phase 1b: chemical building & electrical improvements	-	1,100,000	-	43,900,000	-	-	-	-	-
Phase 2: Filter Imp/Chlorine Contact	-	-	-	-	5,000,000	43,000,000	-	-	-
Phase 3: Zone 1/2 Pump/ Back up Power (2028)	-	-	-	-	-	-	3,000,000	32,000,000	-
Zone 1 Pump Replacement	-	-	200,000	-	-	-	-	-	-
C&D heat/ac	-	-	-	150,000	-	-	-	-	-
Phase 4: Advanced Treatment (2033)	-	-	-	-	-	-	-	-	70,000,000
Operations Building(s) Renovation (2030)	-	-	-	-	-	-	-	-	15,000,000
Subtotal Water Treatment Plant	21,000,000	21,361,820	200,000	44,050,000	5,000,000	43,000,000	3,000,000	32,000,000	85,000,000
WASTEWATER TREATMENT PLANT									
Grit System Equipment	375,000	-	400,000	-	-	-	-	-	-
Temperature Modifications	-	-	-	-	-	-	-	-	-
Advanced Treatment/ Phase III/ Reg 31	-	-	-	-	-	-	-	-	-
MGWWTP Phase II- Reg 85	2,950,000	2,850,000	100,000	-	-	-	-	-	-
Emergency Bypass Pump	-	-	-	175,000	-	-	-	-	-
Wastewater Reuse Facility	-	-	-	500,000	4,500,000	-	-	-	-
Subtotal Wastewater Treatment Plant	3,325,000	2,850,000	500,000	675,000	4,500,000	-	-	-	-
GROUND WATER TREATMENT PLANT/WELL REDRILLS									
GWTP #1 Filter Media	350,000	350,000	-	-	-	-	-	-	-
GWTP #2 Filter Media	-	-	-	-	-	-	-	-	-
Well Redrill Arapahoe	1,500,000	2,700,000	-	-	-	-	-	-	3,000,000
GWTP #1 Filter Valve Replacement	-	-	750,000	-	-	-	-	-	-
GWTP #2 Sewer Line outfall	-	-	-	-	-	-	-	-	-
Redundant Ammonia Feed System	125,000	120,460	-	-	-	-	-	-	-
Well LFH-2, D-1 Landscape Landscape Improvements	-	-	70,000	-	-	-	-	-	-
Well A-6 Landscape Improvements	-	-	30,000	-	-	-	-	-	-
Subtotal GWTP and Well Redrills	1,975,000	3,170,460	850,000	-	-	-	-	-	3,000,000

**CENTENNIAL WATER AND SANITATION DISTRICT
CAPITAL AND MAJOR REPAIR
2022-2033**

	2022 Adopted	2022 Projected	2023 Proposed	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029-2033 Projected
PUMP STATIONS/ DISTRIBUTION/WATER STORAGE									
South Platte Rip Rap	400,000	400,000	-	-	-	-	-	-	-
South Platte Pump Station VFD Replacement	-	-	45,000	-	-	-	-	-	-
Cathodic Protection Assessment (system wide)	150,000	-	350,000	300,000	-	-	-	-	-
Tingle Reservoir Embankment Repair	-	82,000	-	-	-	-	-	-	-
Cline Headgate Renovation	-	-	100,000	-	-	-	-	-	-
Cline Delayed Return Flow Facility Design	-	-	-	-	200,000	-	-	-	-
Cline Delayed Return Flow Facility Completion	-	-	-	-	-	-	1,500,000	-	-
Zone 4A pump station	-	-	-	-	-	-	-	-	2,000,000
McLellan A Pump Station	-	-	-	-	2,000,000	-	-	-	-
Distribution System Upgrades	-	-	-	-	-	-	-	-	-
Zone 5 Surge Anticipator Valve	60,000	-	85,000	-	-	-	-	-	-
Distribution System Surge Improvements	-	-	400,000	-	-	-	-	-	-
Zone 6 Surge Anticipator Valve	-	-	-	-	-	-	-	-	100,000
McLellan B Pump Station 3rd Pump Install	310,000	-	350,000	-	-	-	-	-	-
De-Strat Compressor for McLellan	-	-	100,000	-	-	-	-	-	-
Security Improvements - Tanks 3 and 6 Fencing	-	-	60,000	-	-	-	-	-	-
Subtotal Pump Stations/ Distribution/Water Storage	920,000	482,000	1,490,000	300,000	2,200,000	-	1,500,000	-	2,100,000
LIFT STATIONS / COLLECTION									
Big Dry/ Willow Creek Lift Station Evaluation	500,000	-	500,000	-	-	-	-	-	-
Big Dry Lift Station Upgrades	-	-	-	-	1,500,000	9,000,000	-	-	-
Willow Creek Lift Station	-	-	-	-	-	1,000,000	6,500,000	-	-
Big Dry Electrical	150,000	-	150,000	-	-	-	-	-	-
Bluffs LS Generator	150,000	60,000	-	-	-	-	-	-	-
Willow Creek MTS	40,000	25,000	-	-	-	-	-	-	-
Big Dry LS Emergency Pump	185,000	150,000	-	-	-	-	-	-	-
Mirabelle Service Lines	250,000	50,000	500,000	-	-	-	-	-	-
Marina Lift Station	120,000	-	135,000	-	-	-	-	-	-
Subtotal Lift Stations / Collection	1,395,000	285,000	1,285,000	-	1,500,000	10,000,000	6,500,000	-	-
SCADA									
SCADA Cellular vs Radio Path	250,000	-	300,000	150,000	1,500,000	-	-	-	-
DISTRICT OFFICE BUILDING									
Elevator Upgrade	-	-	150,000	-	-	-	-	-	-
IN-TRACT LINES (FUNDED BY HRMD)									
Filing 14 - Bellflower (1,700 LF)	100,000	-	1,200,000	-	-	-	-	-	-
Filing 5 - Shadow Mountain Drive (1,800 LF)	-	-	-	125,000	1,100,000	-	-	-	-
Filing 17 - Crestmore (2,400 LF)	-	-	-	-	-	150,000	1,500,000	-	-
Subtotal In-Tract Lines	100,000	-	1,200,000	125,000	1,100,000	150,000	1,500,000	-	-
TOTAL	\$ 29,915,000	\$ 28,788,830	\$ 7,405,000	\$ 46,815,000	\$ 16,820,000	\$ 54,170,000	\$ 13,520,000	\$ 33,625,000	\$ 95,225,000

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

	2021 Actual	2022 Budget	2022 Projected	2023 Budget
REVENUES & OTHER RECEIPTS				
Water utilization charges				
Rate allocation	\$ 3,973,650	\$ 4,048,000	\$ 4,373,100	\$ 4,048,000
NDC Surcharge	-	252,000	180,000	252,000
Contributed Capital				
Water Acquisition	531,320	663,040	441,040	648,240
Channel Stabilization	58,250	43,750	25,750	45,000
Loan Proceeds	862,086	-	-	-
Other	-	-	-	-
Net investment income	(1,493)	-	14,900	13,200
TOTAL REVENUES & OTHER RECEIPTS	5,423,812	5,006,790	5,034,790	5,006,440
OUTLAYS				
Operations				
WISE	1,400,733	2,169,719	1,634,019	1,655,877
Chatfield Reallocation	278,380	553,760	553,760	553,760
Water Conservation Grants	-	-	-	-
Capital outlay				
Water Acquisition Projects	634,975	1,205,420	2,440,000	3,500,000
Water Rights	-	-	-	-
TOTAL OUTLAYS	2,314,088	3,928,899	4,627,779	5,709,637
OPERATING TRANSFERS				
From (to) Debt Service	(2,728,830)	(2,378,343)	(2,728,830)	(2,728,830)
TOTAL OPERATING TRANSFERS	(2,728,830)	(2,378,343)	(2,728,830)	(2,728,830)
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS				
	380,895	(1,300,452)	(2,321,819)	(3,432,027)
FUNDS AVAILABLE - BEGINNING	12,516,617	13,254,951	12,897,512	10,575,693
			-	-
FUNDS AVAILABLE - ENDING	\$ 12,897,512	\$ 11,954,499	\$ 10,575,693	\$ 7,143,666

**CENTENNIAL WATER AND SANITATION DISTRICT
WATER ACQUISITION
2022-2033**

	2022 Adopted	2022 Projected	2023 Proposed	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029-2033 Projected
Carry Forward	-	4,646,870							
Chatfield Reallocation Capital									
Mitigation	-	-	692,200	-	-	-	-	-	-
Subtotal	-	-	692,200	-	-	-	-	-	-
WISE									
Binney Connection	130,420	130,420	136,360	140,000	-	-	-	-	-
SM Land Acquisition	575,000	-	575,000	-	-	-	-	-	-
DIA Connection	-	-	800,000	-	-	-	-	-	-
Subtotal	705,420	130,420	1,511,360	140,000	-	-	-	-	-
Water Infrastructure / Wells									
City Pump Station Improvements	-	-	-	500,000	-	-	-	-	-
Wells SP -14	400,000	377,429	1,065,771	-	-	-	-	-	-
Pipeline (SP-14) 600 LF	100,000	-	-	-	-	-	-	-	-
South Platte Wellfield	-	-	-	-	-	-	-	-	5,000,000
Well D-20A	-	2,427,808	-	-	-	-	-	-	-
Subtotal	500,000	2,805,237	1,065,771	500,000	-	-	-	-	5,000,000
TOTAL	\$ 1,205,420	\$ 2,935,657	\$ 3,269,331	\$ 640,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000

**CENTENNIAL WATER AND SANITATION DISTRICT
DEBT SERVICE
2021-2023**

	2021 Actual	2022 Adopted	2022 Projected	2023 Budget
REVENUES & OTHER RECEIPTS				
Contributed Capital	\$ 908,432	\$ 668,602	\$ 590,850	\$ 209,475
Bond proceeds	-	-	-	-
Other	-	-	-	-
Investment Income	5	-	14,800	15,900
TOTAL REVENUES & OTHER RECEIPTS	908,437	668,602	605,650	225,375
OUTLAYS				
Debt Related				
Principal	6,360,000	6,845,487	6,495,000	6,620,000
Principal (water acquisition funded)	813,465	837,869	1,188,356	1,224,006
Interest	3,326,050	3,533,300	3,534,000	3,371,000
Interest - (water acquisition funded)	1,849,234	1,540,474	1,540,474	1,504,823
TOTAL OUTLAYS	12,348,749	12,757,130	12,757,830	12,719,830
OPERATING TRANSFERS				
From (to) Operations	9,000,000	9,400,000	8,800,000	8,000,000
From (to) Water Acquisition & Protection	2,728,830	2,378,343	2,728,830	2,728,830
TOTAL OPERATING TRANSFERS	11,728,830	11,778,343	11,528,830	10,728,830
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS	288,518	(310,184)	(623,350)	(1,765,625)
FUNDS AVAILABLE - BEGINNING	13,038,184	12,154,664	13,326,703	12,703,353
FUNDS AVAILABLE - ENDING	\$ 13,326,703	\$ 11,844,480	\$ 12,703,353	\$ 10,937,728

DEBT SERVICE REQUIREMENTS

	Balance 12/31/21	Additions	Retirements	Balance 12/31/22	Additions	Retirements	Balance 12/31/23	Additions	Retirements	Balance 12/30/24
Water										
Series 2012A	7,185,000	-	3,555,000	3,630,000	-	3,630,000	-	-	-	-
Series 2012B	4,365,000	-	2,160,000	2,205,000	-	2,205,000	-	-	-	-
CWCB 2055	35,970,480	-	837,869	35,132,612	-	863,005	34,269,607	-	888,895	33,380,712
CWCB 2056	10,400,368	-	245,847	10,154,521	-	253,222	9,901,299	-	260,819	9,640,480
CWCB 2053	4,978,290	-	104,640	4,873,650	-	107,779	4,765,871	-	111,013	4,654,858
	62,899,138	-	6,903,356	55,995,783	-	7,059,006	48,936,777	-	1,260,726	47,676,050
Wastewater										
Series 2012A	3,100,000	-	330,000	2,770,000	-	330,000	2,440,000	-	2,440,000	-
Series 2012B	905,000	-	450,000	455,000	-	455,000	-	-	-	-
Series 2019	64,355,000	-	-	64,355,000	-	-	64,355,000	-	1,360,000	62,995,000
	68,360,000	-	780,000	67,580,000	-	785,000	66,795,000	-	3,800,000	62,995,000
	\$ 131,259,138	\$ -	\$ 7,683,356	\$ 123,575,783	\$ -	\$ 7,844,006	\$ 115,731,777	\$ -	\$ 5,060,726	\$ 110,671,050

The projected expenditure for **interest** on the Districts's debt service during the periods 2022 to 2024 can be summarized as follows:

Funded from Fixed Fees	2022	2023	2024
Series 2012A	215,000	134,000	51,000
Series 2012B (w/conversion)	104,000	22,000	-
Series 2019	3,215,000	3,215,000	3,215,000
	<u>3,534,000</u>	<u>3,371,000</u>	<u>3,266,000</u>
Funded from Water Acquisition			
CWCB	1,540,474	1,504,823	1,468,103
Total Interest	<u>\$ 5,074,474</u>	<u>\$ 4,875,823</u>	<u>\$ 4,734,103</u>

The projected expenditure for **principal** and **interest** on the Districts's debt service during the periods 2022 to 2024 can be summarized as follows:

Funded from Fixed Fees	2022	2023	2024
Series 2012A	4,100,000	4,094,000	2,491,000
Series 2012B (w/conversion)	2,714,000	2,682,000	-
Series 2019	3,215,000	3,215,000	4,575,000
	<u>10,029,000</u>	<u>9,991,000</u>	<u>7,066,000</u>
Funded from Water Acquisition			
CWCB Loans	2,728,830	2,728,830	2,728,830
Total Principal and Interest	<u>\$ 12,757,830</u>	<u>\$ 12,719,830</u>	<u>\$ 9,794,830</u>

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 2023.
- 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 2023.
- 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 2023.

The IGA provides for the following payment levels:

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

In addition to the advance payments required as a result of increases in service area, Centennial will recalculate the Reserved Capacity Cost every October 1st 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 1st.

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 District. 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 2022 and 2023 are estimated in the following table.

COLLECTIONS FOR CONTRIBUTED CAPITAL

	2022 Projected	2023 Budget
Reserved Capacity Payments		
HRMD - Exhibit B	\$ 3,034,032	\$ 274,891
Northern Douglas County	331,500	-
Mirabelle Metropolitan District	2,233,000	1,595,000
	5,598,532	1,869,891
Channel Stabilization surcharge		
HRMD	25,750	45,000
Water acquisition fee		
HRMD	152,440	463,240
Northern Douglas County	29,600	-
Mirabelle Metropolitan District	259,000	185,000
	441,040	648,240
Option Payments		
Northern Douglas County	\$ -	\$ -
Mirabelle	259,350	209,475
	\$ 6,324,672	\$ 2,772,606

APPENDIX

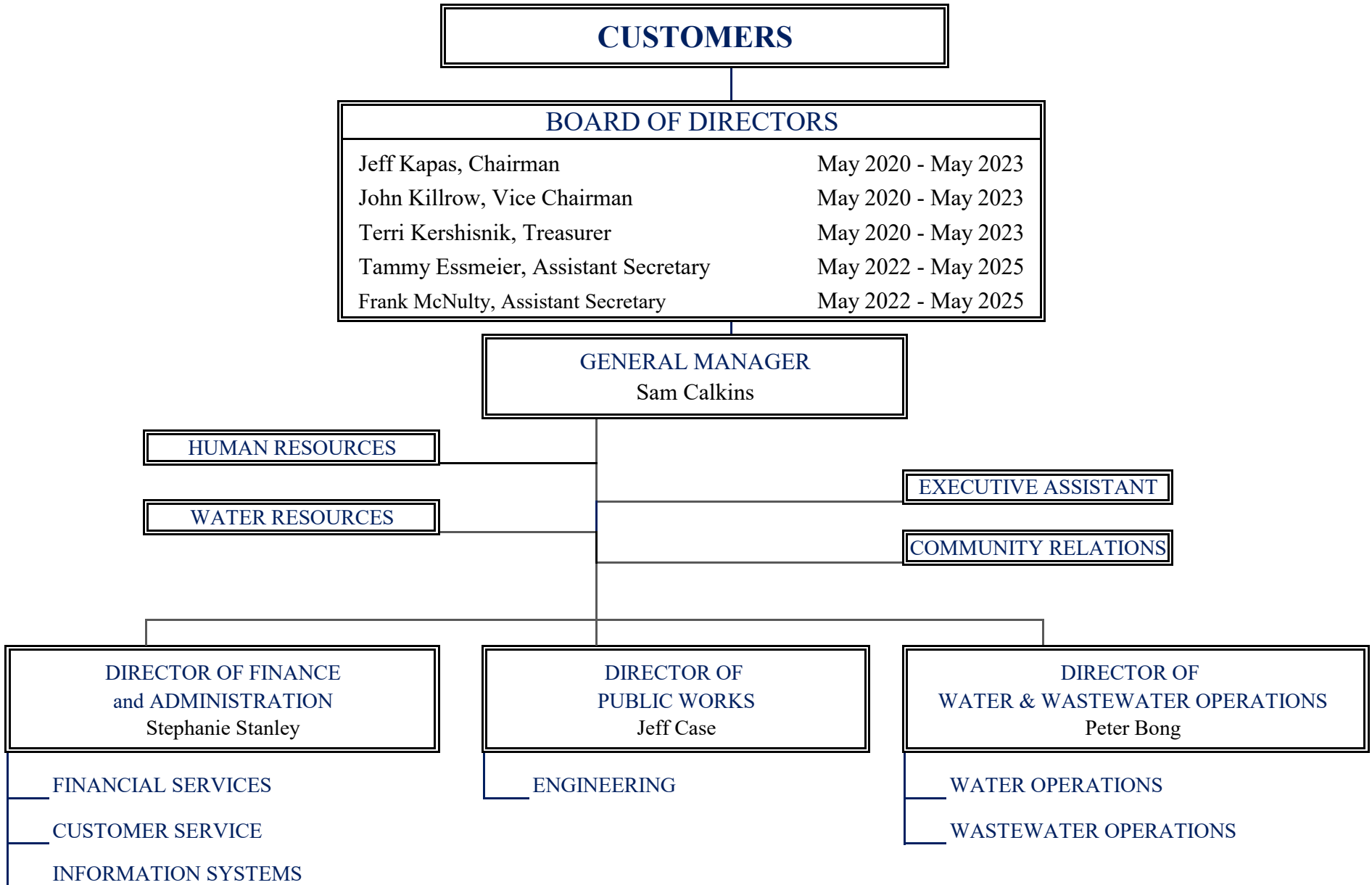
GLOSSARY

<i>Absorption:</i>	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.
<i>Base Capacity Fee:</i>	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.
<i>Bond Covenant:</i>	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.
<i>Capital Outlay:</i>	A capital expenditure either adds a fixed asset unit or increases the value of an existing fixed asset.
<i>Enterprise Fund:</i>	In governmental accounting, a fund that provides goods or services to the public for a fee that makes the entity self-supporting.
<i>Fund Balance:</i>	The excess of a governmental fund's assets and revenues over its liabilities, reserves, and expenditures at the close of the fiscal year.
<i>Governmental Funds:</i>	Funds generally used to account for tax-supported activities.
<i>Proxy:</i>	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.
<i>Target Fund Balances:</i>	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.
<i>Water Acquisition Fee:</i>	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



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

Department	2022 Budget	2022 Actual	Variance	2023 Budget	2023 Adj. for Shared Emp.
OPERATIONS AND MAINTENANCE MANAGEMENT					
Director, Water/Wastewater Operations	1.000	1.000	-	1.000	1.000
Superintendent, Operations and Maintenance	1.000	1.000	-	1.000	1.000
Superintendent, Water and Wastewater	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
PLANT OPERATIONS					
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 Operators	5.000	5.000	-	5.000	5.000
WWTP Operators	6.000	6.000	-	6.000	6.000
PLANT MAINTENANCE					
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
COLLECTION AND DISTRIBUTION					
Lead Collection/Distribution Mechanic	1.000	1.000	-	1.000	1.000
Collection/Distribution Mechanics	10.000	9.000	(1.000)	9.000	9.000
Lead Meter Technition	1.000	1.000	-	1.000	1.000
Meter Technicians	9.000	8.000	(1.000)	8.000	8.000
Laboratory Supervisor	1.000	1.000	-	1.000	1.000
Water Quality Analysts	4.000	4.000	-	4.000	4.000
WATER RESOURCES					
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
Resources Analyst	-	-	-	1.000	1.000
Water Facility Caretaker	0.250	0.20	(0.050)	0.200	0.200
ENGINEERING					
* Director - Engineering	*	*		*	0.600
* Office Manager / Admin Assit. II	*	*		*	0.500
* Contract Administrator	*	*		*	0.500
* Clerk/Engineering Tech	*	*		*	0.600
** GIS Technician	2.000	2.000	-	2.000	1.600
Engineer	1.000	2.000	1.000	2.000	2.000
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**

Department	2022 Budget	2022 Actual	Variance	2023 Budget	2023 Adj. for Shared Emp.
GENERAL MANAGEMENT					
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	1.000
* Human Resources Administrator	*	*		*	0.500
* Human Resources Assistants (2)	*	*		*	0.900
FINANCIAL SERVICES					
* Director - Finance & Admin.	*	*		*	0.500
** Asset & Revenue Manager	0.500	0.500	-	0.500	0.250
** Accounting Manager	1.000	1.000	-	1.000	0.500
** Accounting Supervisor	-	1.000	1.000	1.000	0.500
** Administrative Analyst	1.000	-	(1.000)	-	0.500
** Manager, Financial and Budget Reporting	1.000	1.000	-	1.000	0.500
** Accounting Assistants/Payroll	3.500	3.500	-	3.500	1.750
* Receptionist / Office Assistant	1.500	1.000	(0.500)	1.000	0.750
** Building Assistant (District Office Bldg.)	1.000	1.000	-	1.000	1.000
CUSTOMER SERVICE					
Asset & Revenue Manager	0.500	0.500	-	0.500	0.250
Customer Service Rep.	5.000	5.000	-	5.000	5.000
Meter Readers	2.000	2.000	-	2.000	2.000
TOTAL REGULAR EMPLOYEES					
	<u>96.250</u>	<u>94.700</u>	<u>(1.550)</u>	<u>95.700</u>	<u>95.900</u>
TEMPORARIES (FTE)					
Plant Operations	0.210	-	(0.210)	0.210	0.500
Plant Maintenance	0.450	0.210	(0.240)	0.450	0.450
Collection and Distribution	0.250	-	(0.250)	0.250	0.250
Water Conservation	0.300	0.300	-	0.300	0.300
Engineering	0.300	-	(0.300)	0.300	0.300
Total with equivalents	<u>97.760</u>	<u>95.210</u>	<u>(2.550)</u>	<u>97.210</u>	<u>97.700</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

Resolution No. 22-165

WHEREAS, staff has submitted a proposed budget to this Board on or before October 15, 2022 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 November 28th, 2022, 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	\$ 30,860,072
Water Acquisition	5,709,637
Debt Service Funds	12,719,830
Capital Projects Fund	30,000,000
	<u>\$ 79,289,539</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	\$ 45,543,814
From Nonoperating Revenue	97,730
From (to) interfund transfers	(13,800,000)
From (to) unappropriated surpluses	(981,472)
	<u>\$ 30,860,072</u>

Water Acquisition

From Operating Revenues	\$ 4,300,000
From Nonoperating Revenue	693,240
From (to) interfund transfers	(2,728,830)
From (to) unappropriated surpluses	3,432,027
	<u>\$ 5,696,437</u>

Major Repair	
From Nonoperating Revenue	\$ 3,136,991
From (to) interfund transfers	8,800,000
From (to) unappropriated surpluses	18,063,009
	<u>\$ 30,000,000</u>
Debt Service Funds	
From Nonoperating Revenue	\$ 225,375
From (to) interfund transfers	10,728,830
From (to) unappropriated surpluses	1,765,625
	<u>\$ 12,719,830</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 2022 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	\$ 30,860,072
Water Acquisition - Operations	2,209,637
Major Repair	790,000
Debt Service Fund	12,719,830
Major Repair/Capital Fund -Specific Year (water transfer payment, etc)	-
	<u>\$ 46,579,539</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 2023 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 Capital and Major Repair Fund, \$5,800,000
- 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:

	2022	2023	% Change
NDCWSD			
Residential	\$ 5.37	\$ 5.58	4.0%
Commercial Indoor	\$ 5.05	\$ 5.25	4.0%
Irrigation	\$ 5.47	\$ 5.69	3.9%
Service Availability Charge	\$ 17.42	\$ 18.20	4.5%
Wastewater fixed	\$ 11.84	\$ 13.43	13.5%
Wastewater per 1,000 gallons	\$ 3.86	\$ 4.04	4.8%

- 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 13th day of December, 2022

Certified by *Sam T. Collins* , Secretary

Ayes 3 Nays 0 Abstained 0 Absent 2