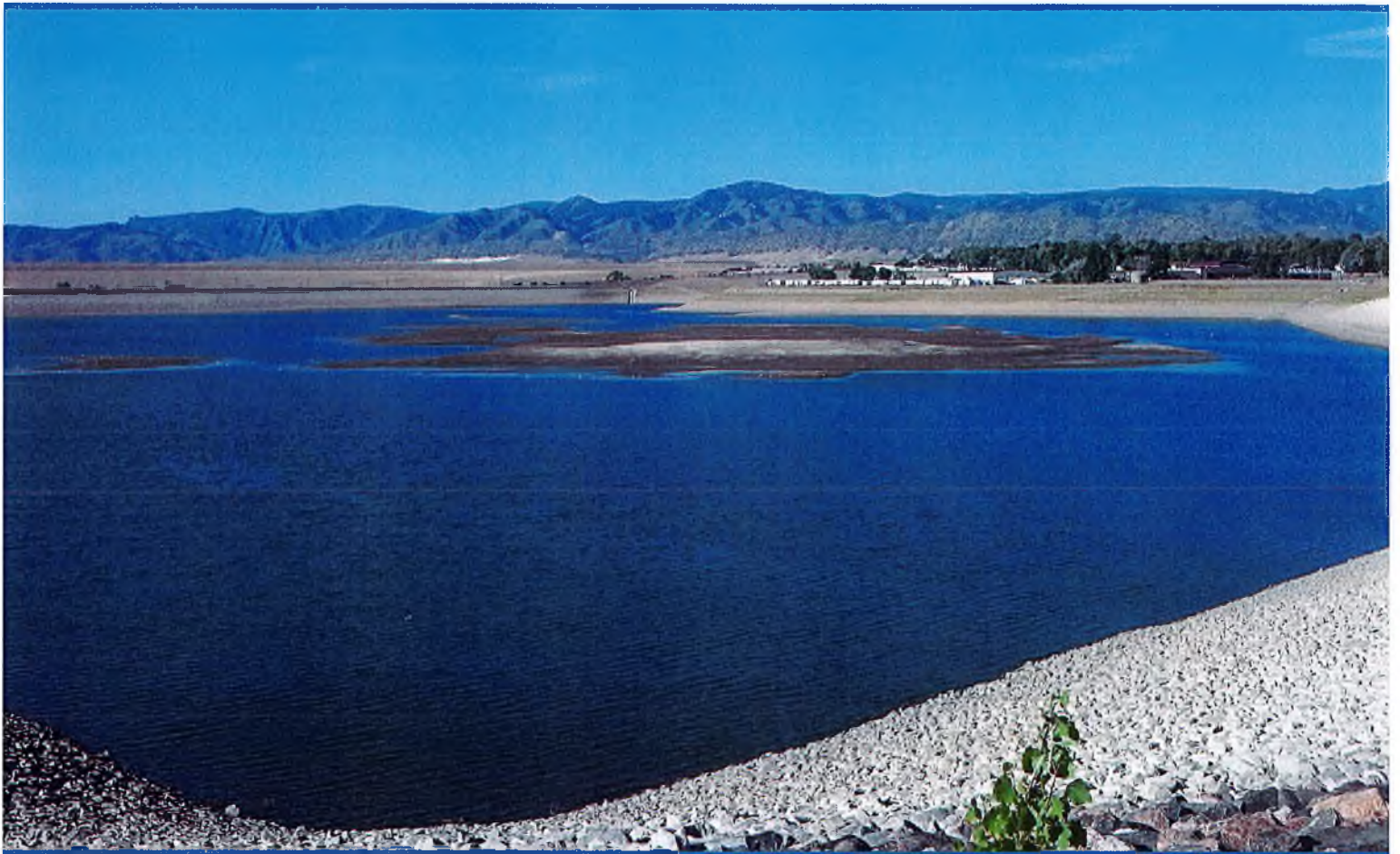




CENTENNIAL
WATER AND SANITATION DISTRICT

2020 Adopted Budget & Rates



Adopted December 16, 2019
Highlands Ranch, CO



CENTENNIAL
WATER AND SANITATION DISTRICT

2020
Adopted Budget
& Rates

December 16, 2019



CENTENNIAL

WATER AND SANITATION DISTRICT

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CENTENNIAL

WATER AND SANITATION DISTRICT

December 16, 2019

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 2020 Budget was approved and adopted by the Board of Directors on December 16, 2019. As part of the approval process, \$42,325,367 was appropriated for operations, including miscellaneous capital and debt service.

The 2020 operations portion of the Budget anticipates:

- A 4.3% or \$1.1 million increase in expenditures from the 2020 budget. The increase in budgeted expenditures is primarily due to increases for wages, legal, professional services, and water treatment chemicals.
- An increase in operating revenues of 7.5% or \$2.2 million from 2020 budgeted revenues. This increase in revenues is generated primarily by an increase in water and wastewater fixed fees.

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

Managing challenges

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

Water Supply

Water is a precious resource in the arid west, and water supply management is a vital component of the operations of the District and a significant driver in the development of the budget. Annual and long term planning for demand is impacted by cost, storage, and availability. While the District has ample groundwater to supply the community’s indoor water demand, the primary source over the past 37 years has been renewable surface water.

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

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



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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 2020 budget assumes total demand of 16,530 acre-feet from which 14,130 acre-feet is surface water, 2,400 acre-feet is groundwater.

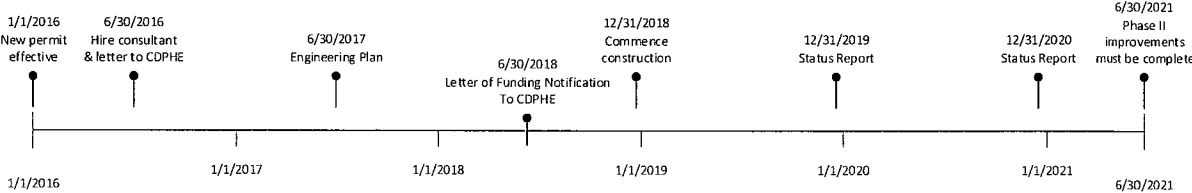
Regulatory

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 Plan 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 normal renewal cycle is every five years with the next scheduled renewal as shown in the schedule below in 2021.

The Marcy Gulch Plant discharges into a portion of the South Platte River that has some of the most strict discharge standards in the basin. More strict nutrient limits were included in the new permit and resulted in a 4 year compliance schedule that began with design in 2017 followed by construction beginning in 2019 of the necessary improvements. Any improvements necessary to meet the schedule will be determined by the engineering design and must be completed and operational by June 30, 2021. The timeline is shown below.



Current regulatory programs are listed below:

1. Centennial maintains an industrial pretreatment program to monitor industries and other businesses that discharge wastewater. Annual inspections at each facility are conducted and documented in a database. Periodic wastewater sampling is conducted as needed to monitor wastewater discharges. This program regulates and prevents hazardous chemicals or waste from being discharged into the sewer system and harming the wastewater treatment plant or passing through without treatment.
2. Centennial, in conjunction with the Highlands Ranch Metro District, Douglas County, and Tri-County Health Department, conducts a Household Hazardous Waste Roundup event on an annual basis. Hazardous and toxic chemicals and wastes are collected and either recycled or disposed of at approved facilities. This helps mitigate the dumping of the waste material into the streets, sanitary sewers, or storm sewers of Highlands Ranch. For more information about the Household Hazardous Waste Roundup, please visit www.highlandsranch.org.
3. As part of national homeland security efforts, Centennial has developed an Emergency Response Plan to document procedures that will be taken to protect Highlands Ranch’s water sources and distribution system from accidental or intentional contamination.
4. Centennial’s water system includes backup systems to provide drinking water to our residents in the event of accidental or intentional contamination.

5. Centennial has standby equipment to contain and recover spills into surface water supplies.
6. 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.
7. 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 will begin 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 for the future

Water

Two significant regional water supply projects, Chatfield Reallocation and Water Infrastructure and Supply Efficiency (WISE), that have been in planning for years continued to take significant steps forward in 2020. The District is already receiving water from WISE but there are still some construction projects associated with achieving full delivery levels.

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. Chatfield Dam and the resulting reservoir is an on stream reservoir built in 1973. 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. Improvements began in 2017 and completion is expected in 2020.

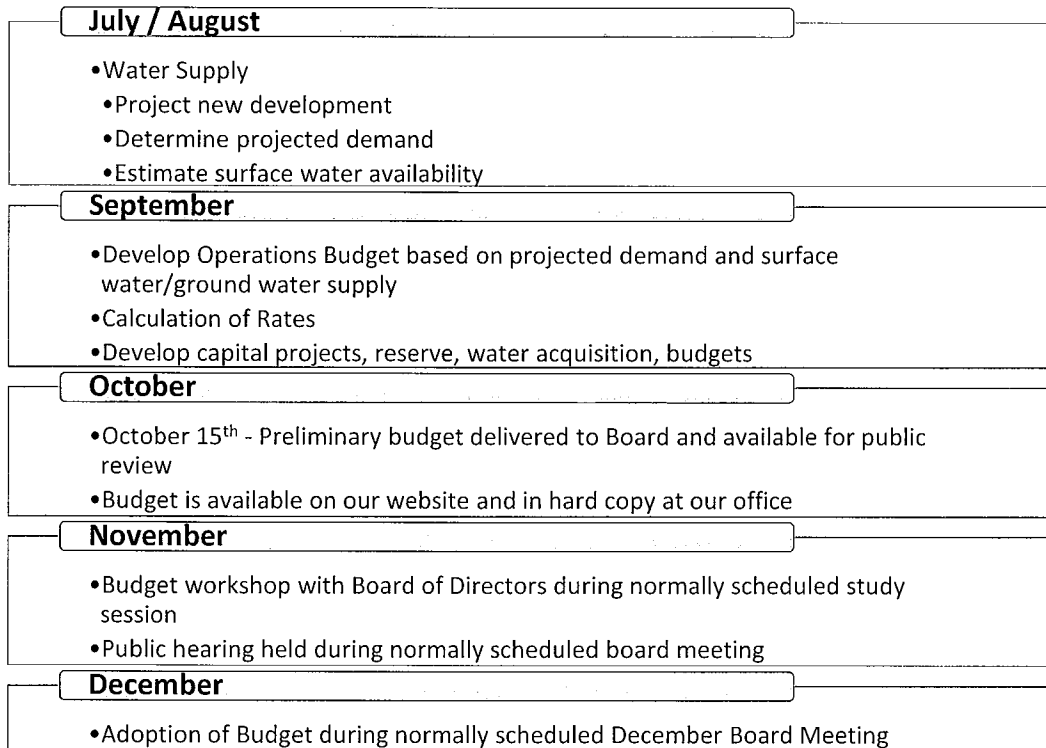
WISE is a regional water project in conjunction with Aurora and Denver Water combining their water and infrastructure that improves water resource utilization for Aurora and Denver, and deliver waters to WISE Authority participants when it's available. The District began receiving deliveries in 2018. The permanent connection is currently in the design phase and forecasted to be completed by May 2021.

Wastewater

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

Budget Process

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



Annual Operations Expenditures

Some key assumptions in the 202 budget include:

- an average increase in wages of 2.9%,
- a 4% increase in health insurance premiums with no changes in benefits;
- a slight decrease 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 ("Reserve") Fund consistent with the budget and rate allocations;
- remaining funds will be transferred to the Financial Assurance Fund. The Financial Assurance Fund is available for the following potential Board directed transfers:
 - to stabilize rates as necessary during periods of revenue fluctuation;
 - ensure the Debt Service Fund targeted fund balance is properly maintained;
 - use by the Reserve Fund for major repairs above and beyond the balances maintained in the Reserve Fund;
 - and the acquisition of water from the Water Acquisition Fund.

Rate and Fee Policy

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

- The Water Service Availability Charge, which is assessed against all customers based on meter size, will be sufficient to meet the annual cost of water related debt service, cost of providing the periodic billing services, the cost of meter replacement, and a portion of the annual contribution to fund the Reserve 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 Reserve 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, 2008. The Purchasing Guidelines set the structure for delegated authority, levels for obtaining bids, and allowable purchases. In all circumstances, approvals cannot take place unless sufficient funds have been appropriated for the project through approval by the Board of Directors. Any adjustment to the appropriations must also be presented to the Board of Directors for approval.

Compensation Plan

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

- Produce a compensation plan, which is consistent with the budget expectations found in the annual budget.
- Attract and retain quality employees.
- Ensure market competitiveness by targeting the level of compensation to be at or slightly above market. This is accomplished by assigning ranges so that the surveyed midpoint falls within a range of 100% to 105% of our midpoint.

- Ensure consistency by establishing a list of organizations for benchmark position market comparison that will be used consistently over time for each category.
- Within budget constraints, treat employees fairly.
- Treat exempt and non-exempt employees comparably.

Benefits

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

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

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

Each year balancing available resources with the costs to provide quality services can be challenging. Centennial Water and Sanitation District is committed to providing quality water and wastewater services while managing resources wisely. The 2020 Budget enables the District to provide services which meet needs and enhance the quality of life for its customers. We encourage readers to read the Introduction and the narratives for each fund for more detailed information on the revenue sources and the outflow of funds in addition to reviewing the financial summaries.

Sincerely,



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



CENTENNIAL

WATER AND SANITATION DISTRICT

Mission

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

Vision

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

Core Values



Safety

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

Teamwork

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

Vision

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

Excellence in Service

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

Integrity

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

HOW TO USE THE BUDGET DOCUMENT

In order to assist those readers not familiar with the Centennial Water and Sanitation District (“Centennial” or “District”) budget documents - or local government organizations - in gaining an understanding of how the budget is organized and what information is presented, below is a quick overview:

- The first section of the Budget is devoted to the **INTRODUCTION**, which includes the Budget Message section which provides an overview of the entire budget, and highlights where we are as a District.
- The second section – the **SUMMARY**- provides a quick reference to basic information in a capsulated form. Included in this section is: the Statement of Operations and Changes in Financial (Fund Balance) Position (2017-2019) for the combined as well as individual funds; the Key Economic Assumptions used to generate the budget numbers; and a narrative describing the key elements of the various funds.
- The final section is devoted to the detail of the **REVENUE and EXPENSE** Budgets of the District. The revenue section includes estimates of the revenues to be raised through the imposition of rates and charges to the District's customers and capital contributed from the collection of capacity fees. The expense section summarizes the expenses by the type of activity incurring the expense as well as the nature of the expense.

INTRODUCTION/OVERVIEW

Centennial was formed in 1980 for the purpose of providing water and wastewater service to the Highlands Ranch master community through a wholesale service agreement with the other governmental entity within the community -the Highlands Ranch Metropolitan District (“HRMD” or “Metro District”). HRMD 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 beyond Highlands Ranch by entering into another wholesale agreement with Northern Douglas County Water and Sanitation District (“NDC” or “Contract Service Area”). Collectively HRMD and NDC may be referred to as the “Service Districts”. A service area map can be found in the appendix of this document.

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

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

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

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

FINANCIAL ENTERPRISE – BUDGET BY FUND

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

Funds are a self-balancing group of accounts which are used to record the expenditures for various types of activities performed by the funds to account for different monies coming into the District in different ways. The fund balance represents the difference between assets and liabilities reported in a governmental fund. All expenditures for general operations and capital outlay are reported on a full accrual basis; i.e. expenses are recognized in the period incurred, if measurable. For budgetary purposes, debt and nonrecurring expenditures are recognized on a cash basis; i.e. the expenditure is recognized only when made. The funds of a recurring nature used for budgetary practices are:

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

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

- The specific amount collected related to Water Acquisition is deposited directly into the Water Acquisition Fund.
- The balance of the rate income collected is deposited into the operations funds. After meeting 1) the targeted ending working capital in the operations fund and 2) the targeted ending fund balance in the debt service fund, is transferred to the sub-funds.
 - *Reserve* – \$2.9 M annual requirements is generated from the base rate income and includes components of both the water and wastewater rates. The fund balance is available for major repair and replacement of District owned process equipment, vehicles, well re-drills and smaller renovation of facilities. The District also funds the purchase of miscellaneous new equipment from this fund.
 - *Water Acquisition* - funded by a portion of the rates specifically identified for water acquisition and to the extent available an additional transfer from the financial assurance fund. The water acquisition portion of the rates increased from \$0.69 per thousand gallons to \$0.75 in order to fund the Chatfield Reallocation and WISE projects now that they are entering the design and construction phase. The fund balance is available for:
 - acquisition of surface water
 - operating costs related to the WISE and Chatfield Reallocation Projects
 - construction of facilities to capture, store and deliver surface water
 - protection of stream and reservoir quality and various water conservation incentives.
 - The fund may also be used to fund the cost of maintaining inventory levels in the reservoirs and using Aquifer Storage and Recovery (ASR) for underground storage.
 - *Financial Assurance* – the Financial Assurance adjusts annually based upon the available annual resources net of the transfers above and after considering the targeted transfer to the Debt Service Fund. Examples of resource accumulation that impacts the available funds include 1) the rate income from the higher water tiers which is not accounted for in the calculation of rates; and 2) higher than or lower than the anticipated net investment income used to calculate the rates. Use of the Financial Assurance fund allows the District to avoid fluctuation of rates due to volatile economic conditions or significant reductions in demand.
- Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and other costs related to the management and retirement of debt.
- Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital improvement projects or facilities. The capital improvement projects funded are those identified as backbone infrastructure as identified in the District's Comprehensive Facility Plan as well as new facilities and processes required by an ever changing regulatory environment.

A comparison between the 2019 budget, 2019 projected and 2020 budget expenses are presented in summary form below. A more detailed look at each category of expenditures is found later in this introduction and under the detailed expenditure sections.

	2019 Budget	2019 Projected	2020 Budget	2019 Projected /2020 Budget % Increase/ Decrease
Operations Fund				
Operating expenses - operating fund	\$ 22,031,950	\$ 22,678,624	\$ 23,298,755	2.73%
Water leases	4,325,149	3,791,624	4,186,612	10.42%
Water Acquisition Fund	1,953,390	1,455,415	1,917,000	31.72%
Total Operating	28,310,489	27,925,663	29,402,367	5.29%
Debt service (scheduled and bond issuance)	11,376,000	10,424,018	12,143,000	16.49%
Reserve (major repair)	9,614,800	3,542,265	3,655,000	3.18%
Reserve (misc. capital)	897,000		780,000	100.00%
Capital Projects	48,105,326	17,770,258	51,449,000	189.52%
Nonrecurring	-	-	-	0.00%
	<u>\$ 98,303,615</u>	<u>\$ 59,662,205</u>	<u>\$ 97,429,367</u>	63.30%

OPERATING REVENUES/OTHER RECEIPTS

Operating Revenues

Operating revenues are comprised of income received from:

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

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

- Sale and installation of meters for new customers.
 - The District acquires all meters and sells them at cost to HRMD. In addition, District staff installs all meters for services located within the HRMD 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.

In 2020 base water rates will vary by customer type. The proposed rate structure reflects the additional impact that irrigation use has on the operation of the system.

- The rate model has calculated base rates of \$3.59 per thousand gallons for indoor usage and \$3.99 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 \$3.90 per 1,000 gallons for usage up to 100% of their water budget.
- Indoor commercial and multi-family residential usage is all indoor usage. The indoor base rate of \$3.59 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 \$3.99 per 1,000 gallons will be applied to usage up to 100% of their water budget.

The service agreement between Centennial and NDC allows for a rate up to 200% of the HRMD rate. The 2019 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 2016 through the 2020.

Highlands Ranch Metro District					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Service Availability Charge (bimonthly)	\$ 27.00	\$ 27.00	\$ 27.30	\$ 28.80	\$ 31.72
Single Family Water Rate Up to 100% of Budget/1,000 gallons	\$ 3.21	\$ 3.41	\$ 3.63	\$ 3.73	\$ 3.90
Indoor Commercial Water Rate Up to 100% of Budget/1,000 gallons	\$ 2.97	\$ 3.17	\$ 3.31	\$ 3.42	\$ 3.59
Irrigation Water Rate Up to 100% of Budget/1,000 gallons	\$ 3.28	\$ 3.48	\$ 3.66	\$ 3.82	\$ 3.99
Minimum Wastewater Charge (bimonthly)	\$ 22.99	\$ 23.14	\$ 24.00	\$ 28.65	\$ 30.74
Wastewater per 1,000 gallons over 3,000	\$ 3.03	\$ 3.08	\$ 3.20	\$ 3.35	\$ 3.68
Nonpotable Raw Water per 1,000 gallons up to 100% of Water Bud.	\$ 1.60	\$ 1.65	\$ 1.72	\$ 1.80	\$ 1.94
Nonpotable Reuse Water per 1,000 gallons up to 100% of Water Bu.	\$ 1.15	\$ 1.65	\$ 1.72	\$ 1.80	\$ 1.94
Northern Douglas County Water and Sanitation District					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Service Availability Charge (bimonthly)	\$ 27.00	\$ 27.00	\$ 27.00	\$ 27.30	\$ 31.72
Single Family Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.29	\$ 4.46	\$ 4.60	\$ 4.77	\$ 4.92
Indoor Commercial Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.05	\$ 4.22	\$ 4.33	\$ 4.46	\$ 4.62
Irrigation Water Rate Up to 100% of Budget/1,000 gallons	\$ 4.36	\$ 4.53	\$ 4.68	\$ 4.86	\$ 5.01
Minimum Wastewater Charge (bimonthly)	\$ 22.99	\$ 23.14	\$ 24.00	\$ 28.65	\$ 30.74
Wastewater per 1,000 gallons over 3,000	\$ 3.03	\$ 3.08	\$ 3.20	\$ 3.35	\$ 3.68

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

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 \$30.74 per bimonthly billing which includes the first 3,000 gallons. The actual bi-monthly rate will be determined for each individual household based on its wintertime consumption multiplied by \$3.68 (which is also the nonresidential rate) for usage greater than 3,000 gallons plus the minimum amount of \$30.74.

Based on the above the District has projected the following rate based operating revenues for 2019 and 2020:

	2019 Budget	2019 Projected	2020 Budget	2019 Projected /2020 Budget % Increase/ Decrease
Water Operations				
Utilization charges (to Operations Fund)				
Metered water sales	\$ 14,500,000	\$ 13,515,380	\$ 15,150,000	12.09%
Surcharge	1,600,000	1,736,499	1,600,000	-7.86%
Metered water - CPN/RPMD	262,880	261,985	262,880	0.34%
Service availability charge	7,100,000	7,133,402	7,900,000	10.75%
	<u>23,462,880</u>	<u>22,647,265</u>	<u>24,912,880</u>	10.00%
Water Acquisition (WAQ fund)	3,300,000	3,152,919	3,600,000	14.18%
	<u>26,762,880</u>	<u>25,800,184</u>	<u>28,512,880</u>	10.51%
Other operating income (to Operations Fund)				
Penalties, reconnects, final billing	300,000	400,000	300,000	-25.00%
Castle Pines North	400,000	400,000	400,000	0.00%
Development charges				
Meter sales	56,000	76,960	47,080	-38.83%
Inspection Fees	36,560	50,113	31,310	-37.52%
Construction/hydrant water	50,000	19,300	20,000	3.63%
	<u>842,560</u>	<u>946,373</u>	<u>798,390</u>	-15.64%
Total water operations	<u>\$ 27,605,440</u>	<u>\$ 26,746,556</u>	<u>\$ 29,311,270</u>	9.59%
Wastewater Operations				
Base	4,400,000	4,400,000	4,620,000	5.00%
Usage driven	7,400,000	6,774,310	8,220,000	21.34%
Total wastewater operations (to Operations Fund)	<u>11,800,000</u>	<u>11,174,310</u>	<u>12,840,000</u>	14.91%
Total	<u>\$ 39,405,440</u>	<u>\$ 37,920,866</u>	<u>\$ 42,151,270</u>	11.16%

Contributed Capital

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

- The Base Capacity Fee

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

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

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

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

- The Water Acquisition Development Fee
Collected from new users in the Service Districts at the time the end user is actually placed in service. This fee is designed to generate revenue towards the cost of developing additional water resources to insure economically beneficial supplies in the future. The budgeted fee will remain unchanged in 2020 at \$1,480 per ¾” equivalent. Proceeds from this fee are deposited to the Water Acquisition Fund.
- The Channel Stabilization surcharge
Collected from new users only within HRMD, this surcharge is collected at the time the end user is actually placed in service. This fee is designed to generate revenue to cover \$4.2 million of funding for various channel stabilization projects in Highlands Ranch, primarily in the Marcy Gulch basin, that Centennial has committed to in order to protect Centennial’s water storage in McLellan Reservoir from the effects of soil erosion and stormwater contamination and to protect Centennial’s pipeline infrastructure from erosion induced damage. The budgeted fee is \$250, unchanged in 2020. Proceeds from this fee are deposited to the Water Acquisition Fund.

Other revenues not directly related to operations

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

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

Net Investment Income

The District invests funds in excess of current requirements according to an investment policy approved by the Board of Directors. The 2019 and 2020 budget will assume steady yields for reinvestment resulting in an anticipated annualized yield of the total portfolio of 1.5%.

OUTLAYS

OPERATING EXPENSES

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

BY COST CENTER

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

	2018 Actual	2019 Adopted	2019 Projected	2020 Budget
<u>Operations Fund</u>				
<i>Operation expenses</i>				
Water operations	\$ 9,399,867	\$ 10,066,005	\$ 10,041,054	\$ 10,649,329
Wastewater operations	4,724,790	5,486,108	5,455,153	5,693,588
Technical Management	4,189,955	4,553,496	4,718,256	4,675,346
General Management	2,968,564	3,128,731	3,133,026	3,426,493
<i>Miscellaneous Capital Leases</i>				
Water Leases	3,165,414	3,122,759	3,122,759	3,040,612
Miscellaneous Capital	200,806	-	-	-
Total Operations Fund	24,649,396	26,357,099	26,470,248	27,485,367
<u>Water Acquisition Fund</u>				
Water Acquisition	819,042	1,953,390	1,455,415	1,917,000
Total operating outlay	\$ 25,468,438	\$ 28,310,489	\$ 27,925,663	\$ 29,402,367

Water Operations

Water operations include funding for a staff of **28** Full Time Equivalents (FTE's).

The activities supported in Water Operations include the following:

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

Wastewater Operations

Wastewater operations include funding for a staff of **27** FTE's.

The activities supported in Wastewater Operations include the following:

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

Technical Management

Technical Management includes funding for a staff of **21.375** FTE's.

The activities supported in Technical Management include the following:

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

General Management

General Management includes funding for a staff of **18.50** FTE's.

The activities supported by General Management include the following:

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

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

Water Leases

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

Below is a summary of the 2020 budget water lease payment amounts.

	2020 Budget			
	Acre Feet	Consumption \$	Lease \$	Total
OPERATIONS FUND				
Long Term				
a) City of Englewood	5,520	\$ 1,741,527	#####	\$ 2,619,394
b) Denver Water Board	1,000	358,440		358,440
c) CCWCD	200	27,328		27,328
Other				
CET		-		-
Cline Ranch	50	10,000		10,000
Other Miscellaneous	8	800	24,650	25,450
Subtotal	6,778	2,138,095	902,517	3,040,612
WATER ACQUISITION FUND				
WISE	599	1,146,000		1,146,000
Total	7,377	\$ 3,284,095	#####	\$ 4,186,612

Direct Payment / Capital Lease Payment

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

BY OBJECT OF EXPENDITURE

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

	2019 Budget	2019 Projected	2020 Budget	2020 Budget compared to	
				2019 Budget % Inc/(Dec)	2019 Projected % Inc/(Dec)
Personal services	\$ 9,496,929	\$ 9,415,809	\$ 9,937,256	4.6%	5.5%
Material and supplies	2,615,614	2,639,689	2,643,739	1.1%	0.2%
Fuel and chemical products	2,163,582	2,319,652	2,344,778	8.4%	1.1%
Purchased services	5,026,399	5,051,125	5,327,957	6.0%	5.5%
Utilities	3,235,268	3,100,666	3,265,025	0.9%	5.3%
Contractual obligations (w/ contingency)	3,819,307	3,943,307	3,966,612	3.9%	0.6%
Subtotal - Operating Fund	26,357,099	26,470,248	27,485,367	4.3%	3.8%
Water Acquisition Fund - contracted services	1,953,390	1,455,415	1,917,000	-1.9%	31.7%
Total	\$ 28,310,489	\$ 27,925,663	\$ 29,402,367	3.9%	5.3%

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

Personal Services

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

Materials and Supplies

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

Fuel and Chemical Products

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

Purchased Services

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

Miscellaneous Capital

Expenditures for capital assets with a value in excess of \$5,000 and a life expectancy of greater than two years. In general these outlays are for nonstructural items that are used to directly assist with the day to day operations. Examples of items that are funded in this manner are vehicles, contractor equipment and other small equipment. The anticipated expenditures for 2019 are detailed on the Miscellaneous Capital Schedule.

Utilities

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

DEBT SERVICE

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

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

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

The District issued Revenue Bonds in January 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:

	2019 Projected	2020 Budget	2021 Projected
Interest	\$ 3,442,000	\$ 3,791,000	\$ 3,664,000
Principal payments (scheduled)	6,105,000	6,235,000	6,360,000
CWCB estimated loan payments	877,018	2,117,000	2,733,000
	<u>\$ 10,424,018</u>	<u>\$ 12,143,000</u>	<u>\$ 12,757,000</u>

On November 3, 1992, a majority of the qualified electors of the District authorized the issuance of general obligation debt in an amount not to exceed \$280,000,000 of which \$178,216,000 remains authorized but unissued. All of the existing debt is revenue based.

CAPITAL PROJECTS and MAJOR REPAIR

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

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

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

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

2020 Projects identified include:

- Chatfield Reallocation outlay, design work began in 2016 and continued in 2018 with substantial completion in 2019.
- Wastewater Treatment Plant improvements to meet Regulation 85 nutrient requirements began in 2019 and work will continue through 2021.
- Ongoing repair and replacement of major equipment and infrastructure as needed.

The new appropriations during the year for water and wastewater projects are combined with any carry-forward unexpended appropriations from prior year’s net of appropriations which are subsequently rescinded due to the completion of a project to provide the net available authorization for capital expenses. To the extent that the District does not expend this authorized amount during 2019, the unexpended amount will be carried forward to 2020 and will be added to the 2020 appropriations to calculate the authorized expenses. The schedule below shows the anticipated appropriation status for various water and wastewater projects in 2019 through 2021.

	Capital Projects Fund		Major Repair	Water Acquisition	
	Facility Plan	Utility Plan		Fund	Chatfield Escrow
Carried forward from 2018	\$ 5,037,886	\$ 451,990	\$ 126,959	\$ 491,221	# \$ 29,704,576
Net appropriations anticipated	379,990	80,604,712	3,340,306	804,459	-
Less carried forward to 2019		(70,000,000)			(17,500,000)
2019 Outlay	\$ 5,417,876	\$ 11,056,702	\$ 3,467,265	\$ 1,295,680	\$ 12,204,576
Carried forward from 2019	-	70,000,000	-	-	17,500,000
Net appropriations anticipated	114,000	8,235,000	4,435,000	6,100,000	-
Less carried forward to 2021		(33,000,000)			-
2020 Outlay	\$ 114,000	\$ 45,235,000	\$ 4,435,000	\$ 6,100,000	\$ 17,500,000
Carried forward from 2020	-	33,000,000	-	-	-
Net appropriations anticipated	50,000	3,817,000	9,295,000	230,000	-
Less carried forward to 2022					-
2021 Outlay	\$ 50,000	\$ 36,817,000	\$ 9,295,000	\$ 230,000	\$ -

NON-RECURRING

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

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

OPERATING TRANSFERS and FUND BALANCE POLICIES

Although the District’s financial statements are presented as an enterprise fund, for budgeting purposes the District has created numerous funds that mirror the intent of such funds as found in general governmental accounting. To assist with the funding, the Board has established various policies relating to target fund balances. In order to meet these policies, the Board authorizes transfer of resources between the various funds which have been established for budgetary purposes. The primary fund balance policies, the types of transfers and the priority of said transfers are anticipated in the 2019 and 2020 budgets as follows:

Operations Working Capital

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

Operations to Debt Service

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

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

	Transfer Required	Target ending Fund Balance*
2019	\$ 8,850,000	\$ 10,026,000
2020	\$ 9,500,000	\$ 10,024,000

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

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

To the extent that the ending balance in the Operating Fund exceeds the working capital requirement and the Debt Service transfer, excess funds up to \$2,100,000 will be transferred first to the Reserve then to the Financial Assurance Funds. 2018 and 2019 projected transfers from the Operating Fund are as follows:

	2019 Projected	2020 Budget
Operations Transfers of rate income to/(from):		
Reserves	\$ 2,500,000	\$ 2,900,000
Financial Assurance	(1,500,000)	-
Total	<u>\$ 1,000,000</u>	<u>\$ 2,900,000</u>

Capital to Water Acquisition

The 2020 budget does not included a transfer from the Capital Fund to the Water Acquisition Fund for the Chatfield Reallocation Project.

CENTENNIAL WATER AND SANITATION DISTRICT
ALL FUNDS - 2018-2020

	2020										Budget	
	Operating Funds			Restricted Funds								
	2018 Actual	2019 Budget	2019 Projected	Operations	Financial Assurance	Water Acquisition	Reserve	Debt Service	Capital Projects			
REVENUES & OTHER RECEIPTS												
Operating revenues												
Water utilization charges	\$ 26,982,236	\$ 26,762,880	\$ 25,800,184	\$ 24,912,880	\$ -	\$ 3,600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,512,880
Wastewater utilization charges	10,442,472	11,800,000	11,174,310	12,840,000	-	-	-	-	-	-	-	12,840,000
Other operating	559,574	842,560	946,373	798,390	-	-	-	-	-	-	-	798,390
Intergovernmental/fund reimb	693,533	491,755	491,755	518,000	-	-	-	-	-	-	-	518,000
Rental income	277,331	265,100	265,100	265,800	-	-	-	-	-	-	-	265,800
	38,955,146	40,162,295	38,677,721	39,335,070	-	3,600,000	-	-	-	-	-	42,935,070
Nonoperating and other receipts												
Miscellaneous	67,561	15,000	37,000	15,000	-	-	-	-	-	-	-	15,000
Lease proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Bond proceeds (net of OID)	22,598,745	70,000,000	75,000,000	-	-	-	-	-	-	-	-	-
Contributed Capital	5,298,549	1,267,872	1,441,252	-	-	452,200	808,700	-	1,261,814	-	-	2,522,714
Net investment income	1,504,109	836,000	1,068,000	1,196,000	-	-	-	-	-	-	-	1,196,000
Total Revenues & Other Receipts	68,424,111	112,281,167	116,223,973	40,546,070	-	4,052,200	808,700	-	1,261,814	-	-	46,668,784
OUTLAYS												
Operating expenses												
Water operations	10,218,909	10,817,005	10,827,604	10,649,329	-	771,000	-	-	-	-	-	11,420,329
Wastewater operations	4,724,790	5,486,108	5,455,153	5,693,588	-	-	-	-	-	-	-	5,693,588
Technical management	4,189,955	4,533,496	4,718,256	4,675,346	-	-	-	-	-	-	-	4,675,346
General management	2,968,564	3,128,731	3,133,026	3,426,493	-	-	-	-	-	-	-	3,426,493
	22,102,218	23,985,340	24,134,039	24,444,755	-	771,000	-	-	-	-	-	25,215,755
Miscellaneous Capital/Leases												
Water Leases	3,165,414	4,325,149	3,791,624	3,040,612	-	1,146,000	-	-	-	-	-	4,186,612
Misc. Capital	209,806	897,000	-	-	-	-	780,000	-	-	-	-	780,000
Capital lease payments	-	-	-	-	-	-	-	-	-	-	-	-
	23,468,438	29,207,489	27,925,663	27,485,367	-	1,917,000	780,000	-	-	-	-	30,182,367
Debt Related												
Interest	1,160,141	5,271,000	4,319,018	-	-	-	-	5,908,000	-	-	-	5,908,000
Principal	5,990,000	6,105,000	6,105,000	-	-	-	-	6,235,000	-	-	-	6,235,000
	7,150,141	11,376,000	10,424,018	-	-	-	-	12,143,000	-	-	-	12,143,000
Capital outlay												
Capital projects and related items	36,174,428	57,720,126	21,312,523	-	6,100,000	-	3,655,000	-	45,349,000	-	-	55,104,000
	36,174,428	57,720,126	21,312,523	-	6,100,000	-	3,655,000	-	45,349,000	-	-	55,104,000
Nonrecurring												
Bond issuance expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Escrow	-	-	-	-	-	-	-	-	-	-	-	-
Water transfer agreement payment	-	-	-	-	-	-	-	-	-	-	-	-
	68,793,007	98,303,615	59,662,205	27,485,367	-	8,017,000	4,435,000	12,143,000	45,349,000	-	-	97,429,367
Total Outlays	68,793,007	98,303,615	59,662,205	27,485,367	-	8,017,000	4,435,000	12,143,000	45,349,000	-	-	97,429,367
OPERATING TRANSFERS												
Operations - Debt Service	-	-	-	(9,500,000)	-	-	-	9,500,000	-	-	-	-
Operations - Reserve	-	-	-	(2,900,000)	-	-	2,900,000	-	-	-	-	-
Operations - Water Acq./Prot	-	-	-	-	-	-	-	-	-	-	-	-
Operations - FAF	-	-	-	-	-	-	-	-	-	-	-	-
Operations - Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assurance - Water Acq	-	-	-	-	(500,000)	-	-	-	-	-	-	-
Financial Assurance - Debt	-	-	-	-	-	-	-	-	-	-	-	-
Reserves - Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-
Water Acq./Prot. - Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Water Acq./Prot. - Capital Projects	-	-	-	-	-	(2,117,000)	-	2,117,000	-	-	-	-
Water Acq./Prot. - Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service - Capital Projects	-	-	-	(12,400,000)	(500,000)	(2,117,000)	2,900,000	12,117,000	-	-	-	-
	(368,896)	13,977,552	56,561,768	660,703	(500,000)	(6,081,800)	(726,300)	(26,000)	(44,087,186)	-	-	(50,760,583)
NET RECEIPTS (OUTLAY) OF FUNDS AND OPERATING TRANSFERS	88,706,477	76,370,187	88,337,581	13,367,079	9,994,664	14,947,543	19,600,953	10,053,002	76,936,110	-	-	144,899,350
FUNDS AVAILABLE - BEGINNING	88,337,581	89,537,617	144,089,228	14,027,782	9,494,664	8,055,621	18,874,653	10,027,002	32,848,924	8	93,328,645	93,328,645
FUNDS AVAILABLE - ENDING	88,337,581	89,537,617	144,089,228	14,027,782	9,494,664	8,055,621	18,874,653	10,027,002	32,848,924	8	93,328,645	93,328,645

CENTENNIAL WATER AND SANITATION DISTRICT
REVISED - ALL FUNDS

	2019										Variance
	2019 Budget	Operating Funds			Restricted Funds			Projected Actuals	Variance		
		Operations	Financial Assurance	Reserve	Water Acq./Prot.	Debt Service	Capital Projects				
REVENUES & OTHER RECEIPTS											
Operating revenues	\$ 26,762,880	\$ 22,647,265	\$ -	\$ 3,152,919	\$ -	\$ -	\$ 25,800,184	\$ (962,696)			
Water utilization charges	11,800,000	11,174,310	-	-	-	-	11,174,310	(625,690)			
Wastewater utilization charges	842,560	946,373	-	-	-	-	946,373	103,813			
Other operating	491,755	491,755	-	-	-	-	491,755	-			
Intergovernmental/Fund reimb	265,100	265,100	-	-	-	-	265,100	-			
Rental Income	40,162,295	35,524,802	-	3,152,919	-	-	38,677,721	(1,484,574)			
Nonoperating and other receipts	-	-	-	-	-	-	-	-			
Miscellaneous	15,000	37,000	-	-	-	-	37,000	22,000			
Lease Proceeds	-	-	-	-	-	-	-	-			
Bond proceeds (net of OID)	70,000,000	-	-	-	75,000,000	-	75,000,000	5,000,000			
Contributed Capital	1,267,872	-	457,200	589,930	-	394,122	1,441,252	173,380			
Net investment income	836,000	1,068,000	-	-	-	-	1,068,000	232,000			
Total Revenues & Other Receipts	112,281,167	36,629,802	457,200	3,742,849	75,000,000	394,122	116,223,973	3,942,806			
OUTLAYS											
Operating expenses											
Water operations	10,817,005	10,041,054	-	786,550	-	-	10,827,604	(10,599)			
Wastewater operations	5,455,153	5,455,153	-	-	-	-	5,455,153	30,955			
Technical management	4,553,496	4,718,256	-	-	-	-	4,718,256	(164,760)			
General management	3,128,731	3,133,026	-	-	-	-	3,133,026	(4,295)			
Miscellaneous Capital/Leases	23,985,340	23,347,489	-	786,550	-	-	24,134,039	(148,699)			
Water Leases	4,325,149	3,122,759	-	668,865	-	-	3,791,624	533,525			
Capital related items	897,000	-	-	-	-	-	-	-			
Capital Lease Payments	-	-	-	-	-	-	-	-			
Debt Related											
Interest	5,271,000	-	-	-	4,319,018	-	4,319,018	951,982			
Principal	6,105,000	-	-	-	6,105,000	-	6,105,000	-			
Capital outlay	11,376,000	-	-	-	10,424,018	-	10,424,018	951,982			
Capital Projects	57,720,126	-	3,542,265	1,295,680	-	16,474,578	21,312,523	36,407,603			
Nonrecurring	57,720,126	-	3,542,265	1,295,680	-	16,474,578	21,312,523	36,407,603			
Bond issuance expenditures	-	-	-	-	-	-	-	-			
Transfer to Refunding Escrow	-	-	-	-	-	-	-	-			
Water transfer agreement payment	-	-	-	-	-	-	-	-			
Total Outlays	98,303,615	26,470,248	3,542,265	2,751,095	10,424,018	16,474,578	59,662,205	37,744,410			
OPERATING TRANSFERS											
Operations - Debt Service	-	(8,850,000)	-	-	8,850,000	-	-	-			
Operations - Reserve	-	(2,500,000)	2,500,000	-	-	-	-	-			
Operations - Water Acq/Prot	-	-	-	-	-	-	-	-			
Operations - FAF	-	1,500,000	(1,500,000)	-	-	-	-	-			
Operations - Capital Projects	-	-	-	-	-	-	-	-			
Financial Assurance - Water Acq	-	-	-	-	-	-	-	-			
Financial Assurance - Debt	-	-	(1,200,000)	-	1,200,000	-	-	-			
Reserves - Capital Projects	-	-	-	-	-	-	-	-			
Water Acq/Prot - Reserves	-	-	-	-	-	-	-	-			
Water Acq/Prot - Capital Projects	-	-	-	(877,018)	877,018	-	-	-			
Water Acq/Prot - Debt Service	-	-	-	-	(75,000,000)	75,000,000	-	-			
Debt Service - Capital Projects	-	-	-	-	-	-	-	-			
NET RECEIPTS (OUTLAY) OF FUNDS AND OPERATING TRANSFERS	-	(9,850,000)	2,500,000	(877,018)	(64,072,982)	75,000,000	-	-			
FUNDS AVAILABLE - BEGINNING	13,977,552	309,554	(585,065)	114,736	503,000	58,919,544	56,561,768	42,584,216			
Restricted	76,370,187	13,057,525	12,694,664	14,832,808	9,550,002	18,016,566	88,337,581	11,967,394			
FUNDS AVAILABLE - ENDING	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)			
Total	\$ 89,537,617	\$ 13,367,079	\$ 9,994,664	\$ 14,137,421	\$ 10,053,002	\$ 76,936,110	\$ 144,089,228	\$ 54,551,611			

CENTENNIAL WATER AND SANITATION DISTRICT
OPERATIONS
2018 - 2020

	2018 Actual	2019 Adopted	2019 Projected	2020 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Operating revenues				
Water utilization charges	\$ 23,940,840	\$ 23,462,880	\$ 22,647,265	\$ 24,912,880
Wastewater utilization charges	10,442,472	11,800,000	11,174,310	12,840,000
Other operating	559,574	842,560	946,373	798,390
Intergovernmental/Fund Reimb.	693,533	491,755	491,755	518,000
Rental Income	277,331	265,100	265,100	265,800
<i>Total operating revenues</i>	<u>35,913,750</u>	<u>36,862,295</u>	<u>35,524,802</u>	<u>39,335,070</u>
Other				
Gain/Loss	67,561	-	16,000	-
Miscellaneous	-	15,000	21,000	15,000
Lease Proceeds	-	-	-	-
Net investment income	1,500,411	836,000	1,068,000	1,196,000
<i>Total Revenues & Other Receipts</i>	<u>37,481,722</u>	<u>37,713,295</u>	<u>36,629,802</u>	<u>40,546,070</u>
<i>OUTLAYS</i>				
Operations expenses				
Water operations	9,399,867	10,066,005	10,041,054	10,649,329
Wastewater operations	4,724,790	5,486,108	5,455,153	5,693,588
Technical management	4,189,955	4,553,496	4,718,256	4,675,346
General management	2,968,564	3,128,731	3,133,026	3,426,493
	21,283,176	23,234,340	23,347,489	24,444,755
Miscellaneous Capital / Leases				
Water Leases	3,165,414	3,122,759	3,122,759	3,040,612
Direct payment	200,806	-	-	-
Capital Lease Payment	-	-	-	-
<i>Total Outlays</i>	<u>24,649,396</u>	<u>26,357,099</u>	<u>26,470,248</u>	<u>27,485,367</u>
<i>OPERATING TRANSFERS</i>				
Operations - Debt Service	(8,465,239)	(9,000,000)	(8,850,000)	(9,500,000)
Operations - Reserve	(2,500,000)	(2,500,000)	(2,500,000)	(2,900,000)
Operations - Water Acq/Prot.	-	-	-	-
Operations - FAF	(3,700,000)	-	1,500,000	-
Operations - Capital Projects	-	-	-	-
	(14,665,239)	(11,500,000)	(9,850,000)	(12,400,000)
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>	<u>(1,832,913)</u>	<u>(143,804)</u>	<u>309,554</u>	<u>660,703</u>
<i>FUNDS AVAILABLE - BEGINNING</i>	14,890,438	13,184,635	13,057,525	13,367,079
<i>FUNDS AVAILABLE - ENDING</i>	<u>\$ 13,057,525</u>	<u>\$ 13,040,831</u>	<u>\$ 13,367,079</u>	<u>\$ 14,027,782</u>

CENTENNIAL WATER AND SANITATION DISTRICT
RESERVE
2018 - 2020

	2018 Actual	2019 Adopted	2019 Projected	2020 Budget
REVENUES & OTHER RECEIPTS				
Bond proceeds (net of OID)	\$ -	\$ -	\$ -	\$ -
Contributed capital	205,800	398,000	457,200	808,700
Other	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues & Other Receipts</i>	<u>205,800</u>	<u>398,000</u>	<u>457,200</u>	<u>808,700</u>
OUTLAYS				
Capital outlay	480,482	9,614,800	496,336	2,955,000
Well redrills		2,295,000	2,073,929	-
Miscellaneous Capital	146,805	897,000	897,000	780,000
In-tract Replacement		300,000	75,000	700,000
<i>Total Outlays</i>	<u>627,287</u>	<u>13,106,800</u>	<u>3,542,265</u>	<u>4,435,000</u>
OPERATING TRANSFERS				
Operations - Reserve	2,500,000	2,500,000	2,500,000	2,900,000
Water Acquisition - Reserve	-	10,000,000	-	-
Capital - Reserve				
	<u>2,500,000</u>	<u>12,500,000</u>	<u>2,500,000</u>	<u>2,900,000</u>
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS				
	2,078,513	(208,800)	(585,065)	(726,300)
FUNDS AVAILABLE - BEGINNING	18,107,505	19,598,412	20,186,018	19,600,953
FUNDS AVAILABLE - ENDING	<u>\$ 20,186,018</u>	<u>\$ 19,389,612</u>	<u>\$ 19,600,953</u>	<u>\$ 18,874,653</u>
<i>Pre-2016</i>				
	\$ -	\$ 127,400	\$ 1,342,600	\$ 1,724,800
	205,800	398,000	457,200	808,700
Amounts expended for line replacement	\$ -	\$ (300,000)	\$ (75,000)	\$ (700,000)
Ending Balance	<u>\$ -</u>	<u>\$ 225,400</u>	<u>\$ 1,724,800</u>	<u>\$ 1,833,500</u>
Well funding assignment				
Beginning balance	\$ -	\$ 6,793,615	\$ 8,017,678	\$ 5,943,749
Transferred in in from capital projects	10,393,000	-	-	-
Outlay	(2,375,322)	(2,295,000)	(2,073,929)	-
Ending Balance	<u>\$ 8,017,678</u>	<u>\$ 4,498,615</u>	<u>\$ 5,943,749</u>	<u>\$ 5,943,749</u>

CENTENNIAL WATER AND SANITATION DISTRICT
WATER ACQUISITION and PROTECTION
2018 - 2020

	2018		2019 Budget		2019 Projected		2020	
	Water Acq	Channel Stab.	Water Acq	Channel Stab.	Water Acq	Channel Stab.	Water Acq	Channel Stab.
REVENUES & OTHER RECEIPTS								
Water utilization charges								
Rate allocation	\$ 3,041,396		\$ 3,048,000		\$ 2,900,919		\$ 3,348,000	
NDC Surcharge			252,000		252,000		252,000	
Contributed Capital								
Water Acquisition	745,920		407,000		504,680		392,200	
Channel Stabilization		126,000		68,750		85,250		60,000
Loan Proceeds								
Other	22,598,745							
Net investment income	3,698							
Total Revenues & Other Receipts	26,389,760	126,000	3,707,000	68,750	3,657,599	85,250	3,992,200	60,000
OUTLAYS								
Operations								
WISE	411,295		1,583,390		1,040,415		1,331,000	
Chatfield Reallocation	407,747		370,000		415,000		586,000	
Water Conservation Grants								
Capital outlay								
Water Acquisition Projects	23,332,023		5,063,436		1,295,680		6,100,000	
Water Rights								
Nonrecurring								
Bond issuance costs	15,000							
Transfer to Escrow								
Total Outlays	24,166,065	-	7,016,826	-	2,751,095	-	8,017,000	-
OPERATING TRANSFERS								
Operations - Water Acq./Prot								
Capital Projects - Water Acq./Prot	-		-		-		-	
Reserve - Water Acq./Prot	-		-		-		-	
Debt Service - Water Acq./Prot	-		(1,533,000)		(877,018)		(2,117,000)	
Financial Assurance - Water Acq./Prot.								
Intrafund transfer	126,000	(126,000)	68,750	(68,750)	85,250	(85,250)	60,000	(60,000)
	126,000	(126,000)	(1,464,250)	(68,750)	(791,768)	(85,250)	(2,057,000)	(60,000)
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS	2,349,695	-	(4,774,076)	-	114,736	-	(6,081,800)	-
FUNDS AVAILABLE - BEGINNING	12,483,112	-	13,234,986	-	14,832,808	-	14,947,543	-
	14,832,808	-	8,460,910	-	14,947,543	-	8,865,743	-
	(629,122)	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)	(810,122)
RESTRICTED for WISE OPERATIONAL RESERVE	\$ 14,203,686	\$ -	\$ 7,650,788	\$ -	\$ 14,137,421	\$ -	\$ 8,055,621	\$ -
FUNDS AVAILABLE - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CENTENNIAL WATER AND SANITATION DISTRICT
 WATER ACQUISITION and PROTECTION
 2018 - 2020

	2018	2019 Budget	2019 Projected	2020
OPERATIONS				
WISE (45-615-40)				
SMW:iscA	129,450	65,000	64,725	50,000
Program management	36,683	135,000	125,825	135,000
Infrastructure O&M	64,966	1,202,390	668,865	1,146,000
Minimum based on take or pay	180,196	181,000	181,000	-
Operational reserves	411,294	1,583,390	1,040,415	1,331,000
CHATTFIELD (45-615-50)				
CRM management	406,247	370,000	415,000	586,000
Operations	1,500			
	407,747	370,000	415,000	586,000
	819,041	1,953,390	1,455,415	1,917,000

CENTENNIAL WATER AND SANITATION DISTRICT
DEBT SERVICE
2018 - 2020

	2018 Actual	2019 Adopted	2019 Projected	2020 Budget
REVENUES & OTHER RECEIPTS				
Contributed Capital	977,497	\$ -	-	\$ -
Bond proceeds (net of OID/premium)		70,000,000	75,000,000	
Other		-	-	-
Investment Income		-	-	-
<i>Total Revenues & Other Receipts</i>	<u>977,497</u>	<u>-</u>	<u>75,000,000</u>	<u>-</u>
OUTLAYS				
Debt Related				
Principal	5,990,000	6,105,000	6,105,000	6,235,000
Interest - (actual payments)	821,234	3,738,000	3,442,000	3,791,000
Interest - (water acquisition funded)	338,907	1,533,000	877,018	2,117,000
	<u>7,150,141</u>	<u>11,376,000</u>	<u>10,424,018</u>	<u>12,143,000</u>
Nonrecurring				
Bond issuance expenditures	-	-	-	-
Transfer to Refunding Escrow	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Outlays</i>	<u>7,150,141</u>	<u>11,376,000</u>	<u>10,424,018</u>	<u>12,143,000</u>
OPERATING TRANSFERS				
Operations - Debt Service	8,465,239	9,000,000	8,850,000	9,500,000
Water Acq/Prot - Debt Service		1,533,000	877,018	2,117,000
Financial Assurance - Debt Service		950,000	1,200,000	500,000
Debt Service - Capital Projects	-	(70,000,000)	(75,000,000)	
	<u>8,465,239</u>	<u>(58,517,000)</u>	<u>(64,072,982)</u>	<u>12,117,000</u>
NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS				
	2,292,595	(69,893,000)	503,000	(26,000)
FUNDS AVAILABLE - BEGINNING	7,257,407	7,160,447	9,550,002	10,053,002
FUNDS AVAILABLE - ENDING	<u>\$ 9,550,002</u>	<u>\$ (62,732,553)</u>	<u>\$ 10,053,002</u>	<u>\$ 10,027,002</u>

CENTENNIAL WATER AND SANITATION DISTRICT
CAPITAL PROJECTS
2018 - 2020

	2018 Actual	2019 Adopted	2019 Projected	2020 Budget
<i>REVENUES & OTHER RECEIPTS</i>				
Contributed Capital	\$ 3,243,332	\$ 394,122	\$ 394,122	\$ 1,261,814
Bond proceeds (net of OID)	-	-	-	-
Other	-	-	-	-
<i>Total Revenues & Other Receipts</i>	<u>3,243,332</u>	<u>394,122</u>	<u>394,122</u>	<u>1,261,814</u>
<i>OUTLAYS</i>				
Capital outlay				
Capital Facilities - Facility Plan	2,585,433	449,340	5,417,876	114,000
Capital Facilities - Utility Plan	2,977,077	39,435,530	10,958,032	44,771,650
Plum Creek related	6,637,608	562,020	98,670	463,350
Nonrecurring				
Bond issuance expenditures	-	-	-	-
Water transfer agreement payment	-	-	-	-
<i>Total Outlays</i>	<u>12,200,118</u>	<u>40,446,890</u>	<u>16,474,578</u>	<u>45,349,000</u>
<i>OPERATING TRANSFERS</i>				
Operations - Capital Projects		-	-	-
Debt Service - Capital Projects		70,000,000	75,000,000	-
Reserve - Capital Projects		(10,000,000)	-	-
Water Acq./Prot. - Capital Projects		-	75,000,000	-
<i>NET RECEIPTS/(OUTLAY) OF FUNDS AND OPERATING TRANSFERS</i>	<u>(8,956,786)</u>	<u>(40,052,768)</u>	<u>58,919,544</u>	<u>(44,087,186)</u>
<i>FUNDS AVAILABLE - BEGINNING</i>	26,973,352	12,826,792	18,016,566	76,936,110
<i>FUNDS AVAILABLE - ENDING</i>	<u>\$ 18,016,566</u>	<u>\$ (27,225,976)</u>	<u>\$ 76,936,110</u>	<u>\$ 32,848,924</u>

KEY ECONOMIC ASSUMPTIONS

Absorption:

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

	As of 12/31/18	2019 Budget	2019 Projected	2020 Projected
Highlands Ranch Metro District				
Single Family	28,925	150	211	115
Multi Family	7,440	125	125	125
Commercial oriented development				
Commercial and Industrial 3/4" equiv.	2,947	0	4	0
Irrigation only 3/4" equiv.	1,530	0	1	0
Metro irrigation 3/4" equivalents	1,351	0	0	0
Northern Douglas County 3/4" equiv.				
Single Family	1,528	0	0	0
Multi Family	160	0	0	0
C and I 3/4" equiv.w/ GW fee	149			
C and I 3/4" equiv.w/oGW fee	4			
Irrigation only w/ Groundwater fee	101			
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:

	2019 Budget	2019 Projected	2020 Budget
Assumed interest rates on investments	1.50%	1.50%	1.50%

Changes in Personal Services:

The 2020 budget includes the following assumptions for the personal services category expenditures:

1. The 2020 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. Mountain States Employers Council data is used to estimate the structure adjustment (0.9%) and the existing performance matrix based on the employee census would estimate an increase for performance (2.0%). This information is presented to and reviewed by the Board in the preliminary budget.
2. The benefits program, which is reflected in the cost of payroll expenses, includes the following:
 - Health (medical/dental/vision) insurance – In 2020 the District will provide employees a choice between PPO, EPO and Kaiser plan. The budget identifies no cost sharing for the employee coverage and 25% contribution to the family portion of the monthly premiums.
 - Retirement Plan contributions – the defined contribution plan will be funded from 6.2% matching contributions from both the District and the employee. Since this plan is intended to be a replacement for social security, the plan has been changed to limit the maximum contribution at the social security maximum taxable earnings level each year.
 - Employees who participate in the 457 plan are eligible for a matching contribution up to 4%. For purposes of the budget, it is assumed that all employees that currently participate in this program will continue to do so in 2020. The matching structure is 100% on the first 2% of employee contribution and 50% on employee contribution of 3% up to 6%.
 - Medicare portion of FICA - is estimated to continue at 1.45% of salary for those employees who are members of the pension plan. For the temporary or part time employees not eligible for the plan, the full FICA contribution of 7.65% will be made.
 - Life/Disability insurance - Is estimated to be .14% and .52% of eligible wages respectively.
 - Unemployment taxes - it is anticipated that the unemployment taxes mandated for all governmental units will remain at .20% of wages.
 - The cost for Workers Compensation is anticipated to increase 10% based on a 5% rate increase and an increase in the experience modification.

Based on the above, the 2020 payroll costs are estimated to be 32.7% of regular wages as compared to 31% in 2019.

FLOW OF FUNDS

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

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

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

Included as operation costs are:

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

Sources of funds to make the above expenditures include:

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

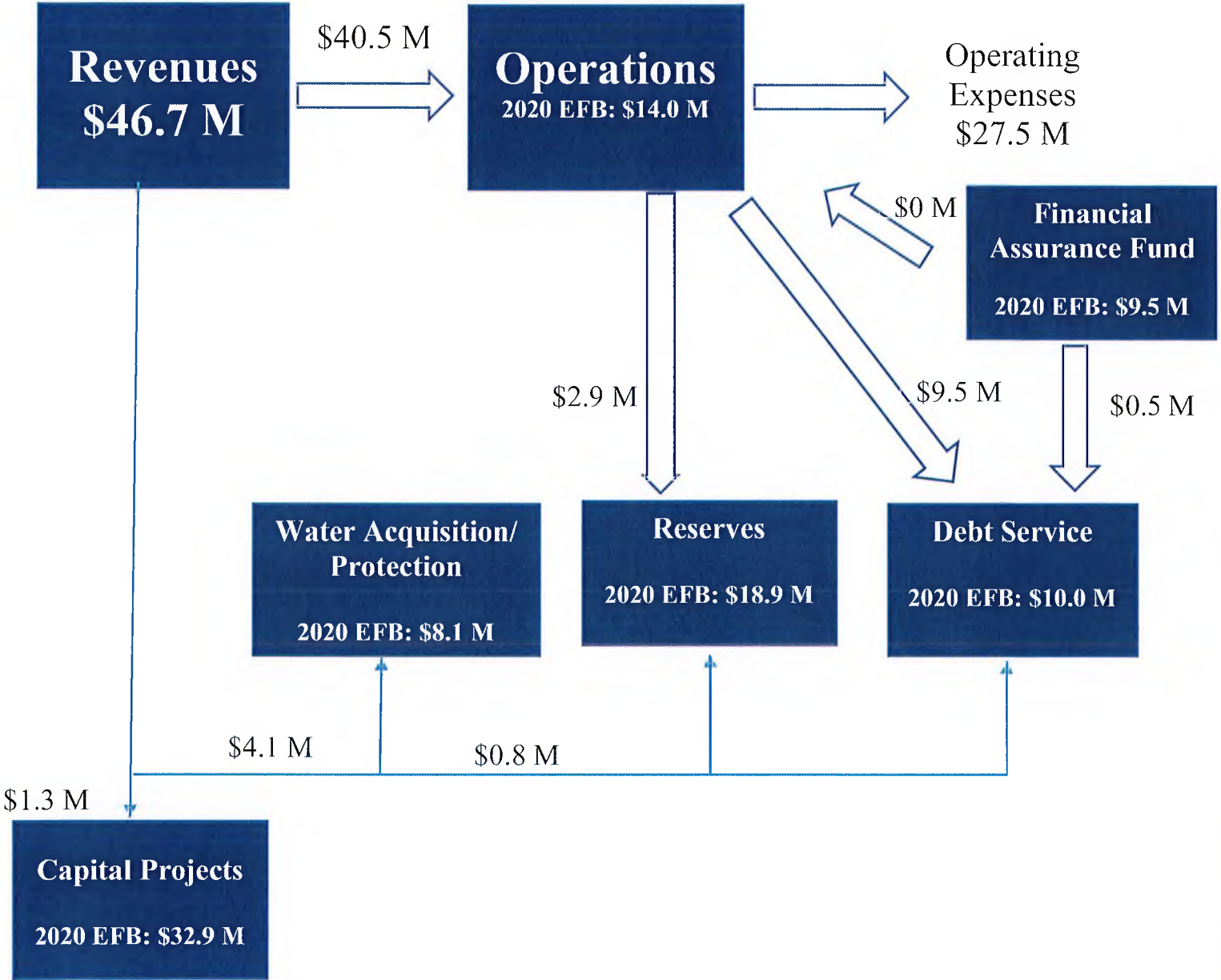
In addition, the District incurs:

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

These expenditures are financed by:

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

2020 Budget Flow of Funds



*EFB – Ending Fund Balance

RATE INCOME

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

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

	2019			2020		
	Rate per 1,000 Gallons			Rate per 1,000 Gallons		
	Summer	Winter	Irrig Only	Summer	Winter	Irrig Only
Metered Water Consumption						
Usage Relative to "Water Budget" *						
Up to 100% of WB	\$3.73	\$3.73	\$3.82	\$3.90	\$3.90	\$3.99
101% to 120% of WB**	\$5.03	\$5.03	\$5.20	\$5.25	\$5.25	\$5.40
121% to 140% of WB**	\$7.63	\$5.03	\$9.00	\$7.97	\$5.25	\$9.40
Over 140% of WB**	\$11.55	\$8.31	\$15.30	\$12.07	\$8.69	\$15.90
Wastewater Treatment Service						
<u>Residential - Single Family</u>						
Fixed fee	\$18.60	Bi-monthly		\$19.70	Bi-monthly	
Minimum charge -Fixed fee plus 3,000 gallons Use	\$28.65			\$30.74		
Use - winter time average (Fixed fee plus use for winter time average sets fee for year)	\$3.35/ 1,000 gallons			\$3.68/ 1,000 gallons		
<u>Residential - Multi Family (per unit)</u>						
Fixed fee	\$9.30	Monthly		\$9.85	Monthly	
Minimum charge -Fixed fee plus 1,500 gallons	\$14.33			\$15.37		
Use - winter time average (Fixed fee plus use for winter time average sets fee for year)	\$3.35/ 1,000 gallons			\$3.68/ 1,000 gallons		
<u>Nonresidential</u>						
Fixed fee per 3/4" equiv. tap size (Rate times 80% of water consumed)	\$9.30	Monthly		\$9.85	Monthly	
	\$3.35/ 1,000 gallons			\$3.68/ 1,000 gallons		
Water Service Availability Fee						
Residential - Single Family	\$29.40/bimonthly			\$31.72/bimonthly		
Residential - Multi Family	\$9.18/month			\$9.92/month		
Nonresidential (per 3/4" equivalent)	\$14.70/month			\$15.86/month		

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

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

CONTRIBUTED CAPITAL

From Highlands Ranch Metropolitan District

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

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

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

- by multiplying the number of single family residential dwelling units zoned for a property or in the case of platted land the number of units actually shown on the filing, by the Capacity Fee. The Single Family Residential Capacity Fee effective since January 1, 2000, was \$5,960. The fee is not expected to increase during 2019.
- 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 2019.
- 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 2019.

The IGA provides for the following payment levels:

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

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

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

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

From Northern Douglas County Water and Sanitation District

Northern Douglas County Water and Sanitation District ("NDC") which serves outside the Highlands Ranch Service Area, has a unique payment schedule from the Highlands Ranch Metropolitan Districts. In order to reserve future taps, NDC is required to acquire options. The option is equal to 2% of the amount of taps being reserved. There currently are no outstanding options as several options have been allowed to lapse. 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 2019 and 2020 are estimated in the following table.

COLLECTIONS FOR CONTRIBUTED CAPITAL

	2019 Projected	2020 Budget
Reserved Capacity Payments		
HRMD - Exhibit A	\$ 394,122	\$ 942,814
Northern Douglas County	-	
Mirabelle Metropolitan District		319,000
	394,122	1,261,814
Channel Stabilization surcharge		
HRMD	85,250	60,000
Water acquisition fee		
HRMD	504,680	355,200
Northern Douglas County		-
Mirabelle Metropolitan District		37,000
	504,680	392,200
Option Payments		
Northern Douglas County		
Mirabelle	-	313,500
	\$ 984,052	\$ 1,714,014

CENTENNIAL WATER & SANITATION DISTRICT
BY ACTIVITY

Description	2018 ACTUAL	2019 BUDGET	2019 REVISED	BASE	2020 Budget REQUESTS	TOTAL	% Change Total Vs. Orig
WATER OPERATIONS							
600 SURFACE WATER	3,204,757	3,359,509	3,342,660	3,269,042	10,000	3,279,042	-2.4%
602 WELLS	996,794	1,337,620	1,307,620	1,327,100		1,327,100	-0.8%
610 GROUNDWATER FAC.	105,248	104,900	134,900	118,900	5,074	123,974	18.2%
620 PUMPING EXPENSES	1,907,331	2,064,237	1,929,955	2,098,750		2,098,750	1.7%
630 DISTRIBUTION TANKS	0	0	0	0	66,500	66,500	
640 WTP OPERATIONS	3,048,430	3,040,374	3,196,554	3,240,942		3,240,942	6.6%
650 WTP MAINTENANCE	994,140	1,070,634	1,050,634	1,096,869	80,974	1,177,843	10.0%
664 METER INSTALLATION	740,605	775,000	765,000	892,000		892,000	15.1%
671 TRANS/DIST MAINTENANCE	1,566,944	1,436,490	1,436,490	1,483,790		1,483,790	3.3%
TOTAL WATER OPS	12,564,249	13,188,764	13,163,813	13,527,393	162,548	13,689,941	3.8%
WASTEWATER OPERATIONS							
711 COLL/TRANS. MAINTENANCE	831,577	1,045,345	1,045,345	1,071,545		1,071,545	2.5%
720 WWTP OPERATIONS	2,278,834	2,589,788	2,539,788	2,635,214		2,635,214	1.8%
730 WWTP MAINTENANCE	1,485,861	1,667,940	1,686,985	1,688,355	80,974	1,769,329	6.1%
740 LIFT STATIONS	128,517	183,035	183,035	217,500		217,500	18.8%
TOTAL WASTEWATER OPS	4,724,789	5,486,108	5,455,153	5,612,614	80,974	5,693,588	3.8%
TECHNICAL MANAGEMENT							
805 WATER RESOURCES	1,296,907	1,253,386	1,373,991	1,316,111		1,316,111	5.0%
805-75 WATER CONSERVATION	95,466	196,050	187,155	194,075		194,075	-1.0%
840 O&M ADMINISTRATION	1,001,950	1,124,940	1,173,440	1,118,500		1,118,500	-0.6%
860 LAB SERVICES	762,020	920,780	920,580	950,080		950,080	3.2%
850 GIS SERVICES	188,840	200,540	200,840	215,490		215,490	7.5%
880 ENGINEERING	697,443	697,800	697,300	721,790		721,790	3.4%
893 VEHICLES	147,791	160,000	164,950	159,300		159,300	-0.4%
TOTAL TECHNICAL MGMT	4,190,417	4,553,496	4,718,256	4,675,346	-	4,675,346	2.7%
GENERAL MANAGEMENT							
900 GENERAL GOVERNANCE	90,745	76,500	76,700	137,200	50,000	187,200	144.7%
905 COMMUNITY RELATIONS	40,190	88,340	88,340	90,340		90,340	2.3%
910 OFFICE OF THE MANAGER	300,679	266,760	266,770	271,570		271,570	1.8%
920 HUMAN RESOURCES	192,666	186,400	190,385	191,700		191,700	2.8%
930 FINANCIAL SERVICES	873,444	933,853	933,853	991,903		991,903	6.2%
950 INFORMATION SYSTEMS	333,195	355,800	355,800	416,000		416,000	16.9%
960 CUSTOMER SERVICE	668,484	691,130	691,130	722,080		722,080	4.5%
970 OFFICE SERVICES	83,105	103,250	103,250	105,250		105,250	1.9%
975 ADMINISTRATIVE BLDG	205,066	231,150	231,250	190,450	45,000	235,450	1.9%
980 INSURANCE	179,977	194,000	194,000	213,400		213,400	10.0%
991 DEBT SERVICE	550	1,548	1,548	1,600		1,600	3.4%
TOTAL GENERAL MGMT	2,968,101	3,128,731	3,133,026	3,331,493	95,000	3,426,493	9.5%
TOTAL BY ACTIVITY	24,447,556	26,357,099	26,470,248	27,146,846	338,521	27,485,367	4.3%

CENTENNIAL WATER & SANITATION DISTRICT
BY OBJECT

Description	2018 ACTUAL	2019 BUDGET	2019 REVISED	BASE	REQUESTS	TOTAL
BOARD DIRECTED BUDGET						
Personal Services						
111 Regular Wages	6,384,723	6,500,060	6,417,060	6,627,060	92,112	6,719,172
121 Overtime Wages	212,140	222,754	222,754	222,754		222,754
13* Payroll Expenses	1,891,747	2,013,950	2,013,950	2,196,750		2,196,750
113x Temporary Help	23,501	58,360	53,360	58,360		58,360
182 Training & Development	28,474	61,720	68,600	74,000	1,835	75,835
184 Uniforms	27,163	40,085	40,085	40,085		40,085
195 Administrative Contract	557,271	600,000	600,000	624,300		624,300
TOTAL	9,125,019	9,496,929	9,415,809	9,843,309	93,947	9,937,256
Contracted Services						
302 Paying Agent Fees	550	1,548	1,548	1,600		1,600
352 Legal	419,853	480,000	604,000	567,000	50,000	617,000
354 Auditing	19,300	21,000	21,000	26,000		26,000
368 Insurance	179,977	194,000	194,000	213,400		213,400
550 Water Lease	3,165,414	3,122,759	3,122,759	3,040,612		3,040,612
Misc. Capital					68,000	68,000
Total	3,785,094	3,819,307	3,943,307	3,848,612	118,000	3,966,612
DEPT DIRECTED NONVARIABLE						
Materials and Supplies						
219 Office Supplies	814	7,500	7,500	7,500		7,500
220 Meeting Exp.	6,414	7,175	7,000	7,375		7,375
222 Employee Relations	7,490	13,020	13,020	12,810		12,810
224 Facilities Supplies	-	25,000	25,000			-
226 Safety Supplies	34,900	32,765	32,765	34,380		34,380
227 Janitorial Supplies	28,067	19,561	19,561	20,000		20,000
229 Other Operating Suppl	317,290	284,393	285,093	312,000	5,074	317,074
230 Computer Supplies	125,114	135,000	136,000	139,000		139,000
244 Repair Parts	1,769,587	2,001,150	2,018,750	2,009,600		2,009,600
245 Meter Replacements	80,737	75,000	75,000	76,000		76,000
246 Tires, Tubes	12,182	15,050	20,000	20,000		20,000
	2,382,595	2,615,614	2,639,689	2,638,665	5,074	2,643,739
Purchased services						
301 Bank Fees	68,086	70,000	70,000	70,000		70,000
311 Postage and Freight	86,022	115,875	115,875	115,375		115,375
313 Vehicle Licenses & Ti	24	700	700	700		700
319 Communication & Trans	59,409	82,730	82,740	83,900		83,900
325 Advertising	5,142	5,550	5,550	6,050		6,050
329 Printing	29,857	74,500	74,500	72,500		72,500

CENTENNIAL WATER & SANITATION DISTRICT
BY OBJECT

Description	2018 ACTUAL	2019 BUDGET	2019 REVISED	BASE	REQUESTS	TOTAL
331 Membership Dues	73,157	81,733	81,838	88,003		88,003
335 Publications	1,976	4,150	3,850	3,950		3,950
342 Computer Rental	22,580	19,316	19,316	19,316		19,316
343 Equipment Rental	48,470	60,428	80,428	60,200		60,200
344 Repair Services	1,124,864	1,526,045	1,455,645	1,454,400	66,500	1,520,900
346 Contract Temp	44,957	15,000	10,000	15,000		15,000
347 Janitorial Services	23,700	55,400	56,400	56,400		56,400
348 Contract Maint.	125,365	151,600	153,100	209,300		209,300
349 Landfill Services	62,412	71,650	71,650	71,650		71,650
351 Medical	-	-	-	-		-
355 Prof Services	925,587	943,550	1,122,550	944,050		944,050
356 Data Processing	-	-	-	-		-
359 Professional	-	-	-	-		-
363 Lab Services	182,630	247,400	253,700	260,400		260,400
367 Sludge Disposal	354,918	439,479	339,479	445,000		445,000
369 Other Purchased Servi	683,206	905,023	897,534	1,044,008	55,000	1,099,008
371 Automobile Expense	2,757	5,820	5,820	6,050		6,050
372 Conferences	24,378	41,350	41,350	46,405		46,405
389 Administrative Contra	138,095	109,100	109,100	133,800		133,800
Total	4,087,592	5,026,399	5,051,125	5,206,457	121,500	5,327,957
DEPT DIRECTED VARIABLE						
Fuel and Chemical Products						
271 Gasoline/Fuel	74,963	111,099	110,169	108,049		108,049
281 Water Treatment Chem.	2,048,137	2,052,483	2,209,483	2,236,729		2,236,729
	2,123,100	2,163,582	2,319,652	2,344,778	-	2,344,778
Utilities						
391 Electricity and Power	2,836,827	3,134,545	3,000,263	3,165,850		3,165,850
392 Water/Sewer	45,201	35,000	35,000	35,000		35,000
394 Natural Gas	62,141	65,723	65,403	64,175		64,175
Total	2,944,169	3,235,268	3,100,666	3,265,025	-	3,265,025
TOTAL EXPENDITURES BY OBJECT	24,447,569	26,357,099	26,470,248	27,146,846	338,521	27,485,367

DEBT SERVICE REQUIREMENTS

The projected outstanding principal for the District is as follows:

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19	Additions	Retirements	Balance 12/30/20	Additions	Retirements	Balance 12/30/21
Water										
Series 2012A	17,370,000	-	3,315,000	14,055,000	-	3,400,000	10,655,000	-	3,470,000	7,185,000
Series 2012B	10,600,000	-	2,040,000	8,560,000	-	2,075,000	6,485,000	-	2,120,000	4,365,000
CWCIB	24,167,810	15,900,000	-	40,067,810	13,432,190	789,000	52,711,000	-	1,149,000	51,562,000
	<u>52,137,810</u>	<u>15,900,000</u>	<u>5,355,000</u>	<u>62,682,810</u>	<u>13,432,190</u>	<u>6,264,000</u>	<u>69,851,000</u>	<u>-</u>	<u>6,739,000</u>	<u>63,112,000</u>
Wastewater										
Series 2012B	1,815,000	-	330,000	1,485,000	-	330,000	1,155,000	-	330,000	825,000
Series 2012A	4,470,000	-	420,000	4,050,000	-	430,000	3,620,000	-	440,000	3,180,000
Series 2019	-	75,000,000	-	75,000,000	-	-	75,000,000	-	-	75,000,000
	<u>6,285,000</u>	<u>75,000,000</u>	<u>750,000</u>	<u>80,535,000</u>	<u>-</u>	<u>760,000</u>	<u>79,775,000</u>	<u>-</u>	<u>770,000</u>	<u>79,005,000</u>
	\$ 58,422,810	\$ 90,900,000	\$ 6,105,000	\$ 143,217,810	\$ 13,432,190	\$ 7,024,000	\$ 149,626,000	\$ -	\$ 7,509,000	\$ 142,117,000

The projected expenditure for interest on the District's debt service during the periods 2018 to 2020 can be summarized as follows:

	2019	2020	2021
Funded from Fixed Fees & Capital Transfer			
Series 2012A	449,000	373,000	295,000
Series 2012B (w/conversion)	251,000	203,000	154,000
Series 2019	2,742,000	3,215,000	3,215,000
	<u>3,442,000</u>	<u>3,791,000</u>	<u>3,664,000</u>
Funded from Water Acquisition CWCIB			
	877,018	1,328,000	1,584,000
	<u>\$ 4,319,018</u>	<u>\$ 5,119,000</u>	<u>\$ 5,248,000</u>
Funded from Series 2012A			
Series 2012A	4,184,000	4,203,000	4,205,000
Series 2012B (w/conversion)	2,621,000	2,608,000	2,604,000
Series 2019	2,742,000	3,215,000	3,215,000
	<u>9,547,000</u>	<u>10,026,000</u>	<u>10,024,000</u>
CWCIB Loans			
	877,018	2,117,000	2,733,000
Total Principal and Interest	\$ 10,424,018	\$ 12,143,000	\$ 12,757,000

The projected expenditure by bond issue for principal (not including refunding) and interest on the District's debt service during the periods 2018 to 2020 can be summarized as follows:

CENTENNIAL WATER AND SANITATION DISTRICT
SUMMARY 2018 - 2021

	Prior Yrs Approp.	2019		2020		2021 Projected	2022 Projected	Remaining Future
		Budget	9/30/2019 Actual	Remaining	Expend. Offsets			
FACILITY PLAN / CIP								
WATER FACILITIES								
RAW WATER STORAGE FACILITIES:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
WATER TREATMENT PLANT	7,281	-	-	-	-	-	-	425,000
RAW WATER DELIVERY	-	-	-	-	-	-	-	1,383,000
BOOSTER PUMP STATIONS	8,066,218	-	-	-	-	-	-	-
POTABLE STORAGE RESERVOIRS	-	-	-	-	-	-	-	72,000
WELL WATER SUPPLY	-	449,340	179,990	-	114,000	50,000	-	-
WASTEWATER FACILITIES								
WASTEWATER TREATMENT PLAN	29,583	59,700,000	80,112,123	-	-	3,480,000	-	-
LIFT STATIONS	-	4,500,000	30,000	-	7,700,000	-	2,000,000	-
INFRASTRUCTURE								
WATER	2,663,058	30,000	-	-	100,000	300,000	-	100,000
WELL PIPELINES	-	-	-	-	-	-	-	-
WASTEWATER	-	90,000	-	-	185,000	-	-	-
OTHER	186,030	677,050	462,589	-	250,000	37,000	-	-
TOTAL CAPITAL PROJECTS	\$ 10,952,171	\$ 65,446,390	\$ 80,784,702	\$ -	\$ 8,349,000	\$ 3,867,000	\$ 2,000,000	\$ 1,980,000
CAPITAL PROJECTS from								
FACILITY PLAN	\$ 10,729,276	\$ 449,340	\$ 179,990	\$ -	\$ 114,000	\$ 50,000	\$ -	\$ 1,880,000
UTILITY PLAN	222,895	64,997,050	80,604,712	-	8,235,000	3,817,000	2,000,000	190,000
	10,952,171	65,446,390	80,784,702	-	8,349,000	3,867,000	2,000,000	2,070,000
WATER RIGHTS ACQUISITION	47,762,853	5,063,436	804,459	-	6,100,000	230,000	-	2,700,000
MAJOR REPAIR FUND	90,000	23,606,800	2,443,306	897,000	4,435,000	9,295,000	12,815,000	27,446,000
	\$ 58,805,024	\$ 94,116,626	\$ 84,032,467	\$ 897,000	\$ 18,884,000	\$ 13,392,000	\$ 14,815,000	\$ 32,126,000

Centennial Water and Sanitation District
Facility Plan 2019-2022

Prior Years Unexpended Appropriations	2019		2020		2021	2022	FUTURE	
	Budget	Through 09/30/19 Remaining	Expend. Offsets	Projected	Expend. Offsets	Projected	Reserve Capacity	Use Funded Review
WATER FACILITIES								
WATER TREATMENT PLANT								
Water Treatment Plant	-	-	-	-	-	-	100,000	-
Landscaping adjacent to Plaza	-	-	-	-	-	-	325,000	-
Ground Water Treatment Plant	-	-	-	-	-	-	425,000	-
Sewer line outfall for GWTP #2	-	-	-	-	-	-	-	-
RAW WATER DELIVERY								
City Ditch:								
Pump station improvements and capacity expansion								500,000
South Platte Wellfields								883,000
Wells 13 and 14								1,383,000
BOOSTER PUMP STATIONS								
Zone 4C Pump Station	8,066,218	-	-	-	-	-	-	-
	8,066,218	-	-	-	-	-	-	-
POTABLE STORAGE RESERVOIRS								
Site improvements								
Zone 3 Reservoir							72,000	-
							72,000	-
WELL WATER SUPPLY								
Well supply development:								
GWTP Generator	280,340	146,900	-	-	-	-	-	-
Well Site Improvements/Landscaping								
A-6R Irrigated-Backcountry Fil 118	100,000	33,090	-	45,000	-	50,000	-	-
LHH-2-D-1 Irrigated-Business Park	69,000	-	-	69,000	-	-	-	-
TD-5 Irrigated, driveway-Backcountry Fil 118	449,340	179,990	-	114,000	-	50,000	-	-
	449,340	179,990	-	114,000	-	50,000	-	-
TOTAL WATER FACILITIES	8,066,218	179,990	-	114,000	-	50,000	497,000	1,383,000
INFRASTRUCTURE								
WATER INFRASTRUCTURE								
Zone 4C Pipeline (7,000 L.F. of 36")	2,663,058	-	-	-	-	-	-	-
	2,663,058	-	-	-	-	-	-	-
WELL PIPELINES								
Northern collection system								
Line								Length
Well served								Length
Southern collections system								
Line								Length
Well served								Length
WASTEWATER								

Centennial Water and Sanitation District
Facility Plan 2019-2022

Prior Years Unexpended Appropriations	2019		2020		2021		2022		FUTURE	
	Budget	Through 09/30/19 Remaining	Expend. Offsets	Projected	Expend. Offsets	Projected	Projected	Projected	Reserve Capacity	Fee Funded Future Review
2,663,058										
10,729,276	449,340	179,990		114,000		50,000			497,000	1,383,000

TOTAL INFRASTRUCTURE

TOTAL ALL FACILITIES

Centennial Water and Sanitation District
Utility Improvement Plan 2018-2021

Prior Years Unexpended Appropriations	2019		2020		2021		2022		FUTURE	
	Budget	Through 09/30/19	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Usage fee Funded	Other Funding
7,281										
7,281		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
7,281		-	-	-	-	-	-	-	-	-
29,583	54,300,000	80,112,123				3,480,000				
	5,400,000									
29,583	59,700,000	80,112,123				3,480,000				
	4,500,000	30,000		7,700,000				2,000,000		
	4,500,000	30,000		7,700,000				2,000,000		
29,583	64,200,000	80,142,123		7,700,000		3,480,000		2,000,000		
	30,000			100,000						
									100,000	
	30,000			100,000		300,000			100,000	

WATER FACILITIES

WATER TREATMENT PLANT

Water Treatment Plant
Utility plan update
Chlorine control (Chlorine Scrubber)

61-019

BOOSTER PUMP STATIONS

Zone 1 pump station upgrade (75% due to 4c and 25% Plum Creek)

TOTAL WATER FACILITIES

WASTEWATER FACILITIES

WASTEWATER TREAT PLANT

Wastewater Plant

Marcy Gulch WWTP Improvements Phase II
Including Regulation 85
Marcy Gulch WWTP Improvements Phase II - UV
Marcy Gulch WWTP Improvements Phase III

Marcy Gulch Recapture

LIFT STATIONS

Marcy Gulch (Chatfield) replacement / upgrades
Big Dry replacement / upgrades

TOTAL WASTEWATER FACILITIES

INFRASTRUCTURE

WATER INFRASTRUCTURE

WTP Ferric Tank
Zone 5 Surge Anticipator Valve
Zone 3 Surge Anticipator Valve
Zone 6 Surge Anticipator Valve

WELL PIPELINES

Centennial Water and Sanitation District
Utility Improvement Plan 2018-2021

Prior Years Unexpended Appropriations	2019		2020		2021		2022		FUTURE	
	Budget	Through 09/30/19 Remaining	Projected	Expend. Offsets	Projected	Projected	Projected	Usage fee Funded	Other Funding	
	90,000		95,000							
			90,000							
	90,000	-	185,000	-	-	-	-	-	-	-
	120,000	-	285,000	-	300,000	-	-	100,000	-	-
		255,000								
	562,050	98,670	250,000							
	70,000	65,525								
	45,000	43,594			37,000			90,000		
	677,050	462,589	250,000	-	37,000	-	-	90,000	-	-
	64,997,050	80,604,712	8,235,000	-	3,817,000	-	-	190,000	-	-

WASTEWATER INFRASTRUCTURE
Big Dry LS Emergency Pump
Big Dry Lift Station UV Aerator

TOTAL INFRASTRUCTURE
Risk and Resiliency Assessment

SERVICE TO PLUM CREEK PARCEL, 65-089
Design
Water infrastructure
Wastewater infrastructure
Lift Station

EQUIPMENT
Telehandler Equipment
Valve Exercisers/ Truck Mounted
Trailer for Valve Exerciser
TOTAL - OTHER

TOTAL ALL FACILITIES

Centennial Water and Sanitation District
Water Acquisition 2018-2022

	Prior Years Unexpended Appropriations	2019			2020 Projected	2021 Projected	2022 Projected	FUTURE	
		Budget	Through 9/30/19	Remaining				Rates	'1st' from Capital
Chatfield Reallocation - Escrow									
50-020 C/WCB Contract A (USACE Storage Costs) District Match	5,471,190								
50-018 C/WCB Contract B (Mitigation Measures) District Match	29,333,984								
50-019 C/WCB Contract C (Related Mitigation Activities) District Match	12,064,860								
	46,870,034								
Chatfield Reallocation/ - Fund									
50-012 Preliminary commitments Brighton Parker W&S SMWSA Participation Agreement - Chatfield	278,819								
	278,819								
WISE - CAPITAL									
Program management									
DIA connection fee (due 1/1 of budget year thru 2020)		148,436	148,436	115,000	230,000				
E:CCV Western Pipeline Title Clean up costs		115,000	45,880	70,000					
Rangeview purchase									
I:CCV Western Pipeline modifications		4,800,000	610,143	5,915,000					
Aurora Connection (Pump Station at BWPF)	614,000								
I:CCV to Centennial System	614,000	5,063,436	804,459	6,100,000	230,000				
		5,063,436	804,459	6,100,000	230,000			2,700,000	
TOTAL WATER RIGHTS ACQUISITION CAPITAL	47,762,853								

Centennial Water and Sanitation District
Major Repair Projects 2018-2021

Prior Years Unexpended Appropriations	2019		2020	2021	2022	Future
	Budget	Through 09/30/19 Remaining				
	2,000,000		2,000,000	7,440,000		
			325,000		11,510,000	15,000,000
90,000						
	135,000		135,000			510,000
						75,000
			220,000			1,000,000
	95,000	95,000				
	55,000	64,000				
	50,000	31,000				
				100,000		
						2,000,000
						2,000,000
						5,000,000
	1,900,000					
	1,400,000					
	3,900,000					
	10,200,000					
	250,000	199,377	50,000			
	150,000		150,000			

WATER TREATMENT PLANT
Pre-Treatment Modifications
Replace WTP Filter Media
Replace Chemical Storage
Reconfiguration of Filters and CCB

OTHER WATER SYSTEM
Replacement Equipment (see detail list)
Replace Flocculation basin collector drives & hardware
Replacement Water Treatment Plant Filter Valves (includes installation)
Solid Separation Basin Hoseless Sludge Collectors
South Plate Pump Station VFD replacement for BP 1 and BP 2
C&D building garage heaters, heater & A/C unit in office area
Filter Building HVAC replacement
Replacement of GWTP #1 Filter Media
Solid Separation Basin Decanters

DISTRIBUTION SYSTEM
Replacement Equipment (see detail list)
Condition Assessment - Field Vertical Assets
Dad Clark Interceptor Condition Assessment
McLellan B Pump Station AC unit
South Plate Transfer Station Pumps and VFD
Zone 4B Pump Station-rehab
McLellan A Pump Station - rehab
Zone 4A Pump Station Rehab
Distribution Tank 2 Replacement

WASTEWATER TREATMENT PLANT
Replacement Equipment (see detail list)
Secondary Clarifiers*
Headworks*
Fast Digester*
Biosolid System*
Bridge Repair
Replacement of Grit System Equipment

Centennial Water and Sanitation District
Major Repair Projects 2018-2021

	Prior Years Unexpended Appropriations	2019 Budget	2019 Through 09/30/19 Remaining	2020 Projected	2021 Projected	2022 Projected	Future Projected
* Appropriated with MGW/TWP Phase II (Utility Plan)							
OTHER WASTEWATER SYSTEM							
Replacement Equipment (see detail list)							
95-900							
WELL EQUIPMENT REPLACEMENT							
Pumps		250,000	250,000	250,000	250,000	250,000	250,000
Drives		250,000	250,000	250,000	250,000	250,000	250,000
TOTAL PROCESS EQUIPMENT	90,000	20,635,000	294,377	3,380,000	8,040,000	12,010,000	26,085,000
WELL REDRILL PROGRAM							
A-1R							
Pipeline (1006)							1,200,000
Landscaping							111,000
A-2 / A-8		2,294,800	2,073,929				50,000
TOTAL WELL REDRILL	-	2,294,800	2,073,929	-	-	-	1,361,000
VEHICLES / OTHER MISCELLANEOUS EQUIP							
Vehicle replacement (see detail)							
Replace Lightnin Mixer for Carbon Tank		302,000	302,000	280,000	250,000	255,000	
Vac-Con		75,000	75,000		180,000		
580 Backhoe					125,000		
Camera Truck Replacement						300,000	
TOTAL - VEHICLES / OTHER MISC EQUIP	-	377,000	75,000	280,000	555,000	555,000	-
OTHER							
SCADA Master Plan						250,000	
TOTAL - SCADA	-	-	-	-	-	250,000	-
Highlands Ranch Metro District In-tract Lines (funded by IIRMD)							
In-Tract		300,000		775,000			
In-Tract					700,000		
In-Tract		300,000		775,000	700,000		
TOTAL - In-Tract Line Replacement	-	300,000	-	775,000	700,000	-	-
TOTAL MAJOR REPAIR PROJECTS	90,000	23,606,800	2,443,306	4,435,000	9,295,000	12,815,000	27,446,000

2020 Major Repair - Vehicle and Equipment Replacement

ITEM DESCRIPTION	AMOUNT	COMMENTS
Fuel Trailer	\$ 30,000	990 Gallon Diesel Fuel Trailer. Currently the District has a District constructed fuel trailer. Two issues exist with this trailer one being that it only has a 500 gallon capacity. Second, there are DOT rating issues, i.e, it does not have a double walled storage tank.
Vehicle Replacement	\$ 30,000	VIN# 149929, Unit 127, Traverse
Vehicle Replacement	\$ 32,000	VIN# 196318, Unit 430, Colorado Crew
Vehicle Replacement	\$ 36,000	VIN# 215988, Unit 490, 2500 Crew
Vehicle Replacement	\$ 32,000	VIN# 136522, Unit 445, Colorado Crew
Vehicle Replacement	\$ 68,000	VIN# 533157, Unit 410, 1 3/4 Ton, Response Truck
Vehicle Replacement	\$ 30,000	VIN # 245309, Unit 130, Traverse
Vehicle Replacement	\$ 22,000	VIN # 196933, Unit 135, Trax AWD
TOTAL	\$ 280,000	

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

REGULAR EMPLOYEES (FTE)	2019 Budget	2019 Actual	2020 Budget	Change 2019 Actual to 2020 Budget	FTE's 2020 Adj. For Sch. III Shared Emp.
<i>OPERATIONS AND MAINTENANCE MANAGEMENT</i>					
Director, Water/Wastewater Oper.	1.000	1.000	1.000	-	1.000
Superintendent, Operations and Maint.	1.000	1.000	1.000	-	1.000
Superintendent, Field	1.000	1.000	1.000	-	1.000
Business Support	4.000	4.000	4.000	-	4.000
Regulatory	1.000	1.000	1.000	-	1.000
<i>PLANT OPERATIONS</i>					
SCADA supervisor	1.000	1.000	1.000	-	1.000
Lead Operator/ Field Technician	3.000	3.000	3.000	-	3.000
WTP Plant Operator	5.000	5.000	5.000	-	5.000
Maintenance Mechanic	5.000	5.000	5.000	-	5.000
Field Operator	6.000	6.000	6.000	-	6.000
WWTP Operator	6.000	6.000	6.000	-	6.000
Utility Worker	1.000	1.000	1.000	-	1.000
<i>PLANT MAINTENANCE</i>					
Lead Maintenance Mechanic	1.000	1.000	1.000	-	1.000
Maintenance Mechanic	7.000	7.000	7.000	-	7.000
Lead Instrument Electronics Technician	1.000	1.000	1.000	-	1.000
Instrumentation/Electronic Technician	2.000	2.000	2.000	-	2.000
<i>COLLECTION AND DISTRIBUTION</i>					
Lead Collection/Distribution/ Meter	2.000	2.000	2.000	-	2.000
Collection and Distribution Mechanics	10.000	10.000	10.000	-	10.000
Field Customer Service	6.000	6.000	6.000	-	6.000
Meter Field Customer Service	3.000	3.000	3.000	-	3.000
Laboratory Supervisor	1.000	1.000	1.000	-	1.000
Lab Technician	4.000	4.000	4.000	-	4.000
<i>WATER RESOURCES</i>					
Water Resource Manager	1.000	1.000	1.000	-	1.000
Water Resource Engineer	1.000	1.000	1.000	-	1.000
Conservation Coordinator	1.000	1.000	1.000	-	1.000
Water Facility Caretaker	0.250	0.250	0.250	-	0.250
<i>ENGINEERING</i>					
* Director - Engineering	*	*	*	*	0.600
* Administrative Assit.	*	*	*	*	0.500
* Contract Administrator	*	*	*	*	0.500
* Clerk/ Engineering Tech	*	*	*	*	0.600
** GIS Coordinator	1.000	-	-	-	-
** GIS Technician	1.000	2.000	2.000	-	1.600
Engineer	1.000	1.000	1.000	-	1.000
Project Engineer	1.000	1.000	1.000	-	1.000
Utility Inspector	1.000	1.000	1.000	-	1.000

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

REGULAR EMPLOYEES (FTE)	2019 Budget	2019 Actual	2020 Budget	Change 2019 Actual to 2020 Budget	FTE's 2020 Adj. For Sch. III Shared Emp.
<i>GENERAL MANAGEMENT</i>					
General Manager	1.000	1.000	1.000	-	1.000
Administrative Assistant	1.000	1.000	1.000	-	1.000
* Community Relations Manager	*	*	*	*	0.250
* Community Relations Coordinator	*	*	*	*	0.500
* Human Resources Administrator	*	*	*	*	0.500
* Human Resources Assistants (2)	*	*	*	*	0.900
<i>FINANCIAL SERVICES</i>					
* Director - Finance & Admin.	*	*	*	*	0.500
** Asset & Revenue Manager	0.500	0.500	0.500	-	0.250
** Accounting Supervisor	1.000	1.000	1.000	-	0.500
** Administrative Analyst	0.500	0.500	0.500	-	0.250
** Manager, Financial and Budget Reporting	1.000	1.000	1.000	-	0.500
** PC Specialist	1.000	-	-	-	-
** Accounting Assistants/Payroll	4.500	4.500	4.500	-	2.000
* Receptionist / Office Assistant	0.500	0.500	0.500	-	1.000
** Building Assistant (District Office Bldg.)	1.000	1.000	1.000	-	1.000
<i>CUSTOMER SERVICE</i>					
Asset & Revenue Manager	0.500	0.500	0.500	-	0.500
Customer Service Rep.	4.000	4.000	4.000	-	4.000
Meter Readers	2.000	2.000	2.000	-	2.000
Regular employees	<u>98.750</u>	<u>97.750</u>	<u>97.750</u>	<u>0.000</u>	<u>98.700</u>
<i>TEMPORARIES (FTE)</i>					
Plant Operations	0.210	0.210	0.210	-	0.500
Plant Maintenance	0.450	0.450	0.450	-	0.450
Collection and Distribution	0.250	0.250	0.250	-	0.250
Lab	-	-	-	-	-
Water Conservation	0.300	0.300	0.300	-	0.300
Engineering	0.300	0.300	0.300	-	0.300
Customer Service	-	-	-	-	-
Total with equivalents	<u>100.260</u>	<u>99.260</u>	<u>99.260</u>	<u>-</u>	<u>100.500</u>

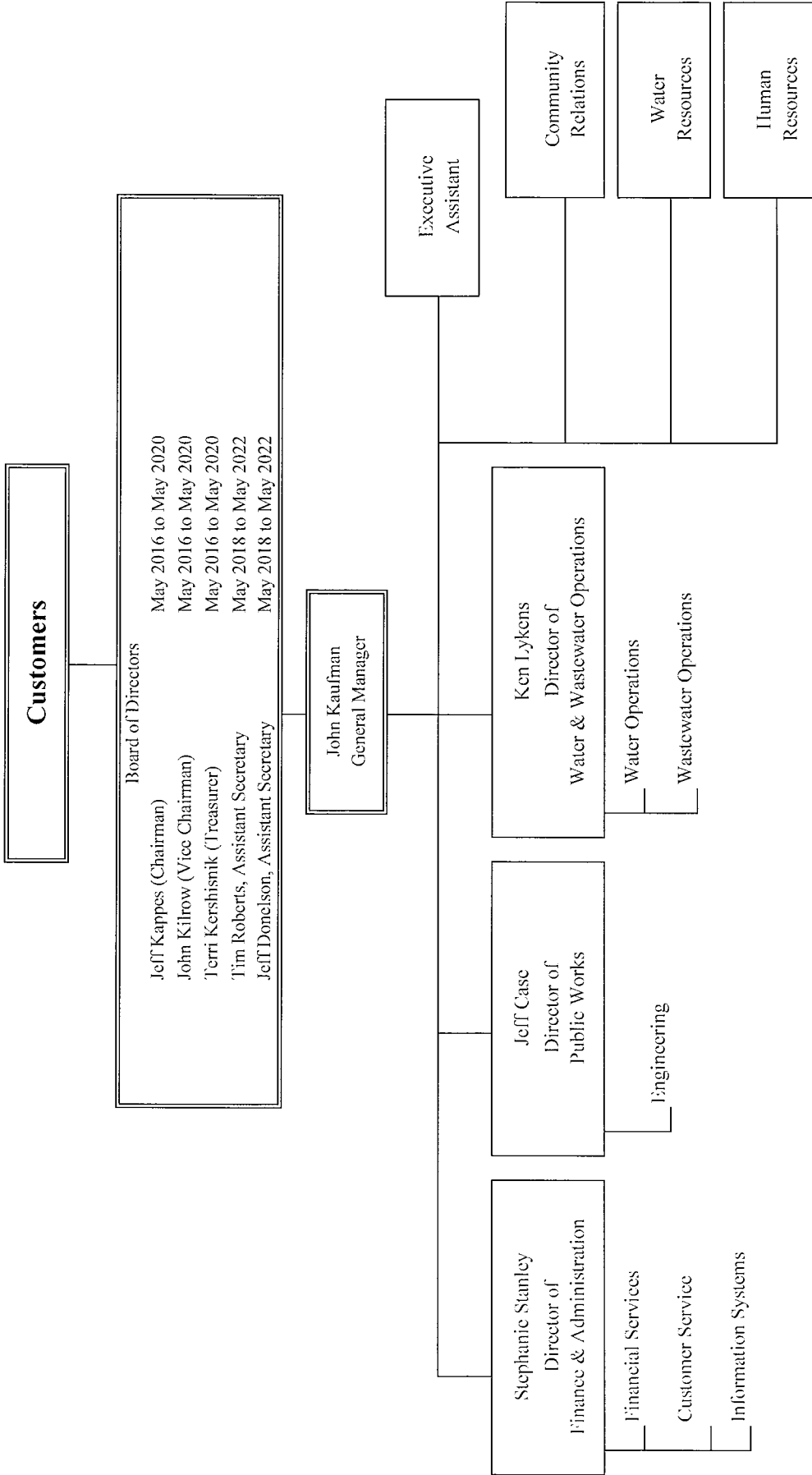
* Employee cost is partially allocated FROM Metro District pursuant to Employee, Office Services and Capital Equipment Sharing contract (Schedule III employees).

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



CENTENNIAL

WATER AND SANITATION DISTRICT



APPENDIX

CENTENNIAL WATER AND SANITATION DISTRICT GLOSSARY

<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

Resolution No. 19-165

WHEREAS, staff has submitted a proposed budget to this Board on or before October 15, 2019 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 25, 2019, 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	\$ 27,485,367
Water Acquisition	8,017,000
Reserve	4,435,000
Debt Service Funds	12,143,000
Capital Projects Fund	45,349,000
	<u>\$ 97,429,367</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	\$ 39,335,070
From Nonoperating Revenue	1,211,000
From (to) interfund transfers	(12,400,000)
From (to) unappropriated surpluses	(660,703)
	<u>\$ 27,485,367</u>
Water Acquisition	
From Operating Revenues	\$ 3,600,000
From Nonoperating Revenue	452,200
From (to) interfund transfers	(2,117,000)
From (to) unappropriated surpluses	6,081,800
	<u>\$ 8,017,000</u>

Reserve	
From Nonoperating Revenue	\$ 808,700
From (to) interfund transfers	2,900,000
From (to) unappropriated surpluses	726,300
	<u>\$ 4,435,000</u>
Debt Service Funds	
From Nonoperating Revenue	\$ -
From (to) interfund transfers	12,117,000
From (to) unappropriated surpluses	26,000
	<u>\$ 12,143,000</u>
Capital Projects Fund	
From Nonoperating Revenue	\$ 1,261,814
From (to) interfund transfers	-
From (to) unappropriated surpluses	44,087,186
	<u>\$ 45,349,000</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 2020 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:

Operations	\$ 27,485,367
Water Acquisition - Operations	1,917,000
Reserve	780,000
Debt Service Fund	12,143,000
Capital Projects Fund - Specific Year (water transfer payment, etc)	-
	<u>\$ 42,325,367</u>

BE IT FURTHER RESOLVED, that appropriations for expenditures on capital projects from the Capital Projects, Reserve, and Water Acquisition Funds will be considered on a project-by-project basis during 2020 and that any unexpended appropriations will continue to be available until rescinded by the Board of Directors.

TRANSFERS

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

- The Operations Fund will maintain working capital equal to 50% of the next years' budgeted operating expenditures.
- To the Debt Service Fund to maintain an ending fund balance equal to the following years' debt service payment.
- To the Reserve Fund, \$2,900,000
- 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:

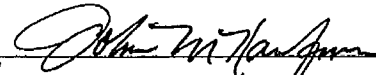
	2018 Rate	2019 Rate	% Change
NDCWSD			
Residential	\$ 4.77	\$ 4.92	3.2%
Commercial Indoor	\$ 4.46	\$ 4.62	3.6%
Irrigation	\$ 4.86	\$ 5.01	3.2%
Service Availability Charge	\$ 14.70	\$ 15.86	7.9%
Wastewater fixed	\$ 9.30	\$ 9.85	6.0%
Wastewater per 1,000 gallons	\$ 3.35	\$ 3.68	9.8%

- 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 16th day of December, 2019

Certified by  Secretary

Ayes 4 Nays 0 Abstained 0 Absent 1

CENTENNIAL WATER AND SANITATION DISTRICT

Resolution No. 19-164

WHEREAS, Centennial has entered into the Highlands Ranch Water and Wastewater Agreements dated December 18, 1990 between Centennial, the consolidated Highlands Ranch Metro District, and Highlands Ranch Metropolitan District No. 5 (collectively "Metro Districts") and said agreements establish the requirement for Centennial and the Metro Districts to adopt rules and regulations as well as an exhibit containing rates, tolls and fees; and

WHEREAS, staff has submitted the proposed 2020 rates and charges together with a proposed budget to the Board on or before October 15, 2019 for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed rates were open for inspection by the public at a designated place, and a public hearing was held on November 25, 2019, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, no comments related to the rates and therefore the changes to Exhibit A were received or filed; and

NOW THEREFORE BE IT RESOLVED that:

- The amended Exhibit A to the respective Highlands Ranch Water and Wastewater Agreements will be effective January 1, 2020.

Adopted this 16th day of December, 2019

Ayes 4 Nays 0 Abstained 0 Absent 1

Certified by , Secretary