

# **COLUMBINE WATER AND SANITATION DISTRICT**

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## **2014 BUDGET REPORT**

### **GENERAL**

The 2014 Columbine Water and Sanitation District (CWSD) budget includes a financial statement and budget report. The financial portion includes 2011 and 2012 actual results, a 2013 estimate and the 2014 budget.

Columbine Water and Sanitation District is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado and serves 1) a portion of the Town of Columbine Valley (known as the Town), 2) Subdivisions of Columbine Lakes, 3) The Villas, a subdivision of the Town, 4) Coventry, 5) Portions of the Hamlet, 6) Country Club Villas, and 7) Brookhaven, a subdivision on the north side of Town.

Services to be provided in accordance with the 2014 budget include operation, maintenance, and repair of CWSD's estimated 12.9 miles of sewer lines and 951 sewer taps. Included in the total number of sewer taps are 21 single family equivalent taps serving the Columbine Country Club and 53 single family equivalent taps serving Wilder Elementary School. The remaining taps service residential customers.

The District depends upon the municipalities of Englewood and Littleton for sewage treatment. They charge fees directly to District's users for this service. CWSD maintains and repairs the district's sewer lines and its one lift station using outside or contracted services.

Denver Water supplies water to all users in the district and charges the users directly for this service. Denver Water maintains and repairs all water lines. Accordingly, the District does not generate any revenues from water or sewer treatment charges.

Total revenue from all sources is projected to be \$194,496 in 2014. Total expenditures including contingencies and emergency reserves are budgeted at \$190,645, \$39,545 more than budgeted in 2013. General fund expenditures are budgeted at \$158,210, \$7,710 more than 2013 budgeted expenses. There are no capital expenses budgeted for 2014.

Beginning funds available in 2014 are estimated to be \$547,820. The reserve fund balance is projected to increase \$3,851 to \$551,671 at year end 2014. If the District does not spend money for the TABOR emergency reserve and the contingency budget items, the reserve fund balance at year end 2014 will be \$584,106, \$36,286 more than the reserve funds available at year end 2013.

The District incurred debt of \$424,230 for slip lining repairs of its outfall sewer main in 2001. Repayment of the debt is financed through the assessment of property taxes generated by an annual mill levy (general obligation) until paid. Each year's debt service mill levy will be sufficient to pay the principal and interest due that year. The remaining debt at December 31,

2013 is \$111,065. The final payment of the remaining debt will be made Nov. 01, 2015. Each semi-annual payment is \$19,995.77.

## **BUDGET AND TABOR**

The District prepares its budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of sale of assets, capital outlay, and payment of outstanding debt, in addition to its operations and non-operating revenues and contributions. Capital contributions of facilities and depreciation are not reflected on the budget as they do not affect "funds available". This budgetary accounting is required by State statutes.

2014 budgetary revenues & expenditures are detailed and explained below.

The Tabor Amendment to the Colorado Constitution limited the amount of property taxes and other revenues the District is permitted to collect. In November 2002, CWSD electors passed an initiative allowing the District to collect and spend revenues from all sources irrespective of the Tabor Amendment revenue limitations. The CWSD agreed not to exceed a general obligation mill levy of 1.528 mills.

## **REVENUES**

### Property Taxes - \$57,970

The General Property Tax Mill Levy is limited to the lower of two amounts. A Current State statute (29-1-301, C.R.S.) limits property tax revenues to a 5.5% increase over the prior year adjusted revenues. For this calculation, prior year revenues are adjusted for new construction. The other mill levy restriction explained under the Tabor above, limits the mill levy to 1.528. The calculation to determine the amount of property tax revenue is based on the District's assessed valuation of \$37,938,680 times the mill levy of 1.528. General property tax revenue budgeted in 2014 is \$57,970. Property tax revenue amounts to 29.8 percent of the District's 2014 budgeted revenue. Property taxes are expected to decline \$430 in 2014 as a result of a decrease in assessed values. A breakdown of assessed valuations and property tax revenue for each county is shown on page two of the budget.

### Property Taxes - \$39,991 (Debt Service)

Debt Service Property Taxes - The District incurred voter-approved debt of \$424,230. The voters approved the assessment of ad valorem taxes to pay the related principal and interest until paid. The property tax assessment for the year 2014, needed to pay the annual loan payment is \$39,991. The mill rate levy for this assessment is 1.054.

### Specific Ownership Tax - \$5,878

Specific Ownership tax is collected by the County Department of Motor Vehicles for vehicles registered in the District. The amount allocated to the District by the County is based upon its proportionate share of all county imposed property taxes. The amount budgeted is 6% of the total property taxes collected.

#### Investment Income - \$657

Cash Reserves are invested with Colotrust Plus+, a Colorado approved local government investment pool (LGIP). Many Government agencies in Colorado pool their invested funds with Colotrust. This offers Colorado local governments a safe way to maximize interest earnings. Investment revenue for 2014 is budgeted at \$657 and assumes an interest rate of .12%.

#### Tap Fees - \$90,000

Tap fees are budgeted at \$90,000 in 2014. The tap fees projected are for approximately one half (15 taps) of the proposed Willowcroft Manor development located at the southwest corner of Bowles Ave. and Middlefield Ave.

#### Miscellaneous Income - \$0

Miscellaneous income provides for unknown source income.

### **EXPENDITURES**

#### Maintenance

##### Maintenance & Repairs - \$45,000

Maintenance and repairs are the largest of the expenditures, 30.2% of total operating expenditures. This line item is services conducted by Platte Canyon Water and Sanitation District staff under the Intergovernmental Agreement between CWSD and Platte Canyon. Maintenance includes video inspection of sewer lines, sewer cleaning, root treatment and customer service.

##### Repairs Remedial - \$20,000

Remedial maintenance includes a reimbursement to Valley Sanitation District for CWSD's portion of sewer maintenance of the Valley outfall sewer main which is estimated at \$1,100. The costs are pursuant to a maintenance allocation agreement with Valley Sanitation District dated February 9, 1987. Also included is a reimbursement to Southwest Metropolitan Water and Sanitation District for CWSD's portion of maintenance and rehabilitation of Southwest Metropolitan's sewer system that CWSD shares capacity (C-Line). This cost is budgeted at \$8,900. The costs are pursuant to a maintenance allocation agreement with Southwest Metropolitan Water and Sanitation District dated September 5, 1973. There is also \$10,000 budgeted for non-specific maintenance activities and repairs determined to be necessary throughout the year as a result of sewer video inspections.

##### Lift Station Utilities - \$6,500

Lift station utilities has been broken out from the maintenance and repairs line item budgeted in previous years. Utilities include costs associated with electric, gas, and water services for the Brookhaven Lift Station located at 30 Brookhaven Lane.

Lift Station Telemetry - \$1,200

Lift station telemetry has been broken out from the maintenance and repairs line item budgeted in previous years. Telemetry includes costs associated with monitoring the Brookhaven Lift Station by a Supervisory Control and Data Acquisition (SCADA) system and lift station alarm system.

Lift Station Maintenance - \$2,000

Lift station maintenance has been broken out from the maintenance and repairs line item budgeted in previous years. Brookhaven Lift Station general maintenance includes repairs and maintenance to the lift station's equipment.

Southwest Metropolitan (Three Ponds Agreement) - \$700

The Three Ponds Agreement is an Intergovernmental Agreement between CWSD and Southwest Metropolitan Water and Sanitation District signed December 4, 1987 and amended June 23, 1995 that allows up to 35 CWSD sewer taps from the Three Ponds Subdivision to flow through Southwest Metropolitan's sewer system. The agreement calls for CWSD to pay Southwest Metropolitan \$50 per sewer tap per year. Currently CWSD has 14 sewer taps under this agreement.

Engineering - \$0

No specific engineering services are proposed 2014.

**Administration**

Administrative Expenses (PC) – \$12,000

Administrative expenses (PC) includes administration and management functions conducted by Platte Canyon Water and Sanitation District staff under the Intergovernmental Agreement between CWSD and Platte Canyon.

Accounting – \$3,500

Accounting expenses include accounting functions conducted by Platte Canyon Water and Sanitation District staff under the Intergovernmental Agreement between CWSD and Platte Canyon. These services include but not limited to, account payable, account receivable, preparing monthly financial statements, and preparation for the year-end audit.

Bank Fee - \$325

Bank fees consist of fees charged by Wells Fargo for various services provided by the bank, including wire transfer fees.

Legal Fees (General Counsel) - \$9,000

Ongoing legal fees vary as unforeseen requirements for general counsel assistance change from year to year.

Audit - \$4,500

The annual audit fee was \$4,000 in 2013. The audit fee to be incurred in 2014 is forecasted not to exceed \$4,500.

Insurance - \$3,000

Insurance for general liability, officers and directors' liability, property, equipment breakdown, worker's compensation, and commercial crime is obtained from the Colorado Special District's Liability Pool.

Collection Fees - \$1,469

Arapahoe County charges CWSD a 1.5% collection fee for services in the collection of property taxes. Fees rise with the increase in amounts collected.

Dues & Membership - \$1,025

Dues and membership has been broken out from the administrative expense line item budgeted in previous years. The District has a membership to the Special District Association (SDA), which provides communication, research, legislative input, administrative support, and educational opportunities for member districts. The SDA exists to help special districts serve the public in the most efficient and economical manner possible. The SDA advocates on behalf of special districts before the Colorado General Assembly. Being a member of the SDA CWSD qualifies to get insurance coverages through the Colorado Special District's Liability Pool (see Insurance). The CWSD is also a member of the Denver Water Rates and Fees Technical Advisory Committee (TAC).

Public Relations - \$2,500

Public relations are expenses related to such items as newsletters, informational brochures, and website expenses. The CWSD may apply for a grant from the State of Colorado to establish a website. If the grant is approved it is anticipated the District will incur annual costs of \$500 to \$1,000 to maintain the website. In addition, if the District pursues a TABOR ballot election or a sewer service surcharge, it will be necessary to conduct a customer outreach program to explain the necessity of the revenue increases.

Election Related Expenses - \$5,000

The 2014 budget includes \$5,000 for legal and administrative costs associated with the regular bi-annual director election and a possible TABOR ballot election.

Miscellaneous - \$500

This category covers minor expenditures such as board meeting costs.

Debt Principal Payments - \$36,997, Debt Interest - \$2,994

The District incurred voter-approved debt in the amount of \$424,230 to cover pipeline reconstruction (slip lining). The Budget expenditure in 2014 represents the 14th yearly Payment of a 15-Year Note. The principal and interest cash outlay for this debt in 2014 is 39,991.

## **Capital**

### Capital Outlay - \$0

There are no capital expenditures proposed in the 2014 budget.

### Contingency and Tabor Reserve - \$32,435

Contingencies are budgeted at \$16,000, 10% of total operating expenses. In addition, \$16,435 is budgeted as an emergency reserve as required by the TABOR Amendment.

## **Property Taxes**

Income from property taxes is limited (by TABOR) to the year 2002 mill levy of 1.528%. The 2014 Assessed Valuation to which the mill rate is applied, has decreased compared to 2013. This has caused expected 2014 revenues from property tax collections to also decrease.

The District incurred debt of \$424,230 for slip lining repairs of its outfall sewer main completed in 2001. Repayment of the debt is financed through the assessment of property taxes generated by an annual mill levy until paid. Each year's debt service mill levy will be sufficient to pay the principal and interest due that year. The remaining debt principal at December 31, 2013 is \$75,678. The final payment of the remaining debt will be made Nov. 01, 2015. Each semi-annual payment is \$19,995.77.

Assessed values decreased this year to \$37,938,680 from \$38,193,390 assessed in 2013.

Total general operating property tax revenue proposed for 2014 is \$57,970; \$430 less than the budgeted amount of \$58,400 in 2013.

## **Lease - Purchase Agreements**

As required by C.R.S. 29-1-103(3)(d), the 2014 budget includes a schedule for lease purchase agreements. Valley does not have any lease-purchase agreements requiring expenditure of funds in 2014.

# COLUMBINE WATER & SANITATION DISTRICT

## 2014 BUDGET

|   | ACTUAL<br>2011   | ACTUAL<br>2012   | BUDGET<br>2013   | ESTIMATED<br>2013 | PROPOSED<br>BUDGET<br>2014 | DIFFERENCE<br>FROM<br>2013 BUDGET |
|---|------------------|------------------|------------------|-------------------|----------------------------|-----------------------------------|
| <b>Beginning Balance January 1</b>      | <b>\$599,660</b> | <b>\$604,307</b> | <b>\$576,738</b> | <b>\$576,738</b>  | <b>\$547,820</b>           |                                   |
| <b>REVENUE</b>                          |                  |                  |                  |                   |                            |                                   |
| Property Taxes - Operating              | \$62,880         | \$58,189         | \$58,400         | \$58,359          | \$57,970                   | (\$430)                           |
| Property Taxes - Debt Service           | \$39,958         | \$39,739         | \$40,000         | \$39,988          | \$39,991                   | (\$9)                             |
| Specific Ownership Taxes                | \$6,126          | \$6,114          | \$8,000          | \$6,735           | \$5,878                    | (\$2,122)                         |
| Interest Earned                         | \$670            | \$1,380          | \$1,200          | \$925             | \$657                      | (\$543)                           |
| System Development Fee (Tap Fees)       | \$2,500          | \$0              | \$0              | \$0               | \$90,000                   | \$90,000                          |
| Inclusion Fees                          | \$0              | \$0              | \$0              | \$14,445          | \$0                        | \$0                               |
| Other                                   | \$222            | \$0              | \$0              | \$0               | \$0                        | \$0                               |
| <b>Total Revenue</b>                    | <b>\$112,356</b> | <b>\$105,422</b> | <b>\$107,600</b> | <b>\$120,453</b>  | <b>\$194,496</b>           | <b>\$86,896</b>                   |
| <b>OPERATING EXPENDITURES</b>           |                  |                  |                  |                   |                            |                                   |
| <u><b>MAINTENANCE</b></u>               |                  |                  |                  |                   |                            |                                   |
| Maintenance & Repairs - PC              | \$27,564         | \$40,325         | \$40,100         | \$35,450          | \$45,000                   | \$4,900                           |
| Repairs Remedial                        | \$5,864          | \$5,613          | \$33,250         | \$31,550          | \$20,000                   | (\$13,250)                        |
| Lift Station Utilities                  | \$6,705          | \$6,421          | \$6,500          | \$5,710           | \$6,500                    | \$0                               |
| Lift Station Telemetry                  | \$1,054          | \$1,057          | \$350            | \$1,150           | \$1,200                    | \$850                             |
| Lift Station Maintenance                | \$980            | \$2,562          | \$0              | \$1,750           | \$2,000                    | \$2,000                           |
| Southwest Metro (Three Ponds Agreement) | \$700            | \$0              | \$700            | \$700             | \$700                      | \$0                               |
| Engineering                             | \$0              | \$0              | \$0              | \$0               | \$0                        | \$0                               |
| <b>Sub-Total Maintenance</b>            | <b>\$42,867</b>  | <b>\$55,978</b>  | <b>\$80,900</b>  | <b>\$76,310</b>   | <b>\$75,400</b>            | <b>(\$5,500)</b>                  |
| <u><b>ADMINISTRATION</b></u>            |                  |                  |                  |                   |                            |                                   |
| Administrative Expenses - PC            | \$8,123          | \$15,500         | \$12,000         | \$10,000          | \$12,000                   | \$0                               |
| Accounting                              | \$3,200          | \$3,200          | \$3,200          | \$4,725           | \$3,500                    | \$300                             |
| Bank Fee                                | \$0              | \$0              | \$0              | \$285             | \$325                      | \$325                             |
| Legal                                   | \$4,630          | \$10,407         | \$4,800          | \$8,890           | \$9,000                    | \$4,200                           |
| Audit                                   | \$4,800          | \$3,700          | \$5,000          | \$4,000           | \$4,500                    | (\$500)                           |
| Insurance                               | \$2,315          | \$2,688          | \$3,000          | \$2,335           | \$3,000                    | \$0                               |
| Treasurers Tax Collection Fee           | \$1,542          | \$1,210          | \$1,900          | \$1,475           | \$1,469                    | (\$431)                           |
| Dues & Membership                       | \$0              | \$0              | \$0              | \$1,010           | \$1,025                    | \$1,025                           |
| Public relations                        | \$0              | \$0              | \$0              | \$0               | \$2,500                    | \$2,500                           |
| Election Expense                        | \$0              | \$0              | \$0              | \$0               | \$5,000                    | \$5,000                           |
| Other                                   | \$484            | \$569            | \$600            | \$350             | \$500                      | (\$100)                           |
| Debt - Principal                        | \$32,373         | \$33,847         | \$35,400         | \$35,387          | \$36,997                   | \$1,597                           |
| Debt - Interest                         | \$7,375          | \$5,892          | \$4,300          | \$4,604           | \$2,994                    | (\$1,306)                         |
| <b>Sub-Total Operating Expenses</b>     | <b>\$64,842</b>  | <b>\$77,013</b>  | <b>\$70,200</b>  | <b>\$73,061</b>   | <b>\$82,810</b>            | <b>\$12,610</b>                   |
| <b>Total Operating Expenses</b>         | <b>\$107,709</b> | <b>\$132,991</b> | <b>\$151,100</b> | <b>\$149,371</b>  | <b>\$158,210</b>           | <b>\$7,110</b>                    |
| <b>CAPITAL EXPENDITURES</b>             |                  |                  |                  |                   |                            |                                   |
| Capital Outlay                          | \$0              | \$0              | \$0              | \$0               | \$0                        | \$0                               |
| <b>Sub-Total Capital Expenditures</b>   | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>        | <b>\$0</b>                 | <b>\$0</b>                        |
| <b>Contingency</b>                      | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>        | <b>\$16,000</b>            | <b>\$16,000</b>                   |
| <b>TABOR Emergencies Reserve</b>        | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>        | <b>\$16,435</b>            | <b>\$16,435</b>                   |
| <b>Total Expenditures</b>               | <b>\$107,709</b> | <b>\$132,991</b> | <b>\$151,100</b> | <b>\$149,371</b>  | <b>\$190,645</b>           | <b>\$39,545</b>                   |
| <b>Ending Balance December 31</b>       | <b>\$604,307</b> | <b>\$576,738</b> | <b>\$533,238</b> | <b>\$547,820</b>  | <b>\$551,671</b>           |                                   |

# COLUMBINE WATER & SANITATION DISTRICT 2014 BUDGET

## PROPERTY TAXES ASSESSED

|  | Tax Year 2010       | Tax Year 2011       | Tax Year 2012       | Tax Year 2013       |
|--|---------------------|---------------------|---------------------|---------------------|
| Assessed Valuation                         |                     |                     |                     |                     |
| Arapahoe County                            | \$41,158,680        | \$37,984,560        | \$38,193,390        | \$37,938,680        |
| <b>Total Valuation</b>                     | <b>\$41,158,680</b> | <b>\$37,984,560</b> | <b>\$38,193,390</b> | <b>\$37,938,680</b> |
| Mill Levy - Operations                     | 1.528               | 1.528               | 1.528               | 1.528               |
| Mill Levy - Debt Service                   | 0.971               | 1.053               | 1.047               | 1.054               |
| <b>Property Tax Revenue - General</b>      | <b>\$62,890</b>     | <b>\$58,040</b>     | <b>\$58,359</b>     | <b>\$57,970</b>     |
| <b>Property Tax Revenue - Debt Service</b> | <b>\$39,965</b>     | <b>\$39,998</b>     | <b>\$39,988</b>     | <b>\$39,991</b>     |
| <b>Property Tax Revenue</b>                | <b>\$102,856</b>    | <b>\$98,038</b>     | <b>\$98,348</b>     | <b>\$97,961</b>     |



# **COLUMBINE WATER & SANITATION DISTRICT 2014 BUDGET**

## **SCHEDULE I LEASE - PURCHASE SUPPLEMENTAL SCHEDULE (29-1-103(3)(d), C.R.S)**

### **I. Real Property Lease - Purchase Agreements:**

|  |        |
|--|--------|
| Total Amount to be expended for all Real Property Lease -<br>Purchase Agreements in 2014 | \$0.00 |
|--|--------|

### **II. All Lease - Purchase Agreements Not Involving Real Property:**

|  |        |
|--|--------|
| Total Amount to be expended for all Non-Real Property Lease -<br>Purchase Agreements in 2014 | \$0.00 |
|--|--------|