

COLUMBINE WATER AND SANITATION DISTRICT

2019 BUDGET REPORT

GENERAL

The 2019 Columbine Water and Sanitation District (Columbine) budget includes an explanatory budget report, the 2019 budget, property tax assessment report, and a schedule of lease – purchase agreements. The financial portion includes 2016 and 2017 actual results, an estimate of 2018 results and the 2019 budget.

Columbine 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 the following subdivisions: Columbine Country Club, Columbine Lakes, The Villas, Coventry, portions of the Hamlet, Country Club Villas, Brookhaven, and Willowcroft Manor.

Services to be provided in accordance with the 2019 budget include operation, maintenance, and repair of Columbine's 12.9 miles of sewer mains and 971 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. The cities assess sewer service fees directly to District's users and retain 100 percent of the revenue collected. Columbine maintains and repairs the district's sewer collection mains and one lift station.

Denver Water supplies water to all users in the district and charges users directly for this service. Denver Water maintains and repairs all water lines. Accordingly, the District does not receive any revenue for water treatment or delivery services.

Total revenue from all sources in 2019 is projected to be \$177,553. Total expenditures including contingencies and emergency reserves are budgeted at \$173,570, \$338,045 less than budgeted in 2018. Operating expenditures are budgeted at \$136,650, \$7,970 more than 2018 budgeted expenses of \$114,061. There are no capital expenditures budgeted for 2019.

Beginning funds available in 2019 are estimated to be \$564,016. The reserve fund balance is projected to increase \$3,983 to \$567,999 at year end 2019. Excluding expenditures from the TABOR emergency reserve and contingency budget items, the reserve fund balance at year end 2019 will be \$604,919, \$40,903 more than the reserve funds projected to be available at year end 2018.

In November 2015, Columbine electors approved a ballot measure to increase the general operations mill levy by 1.035 mills. The ballot measure allowed the District to convert an expiring debt service mill levy to an operations levy with no increase in taxes paid by District property owners.

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.

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, Columbine electors passed a ballot measure allowing the District to collect and spend revenues from all sources irrespective of the Tabor Amendment revenue limitations.

REVENUE

Property Taxes - \$128,631

Total property taxes to be collected in 2019 are \$128,631, 100% for general operations. Property taxes collected in 2018 are estimated to be \$124,054. The mill levy to be certified in 2019 (tax year 2018) is 2.564 mills.

Assessed values within Columbine increased from \$48,383,068 in tax year 2017 to \$50,168,029 in tax year 2018. Additional detail of assessed values and property taxes is shown on page two of the budget.

Specific Ownership Tax - \$9,645

Specific Ownership taxes are collected by the Arapahoe County Department of Motor Vehicles for vehicles registered within 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 7.5 percent of the total property taxes collected.

Investment Income - \$11,277

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 2019 is budgeted at \$11,277 and assumes an interest rate of 2.0 percent.

Tap Fees - \$28,000

Tap fee revenue is budgeted at \$28,000 in 2019. The projection assumes the issuance of one new tap per quarter for properties in the Wilder Lane and Wild Plum (water service only) subdivisions. Tap fees are proposed to remain at \$3,500 for a 3/4 –inch water tap and \$2,500 for a single family sewer tap.

EXPENDITURES

Maintenance

Maintenance & Repairs - \$35,570

Maintenance and repairs are the largest District expenditure comprising 26.0 percent of total operating expenditures. The majority of maintenance and repairs represents sanitary sewer video inspections, root removal and treatment, and cleaning conducted by Platte Canyon Water and Sanitation District staff in accordance with the Intergovernmental Agreement between Columbine and Platte Canyon Water and Sanitation District. The 2019 budget amount represents a \$7,230 (17 percent) decrease from the 2018 budget due to fewer scheduled maintenance activities scheduled to be conducted in 2019.

Remedial Repairs - \$10,000

The 2019 budget allocates \$10,000 for non-specific maintenance activities and repairs determined to be necessary throughout the year as a result of sewer video inspections. The 2019 budget for remedial repairs is equal to the amount budgeted in 2018.

Valley Sanitation (Interceptor Cost Reimbursement) - \$19,850

The Interceptor Cost Reimbursement relates to a cost-sharing agreement executed in 1987 between Columbine and Valley Sanitation District in which Columbine agreed to pay 12.4% of the maintenance costs for an interceptor owned by Valley. A significant portion of Columbine's wastewater is transmitted by Valley via the interceptor to the South Platte Partners waste water treatment facility. Valley has notified Columbine of a planned Interceptor Relocation Project beginning construction in 2019. The 2019 budget includes \$19,850 which includes an estimated annual contribution of \$14,900 toward the cost of the Interceptor Relocation Project as well as \$4,950 for Columbine's share of the scheduled maintenance to be performed in 2019 on portions of the interceptor including video inspections, root removal and treatment, cleaning and operation and maintenance of the lift station.

Lift Station Utilities, Telemetry and Maintenance - \$13,200

Brookhaven Lift Station general maintenance includes repairs and maintenance to the lift station pumps, motors, control systems and related equipment. Specific service to the motors and pumps has been identified and is required during 2019 to maintain performance. Therefore, lift station maintenance expenses for 2019 are budgeted at \$5,000, \$2,000 more than the amount budgeted in 2018.

Lift station utilities include costs for electric, gas, and water services. Lift station utility expenses for 2019 are budgeted at \$7,000 which is the same as the amount budgeted in 2018.

Telemetry includes costs associated with monitoring the performance of the Brookhaven Lift Station by use of a Supervisory Control and Data Acquisition (SCADA) system and alarm system. Lift station telemetry expenses for 2019 are budgeted at \$1,200, the same amount budgeted in 2018.

Southwest Metropolitan (Three Ponds Agreement) - \$700

The Three Ponds Agreement is an Intergovernmental Agreement between Columbine and Southwest Metropolitan Water and Sanitation District signed on December 4, 1987 and amended on June 23, 1995. The Agreement allows for discharge of up to 35 Columbine sewer taps within a portion of the Three Ponds Subdivision to Southwest Metropolitan's sewer system. The agreement calls for Columbine to pay Southwest Metropolitan \$50 per sewer tap per year. Currently Columbine has 14 sewer taps connected under this Agreement.

Engineering - \$1,000

General engineering services are budgeted at \$1,000 in 2019, the same amount budgeted in 2018.

Administration

Administrative Expenses (PC) – \$18,000

Administrative expenses (PC) includes expenditures for administration and management functions conducted by Platte Canyon Water and Sanitation District staff under the Intergovernmental Agreement between Columbine and Platte Canyon. Administrative expenses for 2019 are budgeted at \$18,000, \$2,000 more than the amount budgeted in 2018.

Accounting – \$5,100

Accounting expenses include accounting functions conducted by Platte Canyon Water and Sanitation District staff under the Intergovernmental Agreement between Columbine and Platte Canyon. These services include but are not limited to accounts payable, accounts receivable, preparation of monthly financial statements, investments and coordination of the annual audit. Accounting expenses for 2019 are budgeted at \$5,000, \$100 more than the amount budgeted in 2018.

Legal Fees - \$15,000

The 2019 budget for general legal fees is 15,000, \$2,000 more than the amount budgeted in 2018.

Audit - \$4,300

The annual audit is budgeted at \$4,300, \$300 more than the amount budgeted in 2018.

Insurance - \$3,200

Insurance for general liability, officers and directors' liability, property, equipment breakdown, worker's compensation, and commercial crime is obtained from the Colorado Special District Property and Liability Pool. Insurance expenses for 2019 are budgeted at \$3,200 which represents no increase in the amount budgeted in 2018.

County Treasurer Tax Collection Fees - \$1,930

Arapahoe County charges 1.5 percent of all property taxes collected for administration, collection, and remittance of the property taxes.

Dues & Membership - \$800

Dues and memberships include Columbine's membership in the Special District Association (SDA), which provides communication, research, legislative advocacy, administrative support, and educational opportunities for member districts. Membership in SDA is required for participation in the Property and Liability Insurance Pool which provides coverage for all Columbine polices. Columbine is also a member of the Denver Water Rates and Fees Technical Advisory Committee (TAC) that monitors Denver Water rates and other financial matters. The 2019 budget includes \$800 for dues and membership expenditures.

Public Relations - \$2,500

Public relations are expenses related to such items as newsletters, informational brochures, and proposed website expenses. Public relation expenses for 2019 are budgeted at \$2,500, \$1,500 more than the amount budgeted in 2018.

Election Related Expenses - \$5,000

The 2019 budget includes \$5,000 for legal and administrative costs associated with a possible TABOR ballot election.

Miscellaneous - \$500

This line item covers minor expenditures such as board meeting costs.

Capital

Capital Outlay - \$0

There are no capital expenditures proposed in the 2019 budget.

Contingency and Tabor Reserve

Contingencies are budgeted at \$36,920, \$42,635 less than the amount budgeted in 2018. The contingency line item represents a reserve available to pay for unanticipated or emergency expenses. In addition, \$16,920 is budgeted as an emergency reserve as mandated by the TABOR Amendment.

Property Taxes

Assessed values within Columbine have increased for tax year 2018 (budget year 2019) to \$50,168,029 from assessed values of \$48,383,068 in tax year 2017. The mill levy to be certified on all taxable property in the District will remain 2.564 mills, equal to the mill levy certified in budget year 2018. Tax revenue will increase however due to the increase in assessed values. Property tax revenue projected to be received in 2019 is \$128,631 compared to 2018 revenue of \$124,054.

Assessed value, mill levy, and property tax revenue information is shown on page two of the budget.

Lease - Purchase Agreements

As required by *C.R.S. 29-1-103(3)(d)*, the 2019 budget includes a schedule for lease purchase agreements. Columbine does not have any lease-purchase agreements requiring expenditure of funds in 2019.

COLUMBINE WATER & SANITATION DISTRICT

2019 BUDGET

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	PROPOSED BUDGET 2019	DIFFERENCE FROM 2018 BUDGET
Beginning Balance January 1	\$604,670	\$673,111	\$851,847	\$838,306	\$564,016	
REVENUE						
Property Taxes - Operating	\$114,796	\$115,726	\$124,069	\$124,054	\$128,631	\$4,562
Specific Ownership Taxes	\$8,815	\$9,923	\$9,304	\$9,244	\$9,645	\$341
Interest Earned	\$4,383	\$9,187	\$9,370	\$13,867	\$11,277	\$1,907
System Development Fee (Tap Fees)	\$39,000	\$143,250	\$14,000	\$22,500	\$28,000	\$14,000
Other	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$166,994	\$278,086	\$156,743	\$169,665	\$177,553	\$20,810
OPERATING EXPENDITURES						
<u>MAINTENANCE</u>						
Maintenance & Repairs - PC	\$41,133	\$46,401	\$42,800	\$44,618	\$35,570	(\$7,230)
Repairs Remedial	\$2,882	\$2,470	\$10,000	\$0	\$10,000	\$0
Lift Station Utilities	\$5,974	\$6,320	\$7,000	\$6,950	\$7,000	\$0
Lift Station Telemetry	\$1,114	\$1,134	\$1,200	\$1,150	\$1,200	\$0
Lift Station Maintenance	\$2,379	\$3,185	\$3,000	\$3,545	\$5,000	\$2,000
Valley Sanitation (Interceptor Cost Reimbursement)	\$0	\$0	\$0	\$0	\$19,850	\$19,850
Southwest Metro (Three Ponds Agreement)	\$700	\$700	\$700	\$700	\$700	\$0
Engineering	\$0	\$0	\$1,000	\$0	\$1,000	\$0
Sub-Total Maintenance	\$54,182	\$60,210	\$65,700	\$56,963	\$80,320	\$14,620
<u>ADMINISTRATION</u>						
Administrative Expenses - PC	\$13,086	\$22,214	\$16,000	\$17,151	\$18,000	\$2,000
Accounting	\$5,604	\$5,151	\$5,000	\$5,080	\$5,100	\$100
Legal	\$14,497	\$15,614	\$13,000	\$22,200	\$15,000	\$2,000
Audit	\$4,040	\$4,040	\$4,000	\$4,240	\$4,300	\$300
Insurance	\$3,178	\$2,661	\$3,200	\$2,736	\$3,200	\$0
Treasurers Tax Collection Fee	\$1,724	\$1,737	\$1,861	\$1,886	\$1,930	\$70
Dues & Membership	\$1,000	\$738	\$800	\$360	\$800	\$0
Public relations	\$0	\$55	\$1,000	\$0	\$2,500	\$1,500
Election Expense	\$600	\$0	\$3,000	\$2,164	\$5,000	\$2,000
Other	\$642	\$471	\$500	\$495	\$500	\$0
Sub-Total Operating Expenses	\$44,371	\$52,681	\$48,361	\$56,312	\$56,330	\$7,970
Total Operating Expenses	\$98,553	\$112,891	\$114,061	\$113,275	\$136,650	\$22,590
CAPITAL EXPENDITURES						
S.C.A.D.A Communication & Hardware Upgrade	\$0	\$0	\$32,000	\$34,130	\$0	(\$32,000)
Concrete Pipe Rehabilitation	\$0	\$0	\$286,000	\$296,550	\$0	(\$286,000)
Sub-Total Capital Expenditures	\$0	\$0	\$318,000	\$330,680	\$0	(\$318,000)
Contingency	\$0	\$0	\$54,000	\$0	\$20,000	(\$34,000)
TABOR Emergencies Reserve	\$0	\$0	\$25,555	\$0	\$16,920	(\$8,635)
Total Expenditures	\$98,553	\$112,891	\$511,616	\$443,955	\$173,570	(\$338,045)
Ending Balance December 31	\$673,111	\$838,306	\$496,974	\$564,016	\$567,999	

COLUMBINE WATER & SANITATION DISTRICT 2019 BUDGET

PROPERTY TAXES ASSESSED

	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax Year 2018
Assessed Valuation				
Arapahoe County	\$44,847,864	\$45,194,347	\$48,383,068	\$50,168,029
Total Valuation	\$44,847,864	\$45,194,347	\$48,383,068	\$50,168,029
Mill Levy - Operations	2.564	2.564	2.564	2.564
Property Tax Revenue - General	\$114,990	\$115,878	\$124,054	\$128,631
Property Tax Revenue	\$114,990	\$115,878	\$124,054	\$128,631

**COLUMBINE WATER & SANITATION DISTRICT
2019 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 - Purchase Agreements in 2017	\$0.00
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II. All Lease - Purchase Agreements Not Involving Real Property:

Total Amount to be expended for all Non-Real Property Lease - Purchase Agreements in 2017	\$0.00
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**COLUMBINE WATER AND SANITATION DISTRICT
Ten Year Financial Plan (2019-2028)**

Summary

	ACTUAL	ESTIMATED	BUDGETED									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BEGINNING FUNDS AVAILABLE	\$673,111	\$838,306	\$564,016	\$567,999	\$677,003	\$726,448	\$774,751	\$811,108	\$861,629	\$903,200	\$952,066	\$986,104
REVENUES												
Property taxes - General Revenue (Exhibit 1)	115,726	124,054	128,631	133,643	134,796	139,286	139,286	143,464	143,464	147,768	147,768	152,201
Property taxes - Valley Sanitation Reimb. (Exhibit 1)	0	0	0	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900
Specific ownership taxes	9,923	9,244	9,645	11,141	11,227	11,564	11,564	11,877	11,877	12,200	12,200	12,533
Investment income (2020 @ 2.0% +.25%/yr max 3%)	9,187	13,867	11,277	12,098	15,233	18,161	21,306	24,333	25,849	27,096	28,562	29,583
System Development Fees	143,250	22,500	28,000	28,000	10,500	0	0	0	0	0	0	0
Contingency Addback				36,920								
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	278,086	169,665	177,553	236,702	186,656	183,911	187,055	194,575	196,091	201,964	203,430	209,217
EXPENSES												
Operations (2020 @ 3.0% +.5%/yr max 3.5%)												
Maintenance & Repairs - PC	46,401	44,618	35,570	36,637	37,919	39,247	40,620	42,042	43,513	45,036	46,613	48,244
Repairs Remedial	2,470	0	10,000	10,300	10,661	11,034	11,420	11,819	12,233	12,661	13,104	13,563
Lift Station Utilities	6,320	6,950	7,000	7,210	7,462	7,724	7,994	8,274	8,563	8,863	9,173	9,494
Lift Station Telemetry	1,134	1,150	1,200	1,236	1,279	1,324	1,370	1,418	1,468	1,519	1,573	1,628
Lift Station Maintenance	3,185	3,545	5,000	5,150	5,330	5,517	5,710	5,910	6,117	6,331	6,552	6,782
Valley Sanitation Interceptor Cost Reimbursement	0	0	19,850	0	0	0	5,123	0	0	0	5,303	0
Southwest Metro (Three Ponds Agreement)	700	700	700	700	700	700	700	700	700	700	700	700
Engineering	0	0	1,000	1,030	1,066	1,103	1,142	1,182	1,223	1,266	1,310	1,356
Administrative Expenses - PC	22,214	17,151	18,000	18,540	19,189	19,861	20,556	21,275	22,020	22,790	23,588	24,414
Accounting	5,151	5,080	5,100	5,253	5,437	5,627	5,824	6,028	6,239	6,457	6,683	6,917
Legal	15,614	22,200	15,000	15,450	15,991	16,550	17,130	17,729	18,350	18,992	19,657	20,345
Audit	4,040	4,240	4,300	4,429	4,584	4,744	4,911	5,082	5,260	5,444	5,635	5,832
Insurance	2,661	2,736	3,200	3,296	3,411	3,531	3,654	3,782	3,915	4,052	4,193	4,340
Treasurers Tax Collection Fee (1.5% of Property tax)	1,737	1,886	1,930	2,228	2,245	2,313	2,313	2,375	2,375	2,440	2,440	2,507
Dues & Membership	738	360	800	824	853	883	914	946	979	1,013	1,048	1,085
Public relations	55	0	2,500	0	500	0	518	0	536	0	554	0
Election Expense	0	2,164	5,000	0	5,150	0	5,330	0	5,517	0	5,710	0
Other	471	495	500	515	533	552	571	591	612	633	655	678
Total Operating Expenses	112,891	113,275	136,650	112,798	122,311	120,708	135,799	129,154	139,619	138,198	154,492	147,884
Long Term Capital Outlay Expenditures (Exhibit 2)												
Sewer	0	330,680	0	0	0	0	0	0	0	0	0	0
Total Long Term Capital Expenses	0	330,680	0	0	0	0	0	0	0	0	0	0
Valley Sanitation IGA (Exhibit 1)												
Annual Reimbursement	0	0	0	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900
Total Valley Sanitation Reimbursement Expenses	0	0	0	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900
Contingency / Tabor Emergency Reserve	0	0	36,920	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	112,891	443,955	173,570	127,698	137,211	135,608	150,699	144,054	154,519	153,098	169,392	162,784
Annual Surplus/(Deficit)	165,195	-274,290	3,983	109,004	49,445	48,303	36,357	50,521	41,571	48,866	34,038	46,433
ENDING FUNDS AVAILABLE	838,306	564,016	567,999	677,003	726,448	774,751	811,108	861,629	903,200	952,066	986,104	1,032,537

**COLUMBINE WATER AND SANITATION DISTRICT
Ten Year Financial Plan (2019-2028)**

EXHIBIT 1 PROPERTY TAX REVENUE

	ACTUAL	ESTIMATED										
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Assessed Valuation												
Taps Sold	24	6	8	8	3	0	0	0	0	0	0	0
Total Taps	889	913	919	927	935	938	938	938	938	938	938	938
Assessed Value per Tap (3% - 2018, then 3% every even year)	50,837	52,994	54,590	56,227	56,227	57,914	57,914	59,652	59,652	61,441	61,441	63,285
New Assessed Value	1,220,095	317,961	436,718	449,820	168,682	0	0	0	0	0	0	0
Assessed Value	45,194,347	48,383,068	50,168,029	52,122,890	52,572,710	54,323,634	54,323,634	55,953,343	55,953,343	57,631,943	57,631,943	59,360,902
General Operations												
Assessed Valuation	45,194,347	48,383,068	50,168,029	52,122,890	52,572,710	54,323,634	54,323,634	55,953,343	55,953,343	57,631,943	57,631,943	59,360,902
General Operating Mill Levy+Abatements	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564
General Operating Property Tax	115,878	124,054	128,631	133,643	134,796	139,286	139,286	143,464	143,464	147,768	147,768	152,201
Debt Service												
Assessed Value	45,194,347	48,383,068	50,168,029	52,122,890	52,572,710	54,323,634	54,323,634	55,953,343	55,953,343	57,631,943	57,631,943	59,360,902
Mill Levy	0.000	0.000	0.000	0.286	0.283	0.274	0.274	0.266	0.266	0.259	0.259	0.251
Property tax	0	0	0	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900	14,900
Total Property Tax Revenue	115,878	124,054	128,631	148,543	149,696	154,186	154,186	158,364	158,364	162,668	162,668	167,101
Total Mill Levy	2.564	2.564	2.564	2.850	2.847	2.838	2.838	2.830	2.830	2.823	2.823	2.815

**COLUMBINE WATER AND SANITATION DISTRICT
Ten Year Financial Plan (2019-2028)**

EXHIBIT 2 CAPITAL EXPENDITURES - DISTRICT CAPITAL IMPROVEMENTS

	<u>ACTUAL</u>		<u>ESTIMATED</u>									
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
SEWER												
Sewer Rehabilitation (CIPP)	0	296,550	0	0								
Additional Capital Sewer Projects		34130	0									
TOTAL SEWER	0	330,680	0	0	0	0	0	0	0	0	0	0
CONTINGENCY/EMERGENCY	0	0	36,920									
TOTAL CAPITAL	0	330,680	36,920	0	0	0	0	0	0	0	0	0