

**RESOLUTION  
TO ADOPT 2017 BUDGET AND APPROPRIATE SUMS OF MONEY  
COTTONWOOD WATER AND SANITATION DISTRICT**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE COTTONWOOD WATER AND SANITATION DISTRICT, DOUGLAS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2017, AND ENDING ON THE LAST DAY OF DECEMBER, 2017,

WHEREAS, the Board of Directors of the Cottonwood Water and Sanitation District has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 17, 2016, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COTTONWOOD WATER AND SANITATION DISTRICT OF DOUGLAS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Cottonwood Water and Sanitation District for calendar year 2017.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

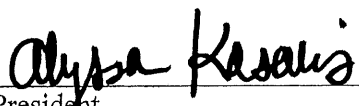
Section 3. 2017 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget does not result in a violation of any applicable property tax or fiscal year spending limitation.


Section 5. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, specifically \$ 12,428,850 to the Enterprise/Operations Fund for operations and capital expenditures and \$ 1,834,449 to the Debt Fund for Debt Service.

ADOPTED this 17th day of November, 2016.

COTTONWOOD WATER AND  
SANITATION DISTRICT

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

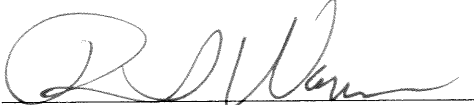
LETTER OF BUDGET TRANSMITTAL

Date: January 27, 2017  
To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2017 budget and budget message for COTTONWOOD WATER AND SANITATION DISTRICT in Douglas Counties, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 17, 2016. If there are any questions on the budget, please contact

Randall Warren  
c/o Mulhern MRE, Inc.  
2 Inverness Drive East, #200  
Englewood, CO 80112  
Telephone number: (303) 649-9857

I, Randall Warren, as General Manager for the Cottonwood Water and Sanitation District, hereby certify that the attached is a true and correct copy of the 2017 budget.

By:   
Randall S. Warren, General Manager

**2017 BUDGET MESSAGE**  
**COTTONWOOD WATER AND SANITATION DISTRICT**

The attached 2017 Budget for the Cottonwood Water and Sanitation District, approved by the Board of Directors, includes the budget of the Cottonwood Water and Sanitation District and its Cottonwood Water Enterprise (collectively “the District”), and includes these important features.

1. The District’s budget is divided into two funds, the Operations Fund of the Cottonwood Water Enterprise, also known as the Enterprise Fund, and the budget of the Cottonwood Water and Sanitation District through the Debt Service Bond Fund.
2. The District acts in its enterprise capacity as the Cottonwood Water Enterprise in operating the District and providing its public water and wastewater services.
3. The expenses for the operation and maintenance of the District’s water facilities and wastewater treatment are generally covered through service fees. The 2017 budget estimates \$3,949,400 in service fees and other operating revenues of \$3,098,350 in operating expenses.
4. The District has budgeted \$8,090,000 for capital expenditures. The District requires this investment to serve the continuing development. The District estimates an additional \$3,213,000 of net revenue associated with tap fees and other non-operating income.
5. The District’s debt service mill levy is 19.0, which has resulted in a total property tax levy of \$1,707,844 on an assessed value of 89,886,510.

The budgetary basis of accounting timing measurement method used is modified accrual. The services to be provided during the budget year are as follows:

1. To provide water supply and sanitary sewer services for over 1,500 single family residential, over 1,400 multi-family residential, and over 30 retail/commercial customers in northern Douglas County.
2. To bill and collect storm-water fees for the Town of Parker as charged to Cottonwood residential properties.

**Cottonwood Water & Sanitation District  
2017 Budget Summary**

**FINAL**

	2015 Actual	2016 Projected	2016 Budget	2017 Budget
<b>Operations:</b>				
Total Service Fees	3,560,599	3,769,042	3,549,400	3,949,400
Total Operating Expenses	(2,500,213)	(2,918,978)	(2,893,500)	(3,222,500)
<b>Net Operating Income (Expense)</b>	<b>1,060,386</b>	<b>850,064</b>	<b>655,900</b>	<b>726,900</b>

<b>Capital Projects:</b>				
Tap Fees (net)	789,274	3,162,079	1,723,000	2,000,000
Asset Sales	-	-	-	500,000
Loan Proceeds (net)	-	445,112	-	133,650
Interest & Other Income	17,978	42,982	13,000	28,000
Capital Expenses	(1,015,701)	(3,493,490)	(5,045,000)	(7,905,000)
Contingency			(200,000)	(200,000)
<b>Net Capital Project Income (Expense)</b>	<b>(208,449)</b>	<b>156,683</b>	<b>(3,509,000)</b>	<b>(5,443,350)</b>

<b>Combined Operating and Capital Income (Expense)</b>	<b>851,937</b>	<b>1,006,747</b>	<b>(2,853,100)</b>	<b>(4,716,450)</b>
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<b>Debt Service:</b>				
Property Taxes	1,999,746	1,986,924	2,010,525	1,707,844
Other Debt Service Income	186,554	190,545	185,000	162,245
Total Debt Service Expenses	(2,349,004)	(6,854,663)	(14,760,584)	(1,834,449)
<b>Net Debt Service Income (Expense)</b>	<b>(162,704)</b>	<b>(4,677,195)</b>	<b>(12,565,059)</b>	<b>35,640</b>

<b>Ending Reserve Funds:</b>				
Operations and Capital	4,157,598	4,991,473	1,961,834	2,620,023
Debt Service	316,538	139,344	112,823	174,984
	<b>4,474,136</b>	<b>5,130,816</b>	<b>2,074,657</b>	<b>2,795,007</b>

<b>Assessed Value</b>	<b>76,436,440</b>	<b>87,414,130</b>	<b>87,414,130</b>	<b>89,886,510</b>
<b>Mill Levy</b>	<b>27.00</b>	<b>23.00</b>	<b>23.00</b>	<b>19.00</b>

**Cottonwood Water & Sanitation District  
2017 Budget**

	2016				TOTAL PROJECTED	2017	
	JAN-AUG		SEPT-DEC			ORIGINAL	BUDGET
	ACTUAL	PROJECTED	ACTUAL	PROJECTED		BUDGET	BUDGET
<b>ENTERPRISE FUND</b>							
Water Service Fees	1,774,051	1,198,895	700,000	1,898,895	1,750,000	1,980,000	1,980,000
Sewer Service Fees	1,748,993	1,232,908	600,000	1,832,908	1,780,000	1,940,000	1,940,000
Parker Stormwater Mgmt	4,395	2,965	1,483	4,448	4,400	4,400	4,400
Late Fees and Other	33,200	21,861	10,931	32,792	15,000	25,000	25,000
<b>Total Service Fees</b>	<b>3,560,599</b>	<b>2,456,629</b>	<b>1,312,413</b>	<b>3,769,042</b>	<b>3,549,400</b>	<b>3,949,400</b>	<b>3,949,400</b>
<b>Operating Expenses</b>							
Management Fees	108,446	81,646	40,823	122,469	120,000	125,000	125,000
Director's Fees	6,200	3,900	2,000	5,900	6,000	6,000	6,000
Accounting/Billing/Collections	98,746	70,628	35,314	105,942	110,000	110,000	110,000
Audit	6,803	6,950	-	6,950	7,500	7,500	7,500
Bank Fees	11,886	8,579	4,290	12,869	12,000	13,000	13,000
Legal - General	68,991	40,322	20,161	60,483	50,000	65,000	65,000
Legal-Water Rights	49,461	68,297	20,000	88,297	50,000	60,000	60,000
Prof & Engineering Fees	74,269	81,512	20,000	101,512	50,000	80,000	80,000
Insurance Expense	26,143	31,586	-	31,586	30,000	33,000	33,000
Wastewater Treatment	1,140,236	959,258	479,629	1,438,887	1,435,000	1,500,000	1,500,000
System Operating Costs	140,000	96,133	48,067	144,200	145,000	168,000	168,000
Repairs & Maintenance	135,225	84,230	50,000	134,230	120,000	140,000	140,000
Water Treatment	221,071	166,728	83,364	250,092	310,000	450,000	450,000
Utilities	369,894	235,988	125,000	360,988	350,000	270,000	270,000
WISE water (take or pay)						72,000	72,000
Water Conservation Rebates	2,252	399	1,000	1,399	3,000	3,000	3,000
Postage & Misc	40,590	25,450	12,725	38,175	45,000	45,000	45,000
Contingency	-	-	15,000	15,000	50,000	75,000	75,000
<b>Total Operating Expenses</b>	<b>2,500,213</b>	<b>1,961,606</b>	<b>957,372</b>	<b>2,918,978</b>	<b>2,893,500</b>	<b>3,222,500</b>	<b>3,222,500</b>
<b>Net Service Fee Revenue</b>	<b>1,060,386</b>	<b>495,023</b>	<b>355,041</b>	<b>850,064</b>	<b>655,900</b>	<b>726,900</b>	<b>726,900</b>
<b>Other Revenues &amp; (Expenses)</b>							
CWCB Loan Proceeds	-	449,608	-	449,608	750,000	135,000	135,000
CWCB Issue Costs	-	(4,496)	-	(4,496)	(7,500)	(1,350)	(1,350)
Project Contributions	-	-	-	-	-	2,550,000	2,550,000
Asset Sales	1,974,102	-	-	-	-	500,000	500,000
Tap Fees	1,140,328	3,783,839	900,000	4,683,839	2,500,000	3,100,000	3,100,000
Tap Fees - ACWWA	(351,054)	(1,221,760)	(300,000)	(1,521,760)	(777,000)	(1,100,000)	(1,100,000)
CCPWA Operations	(15,186)	(7,643)	-	(7,643)	(15,000)	(15,000)	(15,000)
UCCWA Operations	(25,000)	(25,000)	-	(25,000)	(25,000)	(25,000)	(25,000)
SMWSA Operations	(25,345)	(24,490)	-	(24,490)	(60,000)	(25,000)	(25,000)
WISE Operations	(81,745)	(41,424)	(71,687)	(113,111)	(100,000)	(120,000)	(120,000)
CWCB Debt Service	(10,271)	(10,271)	(10,271)	(10,271)	(11,329)	(35,000)	(35,000)
Capital Recovery Fee	8,441	7,962	-	7,962	8,000	8,000	8,000
Interest Income	9,537	25,020	10,000	35,020	5,000	20,000	20,000
Capital Expenses	(1,000,515)	(1,948,847)	(1,537,000)	(3,485,847)	(5,230,000)	(8,090,000)	(8,090,000)
	1,623,292	547,657	(563,846)	(16,189)	(2,962,829)	(3,098,350)	(3,098,350)
<b>Net Enterprise Income</b>	<b>2,683,678</b>	<b>1,042,680</b>	<b>(208,805)</b>	<b>833,875</b>	<b>(2,306,929)</b>	<b>(2,371,450)</b>	<b>(2,371,450)</b>
Enterprise Reserve - Beg of Year	1,473,920	4,157,598	5,200,278	4,157,598	4,268,763	4,991,473	4,991,473

**Cottonwood Water & Sanitation District  
2017 Budget**

	2016			TOTAL PROJECTED	ORIGINAL BUDGET	2017 BUDGET
	JAN-AUG ACTUAL	SEPT-DEC PROJECTED				
<b>Enterprise Reserve - End of Year</b>	<b>4,157,598</b>	<b>4,991,473</b>	<b>4,991,473</b>	<b>4,991,473</b>	<b>1,961,834</b>	<b>2,620,023</b>

**Cottonwood Water & Sanitation District  
2017 Budget**

	2016			TOTAL PROJECTED	2017	
	2015 ACTUAL	JAN-AUG ACTUAL	SEPT-DEC PROJECTED		ORIGINAL BUDGET	BUDGET
<b>DEBT FUND</b>						
Revenues						
Property Taxes	1,999,746	1,981,924	5,000	1,986,924	2,010,525	1,707,844
Specific Ownership Tax	198,433	122,459	61,230	183,689	185,000	162,245
Refunding Bond Proceeds	(11,879)	4,856	2,000	4,500,000	12,350,000	-
Interest Earnings (Refunds)	2,186,300	2,109,239	4,568,230	6,677,469	14,545,525	1,870,089
<b>Total Bond Fund Revenues</b>						
Expenses						
County Collection Fees	30,045	29,762	75	29,837	30,158	25,618
Paying Agent Fees	400		400	400	1,000	1,000
Debt Service - DWRF (2006B)	734,430	737,081	-	737,081	737,081	739,418
Debt Service - 2006A	1,036,883	111,550		111,550	1,088,100	-
Debt Service - 2008A	547,246	114,623	429,622	544,245	544,245	544,598
Debt Service - 2016						498,815
Refunding Bond Escrow			5,376,550	5,376,550	12,150,000	-
Bond Issue Costs			55,000	55,000	200,000	-
Contingency					10,000	25,000
<b>Total Debt Fund Expenses</b>	<b>2,349,004</b>	<b>993,016</b>	<b>5,861,647</b>	<b>6,854,663</b>	<b>14,760,584</b>	<b>1,834,449</b>
<b>Net Debt Fund Income</b>	<b>(162,704)</b>	<b>1,116,223</b>	<b>(1,293,418)</b>	<b>(177,195)</b>	<b>(215,059)</b>	<b>35,640</b>
Debt Reserve - Beg of Year	479,242	316,538	1,432,761	316,538	327,882	139,344
<b>Debt Reserve - End of Year</b>	<b>316,538</b>	<b>1,432,761</b>	<b>139,344</b>	<b>139,344</b>	<b>112,823</b>	<b>174,984</b>

**PROPERTY TAX SUMMARY:**

	2015	2016	2017
Assessed Valuation	76,436,440	87,414,130	89,886,510
Mill Levy	27.00	23.00	19.00

**TOTAL FUNDS AVAILABLE SUMMARY:**

	12/31/15 Actual	12/31/16 Projected	12/31/17 Budget
Enterprise	4,157,598	4,991,473	2,620,023
Debt Service	316,538	139,344	174,984
<b>TOTAL</b>	<b>4,474,136</b>	<b>5,130,816</b>	<b>2,795,007</b>

**2017 Expenditure Appropriation:**

Enterprise:	
Operating Expenses	3,222,500
Capital & Other Expenditures	9,206,350
<b>Total Enterprise Appropriation</b>	<b>12,428,850</b>
Debt Service (General) Appropriation	1,834,449



**Cottonwood Water & Sanitation District  
2017 Budget**

	2016			TOTAL PROJECTED	ORIGINAL BUDGET	2017 BUDGET
	2015 ACTUAL	JAN-AUG ACTUAL	SEPT-DEC PROJECTED			
<b>Detail of Capital Projects:</b>						
Water Treatment Plant	261,571	526,684	500,000	1,026,684	2,500,000	5,400,000
Highlands Booster Pump Station		9,610	280,000	289,610	30,000	950,000
Crown Point Non-Potable Irrig		141,534		141,534	500,000	400,000
Metro park water main replacement			100,000	100,000		250,000
SMWSA - WISE	157,334	354,514	200,000	554,514	700,000	150,000
Crown Point Potable Loop		5,275		5,275	100,000	100,000
Sewer Jetting and Repair	35,705					150,000
Aquifer Storage (ASR)		29,435	30,000	59,435	-	150,000
Augmentation Plan	155,055	99,601	10,000	109,601	100,000	50,000
SCADA/Operations Equipment	3,396	11,228		11,228	50,000	50,000
Well DD2 and DD7 Pump Replace					50,000	50,000
Ice Piggng		1,160	350,000	351,160		50,000
Chloramine Conversion			40,000	40,000	100,000	40,000
VAC Trailer					15,000	30,000
CCPWA Capital	28,572	35,714		35,714	60,000	20,000
Compark Infrastructure Extension	11,029	46,949		46,949	250,000	20,000
Cherry Creek Modeling		13,835	2,000	15,835	-	10,000
GIS Utility Mapping	21,223				10,000	10,000
Master Plan	18,984		20,000	20,000		5,000
Water and WWV Modeling	7,099		5,000	5,000	5,000	5,000
Crown Point Water Line Relocate	28,367	421,605		421,605	150,000	
Well D-1 Inspect Pump Test		251,703		251,703	100,000	
Well D3 Redrill	198,284					
Replace Sewer Measuring Flume	32,190					
Ridgegate Line	20,744					
Surveillance System	8,500					
Crown Point Booster Pump	12,462					
Contingency	-				200,000	200,000
<b>Total Capital Outlay</b>	<b>1,000,515</b>	<b>1,948,847</b>	<b>1,537,000</b>	<b>3,485,847</b>	<b>5,070,000</b>	<b>8,090,000</b>