

**RESOLUTION
TO ADOPT 2017 BUDGET AND APPROPRIATE SUMS OF MONEY
INVERNESS 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 INVERNESS WATER AND SANITATION DISTRICT, ARAPAHOE AND DOUGLAS COUNTIES, 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 Inverness 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 its designated public office, a public hearing was held on December 7, 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 INVERNESS WATER AND SANITATION DISTRICT OF ARAPAHOE AND DOUGLAS COUNTIES, 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 Inverness 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, for the purposes stated and no other.

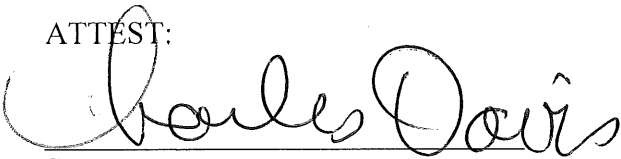
ADOPTED this 7th day of December, 2016.

INVERNESS WATER AND
SANITATION DISTRICT .



President/Vice-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 INVERNESS WATER AND SANITATION DISTRICT in Arapahoe and Douglas Counties, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on December 7, 2016. If there are any questions on the budget, please contact

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

I, Randall S. Warren, General Manager for the Inverness 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

INVERNESS WATER AND SANITATION DISTRICT BUDGET MESSAGE

The 2017 budget for the Inverness Water and Sanitation District has been approved by the Board of Directors and is attached. The following constitutes the written budget message for this budget:

- I. Important Features of the Budget
 - The District has budgeted \$9,082,824 of total revenue consisting of \$3,299,000 of service fees, \$1,507,095 of property taxes and \$4,276,729 of tap fees and other revenue. The District has budgeted \$8,357,937 of total expenditures consisting of \$3,055,800 of operating costs, \$3,460,879 of capital expenditures, and \$1,841,258 of debt service costs. The above results in a budgeted Fund Balance as of December 31, 2017 of \$4,799,533.

- II. Budgetary Basis of Accounting
 - The budgetary basis of accounting is modified accrual.

- III. Services to be delivered
 - The District provides water supply, sanitary sewer treatment, and storm drainage services for commercial properties and multi-family residences within the Inverness Business Park.

**INVERNESS WATER & SANITATION DISTRICT
2017 BUDGET SUMMARY**

FINAL

	2015	2016	2016	2017
	Actual	Projected	Budget	Budget
Operating Fund:				
Total Service Fees	2,834,546	3,081,364	2,995,000	3,299,000
Total Operating Expenses	(2,804,125)	(2,763,277)	(2,735,800)	(3,055,800)
Net Operating Income (Expense)	30,421	318,087	259,200	243,200
Debt Fund:				
Property Taxes	1,672,065	1,864,541	1,828,507	1,507,095
Other Revenue	235,260	255,632	3,755,234	302,418
Debt Service	(1,937,610)	(5,321,609)	(5,577,182)	(1,841,258)
Net Debt Service Income (Expense)	(30,285)	(3,201,436)	6,559	(31,745)
Capital Fund:				
Tap & Development Fees	1,551,501	1,262,810	1,084,751	1,311,411
CWCB Loan Proceeds		2,228,670	2,900,000	387,900
Interest & Other Income	19,308	37,665	15,000	2,275,000
Capital Expenses	(1,937,965)	(3,410,339)	(9,324,000)	(3,460,879)
Net Capital (Expense)	(367,156)	118,806	(5,324,249)	513,432
Combined Net Income (Expense)	(367,020)	(2,764,543)	(5,058,490)	724,887
Beginning Total Fund Balance	7,206,208	6,839,188	7,578,851	4,074,645
Ending Total Fund Balance	6,839,188	4,074,645	2,520,361	4,799,533
Less: WWTP Reserve Fund	(775,758)	(708,143)	(455,142)	(390,527)
Net Available Fund Balance	6,063,430	3,366,502	2,065,219	4,409,006
Assessed Values:	262,590,557	279,667,278	279,667,278	281,861,146
Mill Levies:	6.45	6.10	6.10	5.23

INVERNESS WATER & SANITATION DISTRICT

2017 BUDGET

FINAL

Operating Fund

----- 2016 -----

	2015 Actual	Jan-Aug Actual	Sept-Dec Projected	Total Projected	2016 Budget	2017 Budget
Operating Revenues						
Potable Water Fees	1,083,673	785,234	400,000	1,185,234	1,200,000	1,325,000
Effluent Irrigation Fees	484,659	367,623	170,000	537,623	500,000	575,000
Sewer Service Fees	1,028,878	773,616	390,000	1,163,616	1,100,000	1,200,000
Cottonwood Operations	140,000	96,134	48,067	144,201	145,000	149,000
Solar Credits	49,907	35,690	15,000	50,690	50,000	50,000
ACWWA Settlement (net)/Misc	47,429	-	-	-	-	-
Total Operating Revenue	2,834,546	2,058,297	1,023,067	3,081,364	2,995,000	3,299,000

10%
15%
9%
12%
7%
3%

OPERATING EXPENDITURES

General & Administrative						
Office Utilities/Janitorial	2,009	1,631	816	2,447	3,000	3,000
Rent	22,476	14,414	7,207	21,621	25,000	23,000
Office Expenses	21,294	11,505	5,753	17,258	25,000	20,000
Telephone	10,584	7,479	3,740	11,219	11,000	12,000
Salaries and Wages	225,773	155,668	77,834	233,502	270,000	260,000
Employee Benefits & P/R Taxes	71,248	45,730	22,865	68,595	92,000	80,000
Publications, Dues & Permits	6,538	3,528	1,764	5,292	8,000	7,000
Legal, Water Rights	25,464	24,275	10,000	34,275	15,000	25,000
Legal, Administrative	29,474	17,773	8,887	26,660	30,000	30,000
District Management - MMRE	174,000	120,000	60,000	180,000	180,000	185,000
District Management - I PLLC	11,000	7,534	3,767	11,301	11,300	11,300
Accounting/Finance - I PLLC	88,000	60,666	30,333	90,999	91,000	91,000
Director Fees	3,100	1,700	1,000	2,700	3,500	3,500
Audit Fees	9,000	9,000	-	9,000	10,000	10,000
Consulting/Engineering	36,267	50,093	20,000	70,093	25,000	50,000
Insurance	44,025	52,250	1,000	53,250	45,000	55,000
Landscaping/Snow Removal	16,726	14,141	7,071	21,212	18,000	22,000
Water Conservation Plan/Rebates	12,554	-	5,000	5,000	20,000	20,000
CCPWA Operating Cost	62,236	31,118	-	31,118	55,000	55,000
WISE ECCV & DIA - Operating	-	-	-	-	-	65,000
Auto and Truck Expense	14,290	8,365	4,183	12,548	15,000	15,000
Total General & Administrative	886,058	636,870	271,217	908,087	952,800	1,042,800

Water Operating Expenses

Repairs and Maintenance	196,791	96,327	48,164	144,491	100,000	150,000
Utilities	211,721	110,147	80,000	190,147	205,000	180,000
Solar Lease	24,705	19,357	6,000	25,357	26,000	-
Solar R&M	-	-	-	-	5,000	1,000
Denver Water	514,537	607,111	10,000	617,111	525,000	600,000
WISE - Take or Pay	25,583	11,548	5,774	17,322	45,000	90,000
Chemicals/Labwork	973,337	844,490	149,938	994,428	906,000	1,066,000
Total Water Operating Expenses	1,946,374	1,688,973	349,876	1,994,428	1,846,000	1,942,000

Deep Wells Elec.

Contract to Buy Water

INVERNESS WATER & SANITATION DISTRICT

FINAL

2017 BUDGET

Operating Fund

----- 2016 -----

	2015 Actual	Jan-Aug Actual	Sept-Dec Projected	Total Projected	2016 Budget	2017 Budget
Sewer Operating Expenses						
Repairs and Maintenance	64,408	22,941	11,471	34,412	55,000	50,000
Utilities	16,412	11,861	5,931	17,792	17,000	17,000
ACWWA Treatment	808,544	494,189	247,095	741,284	680,000	765,000
Total Sewer Operating Expenses	889,364	528,991	264,496	793,487	752,000	832,000
Effluent Irrigation Operating Expenses						
Repairs and Maintenance	17,754		5,000	5,000	25,000	20,000
Tree Replacements	15,000	15,000		15,000	15,000	15,000
Utilities	22,612	20,276	7,000	27,276	35,000	30,000
Chemicals/Labwork				-		
Total Effl. Irrigation Operating Expenses	55,366	35,276	12,000	47,276	75,000	65,000
Contingency	-		20,000	20,000	50,000	50,000
Total Operating Expenditures	2,804,125	2,045,627	717,650	2,763,277	2,735,800	3,055,800
Excess (Deficit) of Service Fees over Operating Expenditures	30,421	12,670	305,417	318,087	259,200	243,200

\$132k to WWTP Reserve

INVERNESS WATER & SANITATION DISTRICT

FINAL

2017 BUDGET

Capital Fund

|----- 2016 -----|

	2015 Actual	Jan-Aug Actual	Sept-Dec Projected	Total Projected	2016 Budget	2017 Budget
Tap, Development and Inclusion Fees:						
Commercial	119,954	201,471	76,388	277,859	100,000	268,887
Residential	1,431,547	-	984,951	984,951	984,751	1,042,524
Total Tap and Development Fees	1,551,501	201,471	1,061,339	1,262,810	1,084,751	1,311,411
CCPWA Asset Sale						2,250,000
Interest & Other Income	19,308	25,110	12,555	37,665	15,000	25,000
CWCB Loan Proceeds			2,228,670	2,228,670	2,900,000	387,900
Total Other Revenue	19,308	25,110	12,555	37,665	15,000	2,275,000
TOTAL REVENUE	1,570,809	226,581	1,073,894	1,300,475	1,099,751	3,586,411
Capital EXPENDITURES	1,937,965	1,452,652	1,957,687	3,410,339	9,324,000	3,460,879
Net Capital Fund Revenue (Exp)	(367,156)	(1,226,071)	(883,793)	(2,109,864)	(8,224,249)	125,532

See Detail Attached

INVERNESS WATER & SANITATION DISTRICT

FINAL

2017 BUDGET

Capital Fund

	2015	Jan-Aug	Sept-Dec	Total	2016	2017
	Actual	Actual	Projected	Projected	Budget	Budget
** CAPITAL PROJECTS DETAIL **						
WATER						
Water Rights						
Well Rebuilds	2,080	77,883	5,000	82,883	5,200,000	60,000
Abandon Golf Course Water Main						250,000
Well 2 Equipment			6,400	6,400	250,000	30,000
Pump Station Improvements	36,560	8,180	50,000	58,180	40,000	
Master Plan	883		2,000	2,000		
Water Modeling	11,332	595	2,000	2,595	10,000	10,000
GIS Locate Maps	41,006				25,000	25,000
Chloramine Conversion	357,716	474,494	310,000	784,494	800,000	50,000
Water Quality Improvements			10,000	10,000	30,000	250,000
South Metro Water - General	26,822	24,491		24,491	40,000	21,000
WISE ECCV & DIA	339,226	422,342		422,342	400,000	431,000
WISE Local Connections			530,000	530,000	550,000	50,000
Water Tank Paint & Rehab	148,446	5,115		5,115	30,000	30,000
CCPWA Capital	124,472	155,590		155,590	200,000	85,000
Iron Filtration/Sequestering		9,281		9,281		100,000
Hydrant Painting	8,500					
SCADA Controls	6,000	1,125		1,125	50,000	50,000
Main Line Valve Replacements		35,508	30,000	65,508	50,000	115,000
Water Line Extensions		22,460		22,460		
Energy Efficiency Upgrades			50,000	50,000	75,000	25,000
Computers for Operations	15,134				15,000	15,000
Solar Purchase	692,677		225,000	225,000	250,000	
Meter Replacements		23,968	50,000	73,968	300,000	300,000
VAC Truck					30,000	
Frontage Road Utilities	53,525	10,067		10,067		
Truck			20,000	20,000		20,000
Ice Piggings		152,955	260,000	412,955		
ASR			10,000	10,000		200,000
CWCB Loan Costs			22,287	22,287	29,000	3,879
General Contingency			50,000	50,000	250,000	250,000
Total Water	1,864,379	1,424,054	1,632,687	3,056,741	8,594,000	2,400,879
SEWER						
Infiltration Study/Repairs	916	297		297	100,000	100,000
Force Main Valves/Access						150,000
WWTP Reserve Expenditures	72,670		200,000	200,000	450,000	450,000
Replace Aeration System in Res.						80,000

FINAL

INVERNESS WATER & SANITATION DISTRICT

2017 BUDGET

Capital Fund

|----- 2016 -----|

	2015 Actual	Jan-Aug Actual	Sept-Dec Projected	Total Projected	2016 Budget	2017 Budget
Sewer Line Upgrades		1,500	100,000	101,500	100,000	200,000
Lift Station Rehab		26,801		26,801		
Sump Pump Upgrade & Grading			25,000	25,000	25,000	25,000
Grinder at Headworks					30,000	30,000
Contingency						
Total Sewer	73,586	28,598	325,000	353,598	730,000	1,060,000
TOTAL CAPITAL PROJECTS	1,937,965	1,452,652	1,957,687	3,410,339	9,324,000	3,460,879

INVERNESS WATER & SANITATION DISTRICT

FINAL

2017 BUDGET

Debt Fund	2016			Total	2017	
	2015 Actual	Jan-Aug Actual	Sept-Dec Projected		Projected	Budget
Debt Revenue						
Property Taxes	1,672,065	1,864,541	1,864,541	1,864,541	1,828,507	1,507,095
Tax Equivalent Revenue	89,084	110,453	110,453	110,453	115,234	170,665
Specific Ownership Tax	146,176	100,786	44,393	145,179	140,000	131,754
Bond Proceeds					3,500,000	
Total Revenue - Debt Service	1,907,325	2,075,780	44,393	2,120,173	5,583,741	1,809,513
Debt Service:						
Scheduled Principal - 2006A	1,010,000		1,045,000	1,045,000	1,045,000	
Early Redemption - 2006A			3,380,000	3,380,000	3,380,000	
Interest - Series 2006A	235,601	96,591	101,591	198,183	193,182	
Principal - Series 2012	445,000		460,000	460,000	460,000	1,421,939
Interest - Series 2012	218,207	103,786	103,786	207,572	207,572	196,578
Debt Service - CWCB Loan					40,000	146,135
New Bond Interest					50,000	
Bond Issue Costs					120,000	
County Treasurer's Fees	25,102	26,955		26,955	27,428	22,606
Paying Agent Fees	3,700	1,950	1,950	3,900	4,000	4,000
Contingency (collection loss)					50,000	50,000
Total Debt Service (1)	1,937,610	229,282	5,092,327	5,321,609	5,577,182	1,841,258
Excess (Deficit) of Debt Fees over Debt Expenditures	(30,285)	1,846,498	(5,047,934)	(3,201,436)	6,559	(31,745)
Property Tax Detail:						
Base District Assessed Values:						
Arapahoe County			171,682,307	176,794,738	177,887,376	
Douglas County			90,908,250	102,872,540	103,973,770	
Total Base District			262,590,557	279,667,278	281,861,146	
Mill Levy			6.45	6.10	5.23	
Base District Property Taxes			1,693,709	1,705,970	1,474,134	
Taxes on Excluded Properties (see detail next page)			102,955	122,537	32,961	AMLI
Total Property Taxes Levied			1,796,664	1,828,507	1,507,095	

Callable 12/1/2016