



# **2015 Adopted Budget**

Arapahoe County Water and Wastewater Authority  
(ACWWA)

# ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY (ACWWA)

## FY 2015 BUDGET

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# **Budget Summary**

## **Budget Message**

December 10, 2014

Board of Directors

Arapahoe County Water and Wastewater Authority

Your Management team is pleased to present the Arapahoe County Water and Wastewater Authority (ACWWA) 2015 Proposed Budget. The purpose of this budget is to provide citizens, investors, and other interested parties with reliable financial information about ACWWA. This budget represents our best effort to predict business activity for the year 2015 and beyond.

ACWWA's budget is one of the most important documents prepared by ACWWA. Through the process of planning and preparing the budget, ACWWA is given the opportunity to reassess its plans and goals for the coming and future years. The process also provides direction for management and staff.

The budgetary process is designed to determine ACWWA's activities and projects to be undertaken and to identify resources and revenues available. In addition, the budget is more than a financial document because it represents a process through which ACWWA's goals for the ensuing year are established.

It is important to note that while the adoption of this budget focuses on identifying and estimating the spending of financial resources, it is also a policy-setting document. It makes decisions on the use of ACWWA's facilities, the use of staff time, and drives management decisions for 2015. As ACWWA's policy makers, you play a critical role in making decisions regarding ACWWA's future.

The 2015 Budget is designed to meet the goals of ACWWA's mission and vision statements including the objective of providing the highest quality service to our customers at the lowest reasonable cost. This budget provides for planning and development of additional water resources, as well as the operation and maintenance of existing production, distribution, collections and treatment facilities to support the economic growth of ACWWA. This budget is organized and structured to meet external and internal managerial needs.

To aid the reader in finding specific information quickly, a Table of Contents is provided at the beginning of this document.

As an enterprise fund, ACWWA maintains a self-balancing set of accounts established to record the financial position and results that pertain to each service. The activities of enterprise funds are similar to regular businesses whereby a governmental agency collects sufficient revenues through user charges to pay for on-going operating expenditures and maintaining infrastructure in order to sustain operations.

ACWWA utilizes a Capital Improvement Plan (CIP) as a long-term capital planning tool to address existing and future facilities needs within the two enterprise areas: water and wastewater.

In summary, this budget reflects three key areas of emphasis for the coming year: capital improvement project needs as identified in the CIP, proactive maintenance of the water and wastewater infrastructure, and operating costs required in sustaining and enhancing service levels during the budget year 2015.

The 2015 Budget document has been prepared after analyzing, evaluating and justifying both the financial and non-financial objectives and goals of ACWWA for the current and future years. ACWWA's budget is a comprehensive document that enables the Governing Board and staff to evaluate ACWWA's past and future.

In summary, the 2015 Budget:

- Balances revenue requirements with available revenues and other funding sources.
- Provides for:
  - Continued planning, development and investment into additional water resources;
  - Continued funding for operation and maintenance of existing production, distribution, collection and treatment facilities to support expected economic growth;
  - Improvement and maintenance of existing infrastructure; and
  - Long-term financial stability
- Includes estimated total sources of funds of \$25,403,534 which is \$3,702,937 more than the prior year's budget of \$21,700,597. This increase is largely due to a 3% increase in water, a 3 increase in wastewater, and a 3% increase in tap fees.
  - Operating revenues and non-operating revenues totaling \$25,403,534;
  - Assumes a 3% rate increase in tap fees and the sale of 110 tap equivalents; and
  - Assumes a 3% rate increase for water and irrigation, and a 3% rate increase for wastewater services.
- Provides for \$5,050,000 in capital improvement projects;
- Provides for \$10,347,887 in operation, maintenance and administrative expenditures;
- Provides for \$286,000 in capital equipment;
- Provides \$10,342,888 for servicing existing debt; and
- Assumes a 3% increase in tap fees.

The 2015 Budget will allow ACWWA's system to continue providing high quality and reliable water and wastewater at reasonable costs while also maintaining a healthy financial position. In developing the budget for 2015, effort was made to ensure that rates remain affordable for ACWWA's customers while ensuring the continued stability of the system. It is critical to ACWWA's economic well-being that future growth has a reliable water supply, in addition to a well-maintained distribution and collections system.

## Special Thanks

We would like to thank the Board of Directors for their leadership and foresight in adopting policies and priorities to guide the development of ACWWA's 2015 Budget. We would also like to extend our gratitude to the ACWWA employees, who through their hard work and dedication have enabled ACWWA to meet its goals and objectives for 2014. The preparation of this document would not have been possible without the support and input from all departments.

Respectfully submitted,



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Steve Witter, P.E.

Interim General Manager



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Maria Gomez

Interim Administrative Services Manager



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Carrie Bartow, CPA, CGMA

CliftonLarsonAllen LLP

## RESOLUTION 2014-02

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 ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY, ARAPAHOE COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2015, AND ENDING ON THE LAST DAY OF DECEMBER 2015.

WHEREAS, the proposed 2015 budget has been submitted to the Board of Directors of the Arapahoe County Water and Wastewater Authority for its consideration; and

WHEREAS, upon due and proper notice, published in the Aurora Sentinel and the Douglas County News-Press in accordance with the law, and said proposed budget was open for inspection by the public at a designated place, a public hearing will be held on November 12, 2014, and interested persons were given the opportunity to file or register any objections to said proposed budget' and

WHEREAS, whatever increased may have been made in expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY, ARAPHOE COUNTY, COLORADO:

Section 1: 2015 Budget Revenues. That the estimated revenues for each fund set out in the budget are accepted and approved.

Section 2: 2015 Budget Expenditures. That the estimated expenditures for each fund set out in the budget are accepted and approved.

Section 3: Designation of Ending Fund Balances as Reserves. That pursuant to Const. Colo. Article X, Section 20, the December 31, 2014 ending fund balance of the Operating Fund, the exact amount to be determined as part of the audit of the December 31, 2014 financial statement, is designated as a general reserve for future contingencies.

Section 4: Adoption of Budget for 2015. That the budget as submitted and if amended, then as amended, is hereby approved and adopted as the budget of the Arapahoe County Water and Wastewater Authority for calendar year 2015.

Section 5: Fiscal Year Spending Limits. That being fully informed, the Board finds that the foregoing budget does not result in a violation of any applicable fiscal year spending limitation.




Section 6: Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget are hereby appropriated from the revenue of each fund, for the purposes stated and no other.

Section 7: Discretion: The General Manager may exercise discretion in administration of the Operating Budget to respond to changed circumstances, provided that any modification in excess of \$25,000 receives approval by the Board.

ADOPTED AND APPROVED this 10<sup>th</sup> Day of December, 2014.

ARAPAHOE COUNTY WATER  
AND WASTEWATER AUTHORITY

BY:   
Doyle Tinkey, Board President

ATTEST:

  
Secretary

STATE OF COLORADO

)

)

)

ARAPAHOE COUNTY

) .

The Board of Directors of Arapahoe County Water and Wastewater Authority, Arapahoe County, Colorado, met in regular sessions in full conformance with all applicable laws, at 13031 East Caley Avenue in Centennial, Colorado on Wednesday, the 16<sup>th</sup> day of December 2014 at the hour of 9:00 a.m.

The following members of the Board of Directors were present, constituting a quorum:

President: Doyle Tinkey

Treasurer: Rod Bockenfeld

Assistant Secretary: Mikkell Anderson

Assistant Secretary: Brad Cromer

Assistant Secretary: Nancy Doty

Assistant Secretary: Geri Santos-Rach

Assistant Secretary: Nancy Sharpe

Assistant Secretary: Dr. Phyllis Thomas

Absent: None

Thereupon the attached resolution was introduced, adopted, and approved by the Board of Directors.

## **Budget Highlights**

The 2015 Budget for ACWWA includes an operating budget and a capital budget. This budget was prepared by ACWWA's Finance Department in accordance with Generally Accepted Accounting Principles (GAAP). We believe the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position of ACWWA.

In total the operating Budget has increased from \$9,201,874 in 2014 to \$10,347,887 in 2015 for an overall increase of \$1,146,013. The increase is primarily due to the additional Northern water ACWWA will be receiving through the ACWWA Flow Project in 2015 and four (4) additional staff members.

### **Board of Directors' Priorities**

The Board's Priorities are organized into four areas including Water Supply, Water Facilities, Wastewater Collection and Treatment, and Core Business Programs. Fundamentally these priorities are organized around water supply diversification, the need for facilities to support, treat and transport water supply, and ACWWA's ability to provide services with sensitivity to the cost which impacts customers and other member agencies.

### **Other Budget Highlights**

ACWWA's management believes that a successful budget should contain the following ingredients for it to be useful to the individuals using the information:

Worthy Purpose – There should be clear goals for the budget. The goals and objectives of ACWWA should dictate ACWWA's budget.

Participative Ownership – Budget ownership and the motivation to make it work will only occur when there is significant decision making involvement at the levels of implementation.

Reporting System – A good budget system must be fully integrated with ACWWA's reporting system. That is, the accounting system and the budgeting system should be consistent in account classification and methods of accounting for data, time periods, etc. Ease of understanding is enhanced when the budgeted data and the accounting system mirror each other.

Support of Management - In any well-organized budgeting system, support from top management is essential for the system to be effective. By being involved in establishing the budget concepts and procedures as well as reviewing budget variations the Governing Board will lend support to the rest of ACWWA; creating acceptance and promoting effective use of the budgeting system by all.

### **Highlights of the 2015 Budget**

- A Capital Project Budget of \$5,050,000 which includes the continued renewal and replacement of aging infrastructure and the ACWWA Flow Project, of which \$1,900,000 is in reserves.
- An operating budget of \$10,347,887, an increase of \$1,146,013 from the prior year of \$9,201,874.
- There are four (4) additional staff budgeted for 2015.

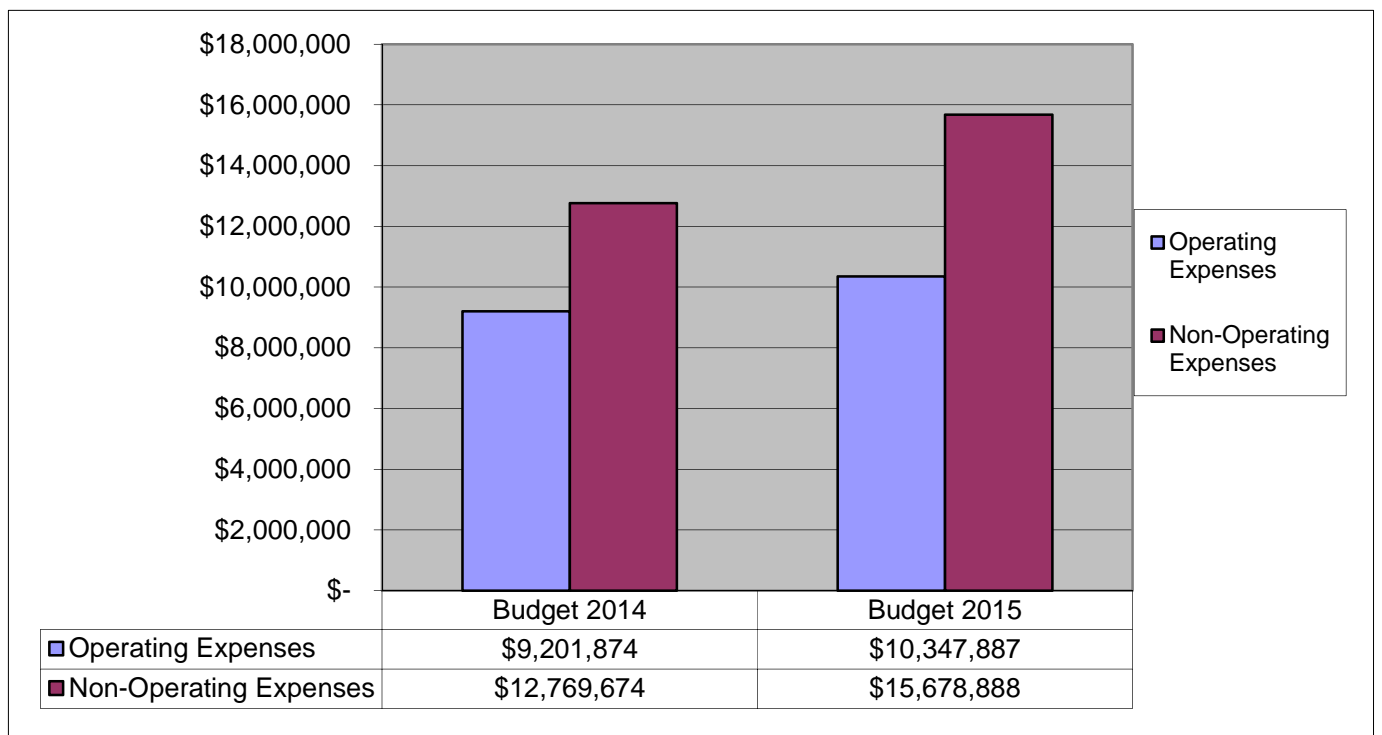
# Major Changes in 2014-2015 Budget

## Expenditures

Operating Expenditures are budgeted at \$10,347,887 in 2015 vs. \$9,201,874 in 2014; an increase of \$1,146,013.

Non-operating Expenditures are budgeted at \$15,678,888 in 2015 vs. \$12,769,674 in 2014; an increase of \$2,909,214.

**Figure 1: Expenditures 2014 vs. 2015**

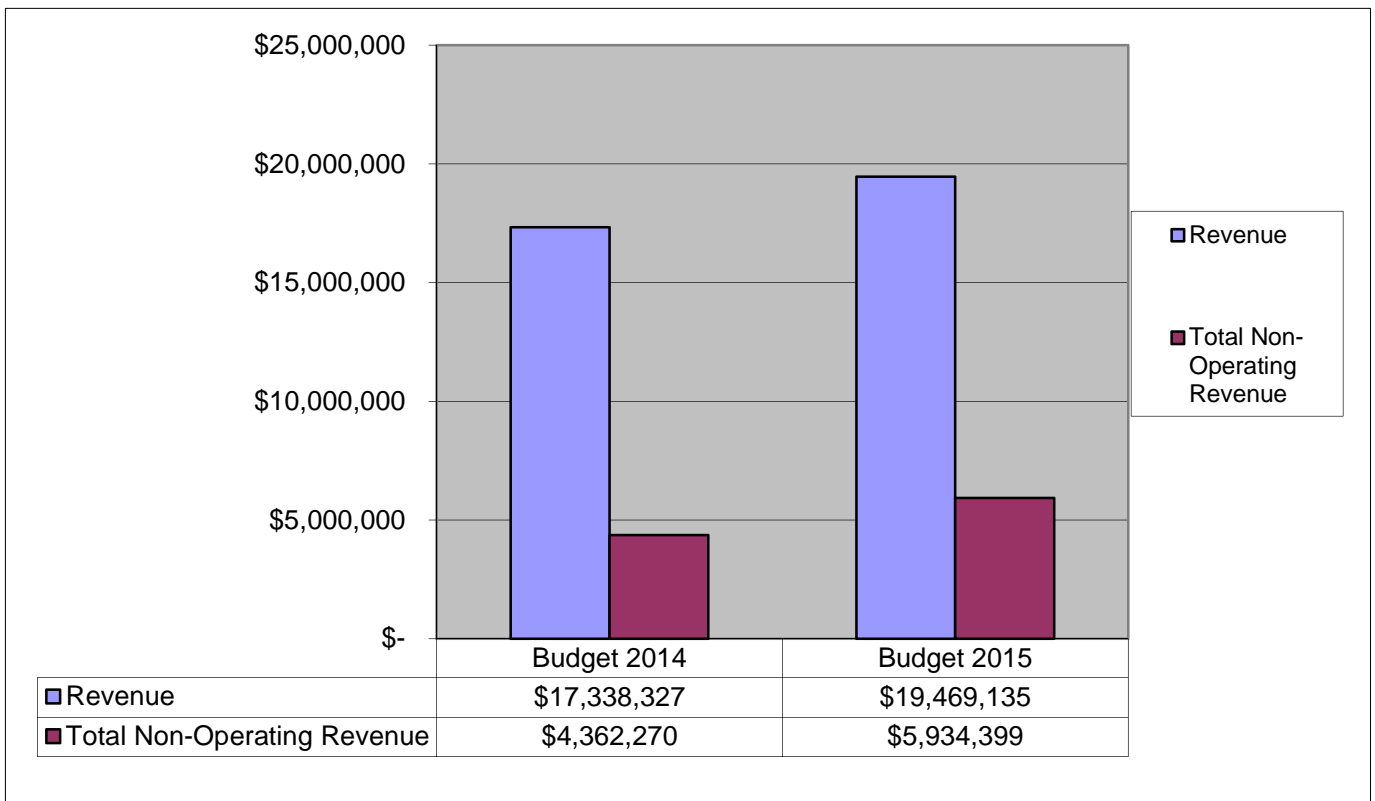


## Revenues

Operating revenues are budgeted at \$19,469,135 in 2015 vs. \$17,338,327 for 2014. This increase is due to a 3% increase in water and irrigation fees and a 3% increase in wastewater fees.

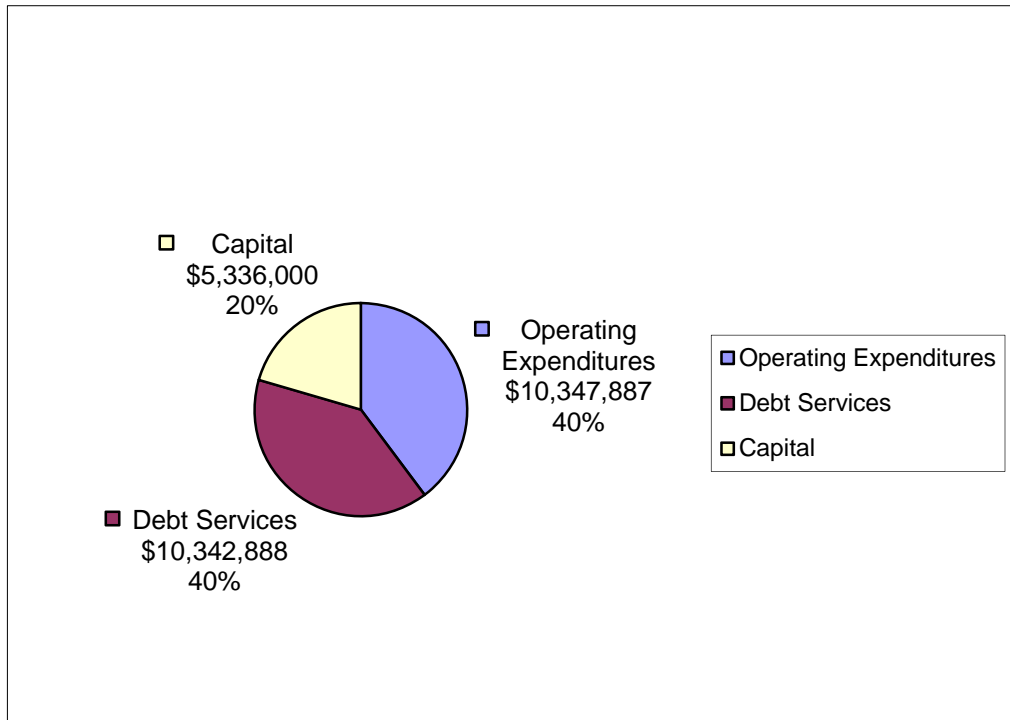
Non-operating revenues are budgeted at \$5,934,399 in 2015 vs. \$4,362,270 in 2014. This increase in revenue is largely the result of a 3% increase in tap fees and an increase in the number of projected tap sales from 75 in 2014 to 110 in 2015.

**Figure 2: Revenues 2014 vs. 2015**



## Uses of Funds

Figure 3: Summary of Uses of Funds for 2015



Operation, maintenance and administrative costs are projected to increase to \$10,347,887 an increase of \$1,146,013 from the 2014 budget of \$9,201,874. The largest driver behind the increase is the additional Northern water ACWWA will be receiving through the ACWWA Flow Project.

## **Priorities and Assumptions**

- ACWWA must prepare and adopt a balanced budget in accordance with Colorado State Law;
- The ACWWA Board of Directors is empowered to fix and revise rates, fees, and other charges for services furnished or to be furnished by ACWWA. Such rates and fees and charges are not subject to supervision or regulation by any bureau, board, commission or other agency of the State or by any political subdivision;
- Rates, fees and charges shall be fixed and revised so that revenues, together with any other available funds, shall be sufficient at all times;
  - To pay the cost of maintaining, repairing, and operating the water and wastewater systems including reserves for such purposes;
  - To pay all of the principal and interest on all bonds issued by ACWWA; and
  - Fees and charges are applicable throughout the service area.

## **Staffing and Resource Requests**

There are four (4) additional staff budgeted for 2015; two field staff, one Human Resources/Business Services position, and one administrative assistant, currently being filled by a temporary full time person.

## **Containing Costs and Maximizing Existing Resources**

The Water and Wastewater Authority is constantly seeking to contain costs and maximize the value of existing resources. In developing the adopted budget, we have reassessed existing consulting contracts, memberships, services, and business practices. We have thoroughly reviewed existing consulting contracts and memberships for value and vendor dependency.

## **Conclusion**

The Budget for Fiscal Year 2015 embodies the strategies of the Board's priorities and strives to fulfill ACWWA's mission. The overall plan is balanced and well organized. Rates required to support the budget are at a level consistent with previous Board direction. The Capital Plan for 2015 includes only those projects that are necessary to meet the challenges ahead of ensuring an adequate supply of water. The budget document reflects the progressive nature of ACWWA and promotes accountability, prudence and fiscal conservatism.

As we move into 2015, we will continue to our commitment to provide the highest quality water and wastewater services for our customers while keeping rates as low as possible. We will implement our business plans to ensure that the priority projects and tasks we have identified are accomplished, and we will continue to measure our results against a set of key performance indicators. We will update the Strategic Plan to reflect our changing times as we will begin to plan for future years. By continuing to invest in new technologies, looking for ways to be more efficient and effective, and challenging ourselves to be the best in the industry, we believe we can achieve continued success.

# **Budget Forward**

## **Background**

### **Description of Arapahoe County Water and Wastewater Authority (ACWWA)**

ACWWA represents a cooperative effort among public entities to provide water and wastewater service. ACWWA is a political subdivision formed pursuant to an intergovernmental agreement (IGA) between Arapahoe County and the Arapahoe Water and Sanitation District (AWSO). ACWWA was formed in 1988 for the purpose of developing water resources, systems and facilities, and wastewater treatment and disposal systems and facilities in whole or in part for the benefit of the customers and their inhabitants, and others.

### **History**

On January 1, 1989, the IGA granted ACWWA all responsibility for and control over the District's operating system relating operating assets, tap fees, contributions, revenues and expenses. The agreement provided for a lease of the District's property, plant and equipment. The lease was set to expire on either December 1, 2010, or the dissolution of the District or ACWWA, whichever came first. Pursuant to the IGA dated July 7, 1995, the District and ACWWA entered into a plan to dissolve the District. The voters of the District approved the plan and the Arapahoe County District Court signed the Order of Dissolution March 4, 2000 officially dissolving the District. All property, assets and water rights were turned over to ACWWA and any prior agreements between the two entities are subordinate to the July 7, 1995 Agreement.

On February 6, 2002 ACWWA entered into an IGA with the Arapahoe County Water and Wastewater Public Improvement District (the PID). The PID was organized in 2001, pursuant to the provisions of Title 30, Article 20, Part 5, and CRS for the purpose of constructing certain public improvements to serve customers both in and out of its jurisdiction boundaries. The IGA was amended and restated, in part, to have the PID replace the District as a party to the IGA. The PID retains ACWWA as an independent contractor to serve as its management agency. In consideration for ACWWA's commitment to provide management services, the PID agreed to issue general obligation bonds and certify a mill levy on property within the PID at a level sufficient to make the annual debt service payments as identified in the PID's annual capital plan.

## **Organizational Structure**

### **Authority Powers**

ACWWA is a political subdivision and a public corporation of the State of Colorado, separate from the Members of the Establishing Contract. The rights, powers, privileges, authorities, functions, and duties of ACWWA are established by the laws of the State of Colorado, particularly Section 29-1-204.2, C.R.S., which provides that ACWWA has the power: to enter into contracts; to sue and be sued; to hire employees and agents; to incur debts, liabilities, or obligations; to issue revenue obligations or refund outstanding indebtedness; to acquire, hold, lease, or dispose of real and personal property utilized only for the purposes of water treatment, distribution, and wastewater disposal; to develop water resources, systems, or facilities or drainage facilities for the benefit of the inhabitants of the Members or others; to condemn non-



public utility property for use as rights-of-way; and to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided by ACWWA. ACWWA does not have the power to tax.

### **Governing Board**

There are nine (9) authorized positions for the Board of Directors of ACWWA. These board positions are appointed at the discretion of the Arapahoe County Commissioners. Three of the five County Commissioners currently serve on the ACWWA's Board of Directors. ACWWA does not have taxing powers.

ACWWA's Board sets policy and direction for ACWWA. These nine individuals serve for a term of three years and appointments are made as vacancies occur. The Board elects its own officers, including a Chair and Vice Chair.

#### **The current Board of ACWWA reports the following conflicts:**

Doyle Tinkey, who owns a home in the ACWWA service area. Mr. Tinkey is retired from CH2MHill.

Rod Bockenfeld is an Arapahoe County Commissioner, a Director of the ACWW Public Improvement District, and a Board member of the Southeast Metro Stormwater Authority.

Mikkel Anderson whose conflict form has been filed; no conflicts to report.

Geri G. Santos-Rach whose conflict form has been filed; no conflicts to report.

Phyllis Thomas is the 100% owner and President of Phyllis Thomas Consulting.

Nancy Sharpe is a member of the Arapahoe County Board of County Commissioners, the Centennial Airport Authority Board, an alternative on the SEMSWA Board, and the Urban Drainage and Flood Control Authority Board. Her 2010 campaign received donations from Bob Lembke and Pat Mulhern.

Nancy Doty is a member of the Arapahoe County Board of County Commissioners and sits on the Centennial Airport Authority Board.

### **ACWWA's Management Team**

During the past year, a transition occurred in ACWWA's Management Team. Both the General Manager and Assistant General Manager vacated their positions. The Assistant General Manager duties were in part filled by Maria Gomez, who is currently performing many of those duties in an interim role as Interim Administrative Services Manager. The financial management duties are further supported by Carrie Bartow, CPA, CGMA from CliftonLarsonAllen LLP.

### **General Manager**

Steven F. Witter, who has been a manager of water in the public sector for over 14 years, was appointed Interim General Manager of ACWWA on September 10, 2014. The General Manager is the chief executive officer and administrative head of ACWWA. As Manager, he is responsible for carrying out policies set by the Governing Board, performing overall executive management and leading ACWWA toward the successful accomplishment of its mission.

### **Department Managers**

Martin Stegmiller –Operations Manager

Maria Gomez – Interim Administrative Services Manager

Steve F. Witter - Water Resources and Planning Manager

The Department Managers provide input on Strategic Plan policy and strategy development, and coordinate implementation of policy directives within and across their respective resource areas.

## **Mission, Vision, and Values**

### **Our Mission**

It is our goal to provide unparalleled service and accountability to our customers while furnishing the highest quality water.

### **Our Vision**

Our vision is to consistently meet or exceed customer expectations.

### **Our Values**

- ☆ Honesty – we never compromise our honesty.
- ☆ Customer Service – we provide superior service to both our internal and external customers with professionalism and integrity.
- ☆ Sustainability – we will be proactive in planning, constructing, operating, maintaining, and financing our system in a manner consistent with the principles of environmental, social and economic sustainability.
- ☆ Focus –we stay committed to our goals and strive to make the best use of our local water resources and adopt practices which encourage conservation of water, energy, and other natural resources.
- ☆ Communication- we value open, honest and timely communication.
- ☆ Teamwork – we value our employees as our most important resource and we are committed to the success of every member of the team.
- ☆ Excellence – we are passionate about our knowledge and experience that sets us apart and makes us good stewards of the public’s resources.
- ☆ Integrity- teamwork is the foundation of our excellence.

## **Guiding Principles**

Accomplishing ACWWA’s mission and implementing the programs and projects identified in the 2015 budget requires a unified effort by the members of the Governing Board, ACWWA staff, other agencies and groups, and the public. Such unity can be achieved only when each group understands the guiding principles that reflect the culture of ACWWA. The following principles reflect these core beliefs:

ACWWA will balance the needs of water and wastewater systems all within the context of a regional ecosystem.

ACWWA maintains accountability in the following areas:

- Purchase of goods and services
- Preparation of financial reports
- Management of cash, debt and reserve funds
- Preparation of operating and capital budgets
- Maintenance of sound internal controls and audit functions

ACWWA recognizes the value of cooperative relationships with the public and private sectors and other members of the community, and the need to communicate strategic decisions to these audiences.

ACWWA will achieve the budget implementation through effective communications of priorities, multidisciplinary teamwork and inter-departmental coordination.

ACWWA values the diversity of its workforce for the varied perspectives its members bring in accomplishing our mission.

By following these guiding principles, ACWWA will maintain its reputation and position as a recognized steward of water resources.

### Philosophy

The following philosophies guide the formulation of strategic goals, objectives, programs and operations of ACWWA. It is the basic policy of ACWWA's employees to adhere to the following:

#### Customer Service

Provide a safe, reliable, high quality water supply to each customer in a cost effective manner. ACWWA strives to provide excellent customer service to our customers.

#### Management Work Ethic

ACWWA management strives to provide the highest degree of care in handling public funds to ensure that these funds are utilized and managed for the best interest of its customers

#### Environmental Policy

Develop programs that are environmentally safe and exceed all Federal, State, and local regulatory requirements.

#### Employee Relations

Provide a safe, healthful, and rewarding work environment which encourages communication, values employee participation and personal achievement. Promote a team-work environment to successfully achieve ACWWA's goals and objectives both internally and externally with other agencies.

#### Public Relations

Maintain open communication with the public, actively participate in educational programs with other member agencies through interagency cooperative agreements and continually seek input from customers. Additionally, ACWWA will establish and maintain interactive relationships with other government agencies through the creation of partnerships which promote positive public relations to enhance services and reduce costs.

### **Risks**

#### Environmental Risks

The Authority uses hazardous materials in the water and wastewater treatment process and is required to properly dispose of such hazardous materials. These hazardous materials can be a threat to human health or to the environment if not properly handled, stored or disposed of. ACWWA's employees are trained in

the proper handling of applicable hazardous materials. Other environmental issues, such as contamination to the water supplies, flooding and drought conditions could impact the operations of the water/wastewater system (the system), although to the best of ACWWA's knowledge, none of these factors pose a significant risk to the system at this time.

### **Regulatory Risks**

The System is subject to numerous Federal and State regulatory requirements. Those regulations are subject to change at any time. ACWWA works with all applicable regulatory agencies and personnel to monitor future regulatory requirements, as failure to comply with regulatory changes, or the inability to comply with them in a timely manner, could cause portions of the System to be unavailable. Any disruption of service could negatively impact net revenue.

### **Changes in Law**

Various Colorado laws and constitutional provisions apply to the imposition, collection and expenditure of the net revenue and the operation of ACWWA. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of ACWWA. These changes would affect the imposition, collection, and expenditure of the net revenue.

### **Risk Management**

ACWWA's risk management program is designed to manage ACWWA's insurance programs and provide support to all departments regarding identifying, controlling, transferring, or eliminating exposure to loss from general liability, property loss, and worker's compensation claims. ACWWA is currently insured for its liability and property damage coverage and worker's compensation coverage through the Special District Association (SDA) Insurance Pool of which ACWWA is a member. The SDA Pool is a risk pooling program formed under the Colorado Revised Statutes Sections 8-44-204 and 29-13-102 to provide coverage for member agencies.

# **ACWWA Flow Project**

## **ACWWA Flow Project**

ACWWA has determined that additional water supply will be necessary to accommodate projected build-out within the service area, future potential additions to the service area and the potential reduction in production of ACWWA's non-tributary groundwater rights. Accordingly, ACWWA is implementing a project to secure additional water supplies. This project, called the "ACWWA Flow Project", includes the purchase and adjudication of 4,400 acre-feet of average yield consumptive use surface water rights from the South Platte Basin. The project also includes the necessary infrastructure to store, treat and deliver that water to the service area.

The ACWWA Flow water resources will be adjudicated in the District Court in and for Water Division No.1 in Greeley, Colorado (Water Court). The ACWWA Flow water rights are expected to provide water supply for over 17,000 tap equivalents, due to ACWWA's ability to reuse its water supply. ACWWA expects this water to provide a secure water supply to meet future demands. However, unlike non-tributary groundwater, surface water rights are impacted by the variable hydrologic. ACWWA's portfolio of non-tributary groundwater and Cherry Creek water rights are expected to be utilized to provide water in drought years to supplement surface water rights from ACWWA Flow.

ACWWA used a portion of the net proceeds from the 2009 Bonds to acquire the ACWWA Flow water rights. As purchased, these water rights will not be capable for use by ACWWA. Prior to their use as a municipal water supply, the water rights must be successfully adjudicated in Water Court and there is no guarantee as to the outcome of such litigation. In addition, facilities to provide treatment, storage and delivery of the new water rights must be constructed to provide proper infrastructure. Several proposed facilities will require environmental and other permits which have not yet been issued, ACWWA cannot guarantee that such permits will be issued.

## **Current Water Rights Litigation**

ACWWA is currently a party to 34 cases pending in the Water Court. Fifteen of these cases are matters in which ACWWA is an applicant for the approval of water rights claims. Fourteen of these 15 applications are related to the ACWWA Flow Project, one is related to ACWWA's in Cherry Creek Basin water rights. In the remaining 19 cases, ACWWA is an opposer of other entities applications. ACWWA opposes these applications to ensure ACWWA's previously secured water rights and interests are not adversely impacted. These cases were filed to Protect and develop ACWWA's water supply. It is the intent to file additional applications for water rights in 2015.

## **ACWWA's Service Area**

ACWWA's service area encompasses approximately 5,000 acres in the southeastern Denver metropolitan area and is located approximately 10 miles south of downtown Denver in the southern part of Arapahoe County generally bounded by Parker Road on the east, Cherry Creek Recreation Area on the north, and Havana Street on the west, and the Arapahoe/Douglas County line on the south.

ACWWA's service area is primarily comprised of office complexes, commercial and light industrial areas. Recently, significant multi-family residential development has been added with more units planned especially in the eastern part of the service area. By intergovernmental agreement, ACWWA also provides wholesale wastewater treatment services for the Cottonwood Water and Sanitation District located south along Jordan Road in Douglas County, and retail water service to the Town of Foxfield located east of Parker Road and south of Arapahoe Road. Unlike the ACWWA service area, these areas are predominantly residential.

ACWWA's core mission is to provide for water and wastewater service within its service area. ACWWA was established in 1988 as a separate governmental entity to develop water resources, systems and facilities, and wastewater treatment and disposal systems and facilities in whole or in part for the benefit of its customers. ACWWA complies with a number of regulatory programs designed to protect the region's water resources. The Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) are examples of a number of forces that will remake the municipal water and wastewater industry in the near future. Other regulatory compliance requirements, increasing customer awareness, aging infrastructure, and a growing scarcity of high-quality water sources will require greater creativity and innovations.

To maximize use of available supplies, ACWWA is developing a strategy to best utilize its potable and non-potable water sources. This will likely include the expansion of its non-potable irrigation system

### **Philosophy**

ACWWA uses a programmatic, outcome-oriented approach when developing and presenting its budget. This budgeting method is based on program performance, and emphasizes the link between strategic plans, program goals and objectives, outcomes, and annual funding allocations. This process requires close communication between program coordinators and management; awareness of agency strategic goals, objectives and outcomes; identification of strategies to achieve these outcomes; and the development of performance measures.

ACWWA's broad mission and mandates were organized into long and short-term goals. Objectives and success indicators were established to allow a more thorough review and understanding of major ACWWA projects and programs. It also allows for better programmatic comparisons and choices regarding the allocation of limited resources.

### **Budget Preparation**

ACWWA will prepare an annual budget document that provides a basic understanding of ACWWA's planned financial operations for the coming year. Copies of the draft and final budget will be made available to all interest parties and opportunities will be provided for public input prior to final adoption.

### **Annual Budget Statutory Requirements**

ACWWA's annual budget is prepared and adopted under the provisions of section 29-1-113 C.R.S. ACWWA's fiscal year is January 1 through December 31.

On or before October 15 of each year, ACWWA's budget officer submits a draft budget to the Governing Board. The budget covers proposed operations and funding requirements for the ensuing fiscal year. On or before December 31 of the current year the Governing Board adopts the budget. ACWWA advertises all required meetings of budget discussions along with the intent to adopt the budget.

A resolution adopting the budget and appropriating the funds is filed with ACWWA's Budget Officer whose duty it is to disburse moneys or issue orders for the payment of moneys as required by statute. The final adopted budget for ACWWA is the operating and fiscal guide for the ensuing year.

## **Budget Update Process**

Every year as part of the budget process, ACWWA's short-term goals and objectives will be reviewed and updated as necessary to reflect current challenges as well as changed conditions. Staff also seeks direction from the Board of Directors. The strategic plan is reviewed and updated as necessary. This budget incorporates the implementation plan for the current goals and objectives.

### **Budget Amendments**

A budget amendment is defined as any action that increases or decreases total appropriated fund amounts in ACWWA's adopted budget. Budget amendments could be caused by various reasons, such as:

- The discovery of more accurate information after the budget is adopted;
- Modified operating requirements;
- Year-end accounting adjustments.

Budget amendments must follow strict statutory guidelines. The intent to amend the budget and the notice of the Governing Board meeting and Public Hearing at which the amendment will be considered and potentially receive approval must be published in a newspaper that has general circulation within the ACWWA service area.

### **Lapse of Appropriations**

All unexpended appropriations expire at the end of the fiscal year pursuant to (C.R.S. 29-1-108 (6)).

### **Budget Transfers**

Budget transfers are defined as any action that changes the budget amount associated with a service, as adopted by the Governing Board. Budget transfers change budget amounts from one line item to another. It is important to note that budget transfers, unlike budget amendments, do not change total overall budget appropriation levels. Budget transfers may be processed by action of the General Manager.

### **Filing of the Budget**

No later than thirty days following the beginning of the fiscal year of the budget adopted, the governing body shall cause a certified copy of the budget, including the budget message, to be filed with the State of Colorado pursuant to (C.R.S. 29-1-113 (1)).



## **Financial Structure**

The State of Colorado and GAAP govern the use of funds and the budgeting, accounting and auditing associated with this fund structure, as determined by the Governmental Accounting Standards Board.

ACWWA works in concert with Arapahoe County to accomplish water management objectives. The primary authority for the operation of ACWWA is an IGA between Arapahoe County and the PID. ACWWA's budget includes all operations over which ACWWA is financially accountable.

There are no component units required for inclusion in the Arapahoe County Water and Wastewater Authority's budget.

## **Budget Goals**

The primary budgetary objective is to provide the highest possible level of service to ACWWA's project participants without impairing ACWWA's sound financial condition. Continual efforts will be made to improve productivity, lower costs and enhance service.

ACWWA will endeavor to keep current expenditures less than current revenues. Current expenditures are defined as operating expenses, debt payments and capital improvement expenditures.

ACWWA will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports comparing actual revenues and expenditures to the budgeted amounts.

Law and policies limiting revenue sources and expenditures must be explicitly addressed in the budget process.

The Governing Board will not establish a goal or policy without also providing the necessary funding to accomplish those goals or policies.

The adopted budget may only be changed through actions by the Governing Board. Staff may make budget change requests to the Governing Board at a regularly scheduled Board meeting. The Governing Board will then consider the requests based on staff's recommendations and approve or deny the requests by a majority vote.

## **Budgetary Control**

The Finance Department prepares budget summary reports and the unaudited financial statements on a monthly basis for review by the Governing Board.

## **Departmental Estimates**

During the budget development process, the Budget Officer relies heavily on the knowledge and experience of Department and Project Managers to forecast expected revenues and expenditures from various sources. The Managers submit their estimates along with supporting documentation and an explanation of how the revenues and expenditures were calculated to the Budget Officer.

## **Contacting ACWWA's Finance Department**

This financial report is designed to provide the Board, customers, creditors and investors with a general overview of the Authority's financial condition. Should you have any questions regarding the content of this document, please contact ACWWA at (303) 790-4830.

# **Financial Policies**

## **Basis of Accounting**

*For budgetary reporting purposes, ACWWA uses the modified accrual basis of accounting and budgeting for all funds.*

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred. Non-cash expense items such as depreciation expense for fixed assets and accrued compensated absences are excluded from the budget. All annual appropriations lapse at the end of the fiscal year.

*ACWWA operates under one fund for budgetary purposes. However, ACWWA’s various departments and budget preparation are segregated by service type- water and wastewater.*

The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended when payments are made to employees. The liability for all accrued and vested vacation and sick pay benefits, plus sick leave benefits expected to become vested, however, is recorded as a long-term liability.

## **Revenue and Expenditure Classifications**

ACWWA distinguishes operating revenues and expenditures from non-operating items. Operating revenues and expenditures generally result from providing services and delivering water in connection with the principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenditures include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenditures not meeting this definition are reported as non-operating revenues and expenditures.

## **Revenue Policies**

### **Introduction**

The revenue policy is used as an aid in providing consistent provision of essential public services since revenues and expenditures are the key drivers of ACWWA’s operations. The goal of this policy is to help ensure financial stability regardless of economic situation and to provide information to the Board that Staff revenue and expenditure practices are consistent with ACWWA’s mission and goals.

### **Revenue Policy**

ACWWA staff is allowed to estimate revenues conservatively using an objective and analytical approach employing certain techniques such as historical trends, current information, and economic indicators to maintain consistency, reliability and reasonableness. ACWWA’s revenues are projected into the future and updated annually to reflect emerging issues to ensure that the plan reflects the current fiscal environment. ACWWA’s long-term financial plan is developed to assess long-term financial implications of current and proposed policies and programs. It also serves as a financial tool for early detection which allows staff to deal with budgetary issues proactively.

- ACWWA shall maintain a diversified and stable revenue base. Existing and potential revenue sources shall be reviewed annually for stability, equity efficiency and capacity to finance future operations.
- An objective, analytical process that recognizes the sensitivity of each revenue source shall be used to estimate revenues.
- Whenever authorized and appropriate, user fees and charges shall be established to recover the full costs of all programs and services.

## Rates and Charges

Rates and charges are the most important component of ACWWA's revenue portfolio. User fees are used to fund the provision of services provided to ACWWA's customers. ACWWA utilizes cost recovery concept to determine how much costs need to be recovered from various customers. The full cost of providing various services is used as the basis for setting rates and fees. Full cost incorporates direct and indirect costs, including operations and maintenance, overhead and charges for the use of capital facilities. Examples of ACWWA's overhead include payroll processing, accounting and administrative services, computer support, office supplies, and other central administrative charges.

ACWWA's Board of Directors established the following guidelines for the user rate and charge setting process:

- Rates and charges are established utilizing a generally accepted cost recovery methodology that is consistent and legally defensible using the following approaches: revenue requirement analysis, cost of service analysis, and rate design analysis.
- Rate design shall be reflective of ACWWA's Board of Directors' rate setting objectives.
- Rates shall be set at a level so that ACWWA will increasingly collect more reliable revenues through a combination of system access charges and low to medium users' commodity rates to meet ACWWA's revenue requirement.
- Rates and charges will be reviewed and updated annually based on factors such as the impact of inflation, other cost increases, and the adequacy of coverage of costs.
- Produce revenues sufficient to pay
  - a) A minimum of 1.25 times the Annual Debt Service Requirements as required to meet debt coverage covenants of ACWWA's bonds and;
  - b) The amounts required to be deposited in any reserve or contingency fund created for the payment and security of obligations.
- ACWWA will make adjustments to rates and charges as the Board deems necessary and shall adjust rates and charges so that net system revenues from such adjusted rates and charges will be sufficient at all times to meet the requirements.

## **Recognition of Revenues**

Revenues are recorded when earned. Customers' meters are read and bills are prepared monthly based on billing cycles.

## **Expenditure Policy**

ACWWA's expenditures reflect the Board of Directors and Staff commitment to service present and future customers with reliable public service. The Board and Staff believe that prudent expenditure planning and accountability will ensure fiscal stability. Expenditures are projected conservatively using an objective and analytical approach as well as certain techniques such as historical trends, current information, and economic indicators to maintain consistency, reliability, and reasonableness. ACWWA's capital and operating expenditures are projected into the future as part of the long term financial plan.

The basic components of ACWWA's expenditure policies are broken down into two functional areas: Maintenance of Capital Assets and Review of Service.

### **Disbursements**

Disbursement of Authority funds must be for a legitimate purpose and within budgetary limits.

Payment for Authority contracts and purchase orders are contingent on evidence of the receipt or acceptance of the specific deliverables.

### **Maintenance of Capital Assets**

Maintaining a reliable transmission and distribution system and a sustained capital program are not possible without reliable funding sources. Prudent financial planning is imperative to an effective capital improvement program. ACWWA uses a combination of debt financing and "pay as you go" methods to fund the capital improvement program and maintenance of capital assets. A fixed annual amount is projected by staff and included in the annual requirement to be collected from rates and charges.

The following elements of the expenditure policy reflect ACWWA's philosophy to perform ongoing maintenance of capital investments once they are purchased or capitalized:

- Consistency with Board approved Master Plans, and long term Capital Improvement Plan.
- Maintain consistency of allocation of resources for programs to carry out ACWWA's mission and goals to its customers.
- Within the resources available each fiscal year, ACWWA shall maintain capital assets and infrastructure at a satisfactory level to protect its investment, to minimize future replacement and maintenance costs, and to continue service levels.

## **Review of Service Policy**

These expenditure policies are used by Staff to prompt review of services to see if they are being provided as effectively and efficiently as possible. ACWWA's review of service policies are as follows:

- Encourage greater efficiency and effectiveness of the delivery of services by sharing resources and coordinating with other public and private organization through partnerships.
- Utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs, when practicable.
- Control personnel costs as a proportion of total budget, to more productively and creatively use available resources.

## **Cash Management Policies and Practices**

ACWWA has an investment policy with objectives to (1) maximize its cash position, (2) accelerate collections and control disbursements to optimize cash availability, (3) meet its financial obligations on a timely basis in order to maintain public trust and productive relations with employees, suppliers, and contractors, (4) develop monthly cash flow projections to help formulate investment strategies for the most effective use of resources, (5) manage funds in a prudent and diligent manner that meets the criteria of legality, safety, liquidity and yield, in that order of importance.

### **Cash Management and Investment**

- ACWWA shall maximize its cash position.
- ACWWA shall accelerate collections and control disbursements to optimize cash availability.
- ACWWA shall meet its financial obligations on a timely basis in order to maintain public trust and productive relations with employees, suppliers, and contractors.
- ACWWA shall develop monthly cash flow projections, which help formulate investment strategies for the most effective use of resources.
- Funds shall be managed in a prudent and diligent manner that meets the criteria of legality, safety, liquidity and yield, in that order of importance.

### **Reserves**

Each year ACWWA evaluates the operating system and establishes an Operations and Maintenance Reserve Fund. Monies held in this account may be expended for any purpose upon authorization of the Governing Board.

### **Debt Financing**

ACWWA will use debt financing when it is judged to be appropriate based on the long-term capital needs of ACWWA and its ability to repay the indebtedness has been evaluated in light of all sources and uses of cash.

ACWWA will only incur long-term debt for the financing of capital improvements that are not expected to recur and are long-lived. Conversely, if the capital requirements are recurring, of relative small scale or are for short-lived improvements, the costs of these improvements should be paid from current revenues.

## **Restricted Fund Balance Policies**

### **Reserve Funds**

ACWWA has a Reserve account that is funded specifically from user fees.

ACWWA in partnership with Inverness Water and Sanitation District (IWSD) maintains a Repair and Maintenance Reserve for the Wastewater Treatment Plant of which ACWWA contributes 69.44% and IWSD contributes 30.55%. ACWWA currently contributes \$300,924 into this reserve annually.

### Independent Audit

ACWWA shall provide for an annual independent audit of its financial statements. This provides evidence of ACWWA's financial accountability to the public and other interested parties.

### Revenue Bonds

ACWWA does not collect taxes and cannot issue General Obligation Bonds. ACWWA may issue Revenue Bonds secured by a pledge of revenues. Revenue bonds are limited liability obligations that pledge net revenues of ACWWA to debt service. The net revenue pledge is after payment of all operating costs. The financial markets require coverage ratios of the pledged revenue stream and a covenant to levy rates and fees sufficient to produce net income at some level in excess of debt service.

Also, there may be a test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after any proposed additional bonds are issued. ACWWA will strive to meet industry and financial market standards with such ratios. Annual adjustments to ACWWA's rate structure may be necessary to maintain these coverage ratios.

The underlying credit of revenue bonds is judged on the ability of ACWWA's existing rates to provide sufficient net income to pay debt service and the perceived willingness of ACWWA's Board of Directors to raise rates and fees in accordance with its rate covenants. Actual past performance also plays a role in evaluating the credit quality of revenue bonds, as well as the diversity of the customer base.

### Capital Leases

Capital lease and installment sale agreements shall be considered as an alternative to long-term debt. Although these forms of alternative financing are subject to annual appropriation, they shall be treated as long-term debt until maturity.

ACWWA currently has no Capital Lease Obligations.

### Long Term Debt

Long-term debt is defined as bonded indebtedness whose maturity is at least ten years from issue date.

When developing funding strategies for projects; ACWWA will first consider revenues unique to such projects, e.g.; water funds for water projects, and wastewater funds for wastewater projects.

Projects will be funded with Revenue Bonds only if no other revenue source can be utilized.

When appropriate, ACWWA will use long-term debt financing to: achieve an equitable allocation of capital costs/charges between current and future system users, provide more manageable rates in the near and medium term, and to minimize rate volatility.

For growth related projects, debt financing will be utilized as needed to better match the cost of anticipated facility needs with timing of expected new connections to the system and spread the costs evenly over time.

Every effort will be made to schedule even principal and interest payments for the repayment of debt so as to avoid fluctuations in debt service requirements and fluctuations in user fees. Only in exceptional circumstances where it is an advantage to the ratepayers and ACWWA, will debt be scheduled on a non-even repayment basis. Because debt financing involves long-term commitments, the projects, which are financed through debt financing, must be ones, which have a useful service life at least equal to the debt amortization period. Therefore, debt financing shall be used only for capital expenditures and not for addressing maintenance items.

A rate review will be conducted when appropriate to ensure predictable and affordable changes to utility system rates. ACWWA will maintain rates to confirm that it meets bond coverage requirements.

Exceptions to this strategy may be made by the Governing Board for projects that are mandated by judicial or regulatory bodies, or for emergency situations.

### Short Term Debt

User fees should support needed capital improvements on a pay-as-you-go basis to the greatest extent possible. In the event short term debt financing is required, lease-purchases, operating leases or other debt instruments may be used as a short-term (1 to 10 years) method of borrowing. This financing may be used for various needs, such as fleet equipment, renovation or reconstruction of capital assets, specialized types of equipment purchases, communications, and data transmission systems.

ACWWA may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bonding capacity.

Each proposal for short term financing shall be evaluated on a case-by-case basis with findings presented to the Board prior to authorizing financing. Examples of issues to be addressed in the case-by-case analysis may include, but not necessarily be limited to the following:

- The extent to which the proposed improvement(s) either (a) extend the useful life of the facility(s) by greater than five years or (b) add to the long term value of the underlying asset by an amount equal to or in excess of the cost of the improvement. Improvements may be one project or a series of projects, when performed as a package, extend the useful life by the required minimum.
- The extent to which a permanent, ongoing additional maintenance commitment is required in order to maintain the value and utility of the financed improvements during the time period in which the financing is outstanding.
- The extent to which an improvement(s) provides a long term solution to a problem or effectively arrests deterioration which might lead to structural failure, beyond which the process should not have to be repeated if there is appropriate preventative maintenance.
- The extent to which financing spreads the cost of the improvements between present and future users.

### **Debt Authorizations**

All long and short-term debt shall require Board authorization prior to issuance.

### Current Debt

In 2006, ACWWA issued \$23,025,000 in Revenue Refunding Bonds. The proceeds from the 2006 Series Bonds were used to refund the Water and Wastewater Revenue Variable Rate Refunding and

Improvement Bonds, Series 2003A and the Taxable/Tax-Exempt Water and Wastewater Revenue Variable Rate Refunding Bonds, Series 2003B.

In 2007, ACWWA issued \$18,760,000 in Revenue Refunding Bonds. The proceeds from the 2007 Series Bonds were used to refund the Water and Wastewater Revenue Variable Rate Refunding and Improvement Bonds, Series 2003C and to provide \$10 million of new money to be used for capital projects.

In 2009, ACWWA issued \$91,545,000 in Taxable Water and Wastewater Revenue Direct Pay Build America Bonds and \$5,625,000 in Water and Wastewater Revenue Bonds. The proceeds from the 2009 Series Bonds were used to purchase a renewable water source, infrastructure, and water storage. This project is identified as the ACWWA Flow Project.

In 2012, ACWWA refunded the 2009 Series B Bonds. The current Bond Debt as of November 26, 2014 includes the following debts:

- Water and Wastewater Revenue Refunding Bonds, Series 2006 Bonds, original amount \$23,025,000
- Water and Wastewater Revenue Refunding Bonds, Series 2007 Bonds, original amount \$18,760,000
- Taxable Water and Wastewater Revenue Direct Pay Build America Bonds, Series 2009A Bonds, original amount \$91,545,000
- Water and Wastewater Revenue Bonds, Series 2012 Bonds, original amount \$5,625,000

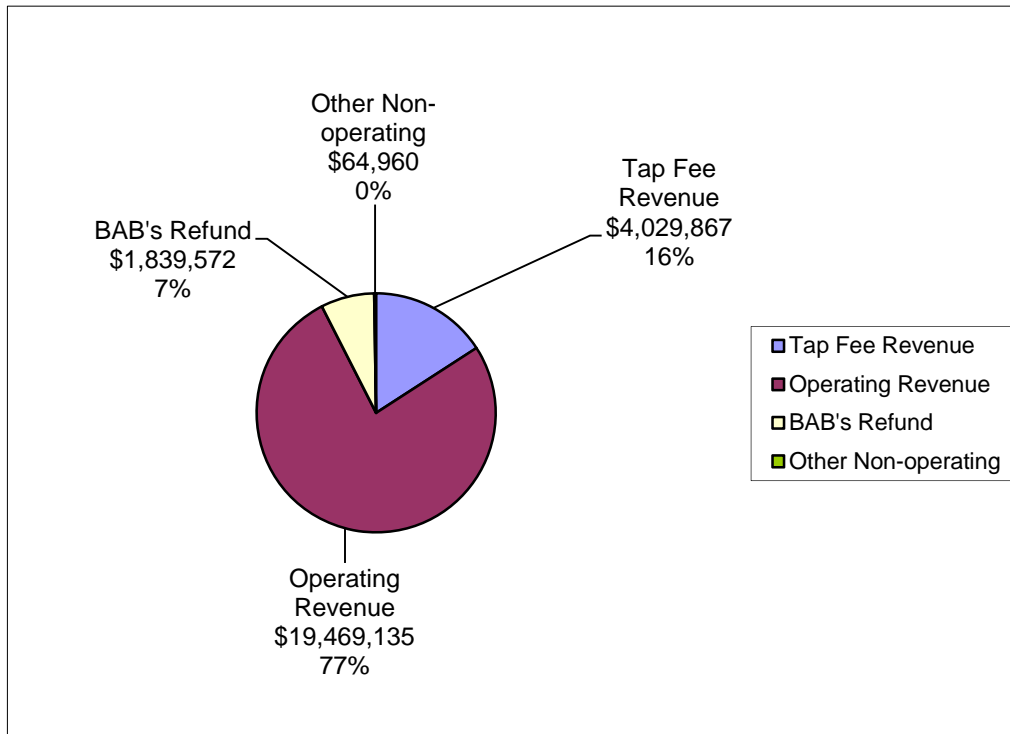
### Debt Limits

ACWWA is not legally restricted as to the amount of debt that can be issued.



## Sources of Revenue

Figure 4: Summary of Revenues for 2015



The chart above depicts ACWWA's revenue sources and the percent of total revenue each represents. The financial projections in this budget are based on in-depth analysis of each revenue source. The estimated revenue for 2015 is \$25,403,534.

In providing essential public water and wastewater services to its customers, ACWWA incurs substantial operating and capital expenditures. ACWWA operates as a nonprofit enterprise fund and has no legislative authority to levy taxes nor does ACWWA receive tax revenues from local governments for ongoing operations. ACWWA finances its ongoing water and wastewater operations and extensive capital improvements almost entirely through customer paid fees and charges. ACWWA establishes rates sufficient to generate revenue to meet operation and maintenances costs and pay debt service. Rates and fees are reviewed annually and adjusted as needed to respond to resource needs.

ACWWA strives to maintain an adequate level of revenue, which is collected equitably from all classes of customers that use the service. Other secondary considerations include using the revenue rate-making process to promote water conservation. Rates are set to insure that ACWWA's revenue provides customer service to maintain and perpetuate the system. Adequate revenues result from establishing and charging appropriate rates and fees for each service provided.

Revenues are categorized as operating or non-operating, depending on their source. Operating revenues include revenues derived from the sale of water and wastewater service and other activities closely allied to providing these services. Non-operating revenues are not derived from the normal business of supplying water and wastewater service. Non-operating revenues may include fees from rendering

management and engineering services to other organizations, connection fees, interest earned and similar services.

ACWWA's primary revenue and sources of cash are summarized below.

### **Base rate charges**

These charges are calculated to recover costs related to direct and indirect customer service efforts and meter maintenance associated with supplying water to and collecting wastewater from the customers' property. Charges are based on the water meter size.

### **Commodity charges**

Commodity charges are calculated to recover the remaining direct and indirect costs of water supply and treatment, water distribution, wastewater collection and treatment, and general administration. This charge is applicable to all water accounts based on meter readings in thousand gallon increments of water consumed.

### **Connection Fees**

Connection fees represent those amounts paid by property owners within ACWWA's service area for the right to connect to ACWWA's water and wastewater system and represent the customer's investment in the capital value of the system. ACWWA uses single-family equivalents ("tap equivalents") to measure its connection fees.

Connection fees should ensure that future users fully fund the facilities that were built for their benefit by prior customers. Fees should also cover future costs including but not limited to planning, design, construction, and financing. When accumulating such costs, consideration should be given to general and administrative costs, inspection costs, emergency oversizing, excess or idle capacity, and any other costs related to the borrowing of funds to build facilities including the time value of money.

### **Uniform User Fees**

The base user fee for water and wastewater are uniform throughout ACWWA's service area. This policy reduces any possible misunderstanding that might occur among customers if rates varied between geographical areas. It also provides for an administratively straightforward billing process.

ACWWA serves customers outside the defined service area through contracts or IGA's. When this happens user fees are negotiated on a case by case basis to ensure that ACWWA's current customers do not pay for these new customers.

These customers are defined as "extra-territorial" and pay fees and charges equal to 150% of the fees in effect for customers in ACWWA's defined service area.

### **Investment Income**

Interest is calculated based on projected cash, investment of funds and economic market conditions.

## TAP FEE REVENUE

A key assumption in developing the budget relates to growth. Revenue projections are calculated using this assumption, combined with the known historical number of accounts and applying the various rates to these known and assumed demand levels. Historically, ACWWA has enjoyed a steady and predictable rate of growth of approximately 110 new connections per year. The state of the economy is also factored into short and long term growth assumptions, resulting in a revised growth projection of 110 new connections for the year 2015.

## **Pass-Through Expenses**

Certain amounts paid to ACWWA are treated as “pass-through” expenses for purposes of this budget. As these amounts are paid they are passed through to the respective project participants. They are not considered revenues.

***Review and Inspection Fees*** - The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water and wastewater facilities. This charge also recovers the operating cost for providing field observation on the installation of these facilities. The construction plan review and observation fees are applicable to all extension of the public water and wastewater system regardless of the party which may be undertaking the improvements. The fees are applied separately to water main or wastewater main extensions.

## **Projecting Operating Revenues**

The revenue requirements are projected based on expected cash needs and include operation and maintenance expenses, debt service, and capital outlays for normal system replacements, extensions, and improvements. Revenues will be projected by major components and forecasted for one budget year.

Operating revenues are forecasted by customer class as single-family houses, multifamily houses, and commercial customers. The extent to which revenue forecast is made by separate customer classes depends on the differing consumption characteristics of each class.

The estimated operating revenue is a two-step process. The first step is an estimate of the quantity of service required by each customer class and the projected number of accounts in each customer class. The second step is applying the estimated quantity components to determine the estimated revenue obtainable from each customer class.

## **Legal or Mandated Requirements**

Some expenditure and revenue sources are defined by specific legal requirements or restrictions. For example ACWWA’s Bond Documents require ACWWA to collect user fees sufficient to cover operating expenditures.

## **Balanced Budget**

Colorado statutes and ACWWA’s financial policies require an annual budget that is balanced. A balanced budget is one in which the budget has sufficient projected revenues and available resources to equal anticipated expenditures. Throughout the budget development process, projected revenue estimates are updated and compared against proposed expenditures.

ACWWA developed a series of revenue and expenditure assumptions, based on current and projected economic indicator, and historical trends. Expenditure and revenue collection history for the last two years and information supplied by various departments were used to determine revenue sources and uses.

## **ACWWA's Funds**

ACWWA describes a fund as a self-balancing accounting entity segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restriction or limitation such as water or wastewater.

### **Funds Available**

ACWWA describes funds available as resources remaining from prior years, which are available to be budgeted in the current year.

### **Restricted Cash Funds**

Restricted cash funds are those that are legally set aside for a particular purpose and cannot be used for any other purpose. These are funds whose use is not at the discretion of the Board. The only restricted cash funds that ACWWA maintains is a debt reserve account which is a requirement of bond covenants.

### **Designated Cash Funds**

Designated cash funds are general use funds that have been set apart by Board action for a specific purpose. These funds can only be used for those purposes. However, these funds are at the discretion of the Board and can be used for any other purpose by an action of the Board. ACWWA maintains designated funds to provide for the repair and replacement of facilities.

### **General Use Cash Fund**

General use cash funds are funds that are not restricted or designated. ACWWA maintains a general cash fund to provide cash for:

- Operational Needs
- Any ACWWA purpose

The General Fund is used to smooth out potential rate spikes as well as provide for the general operating needs of ACWWA. In addition, this fund has a short term annual focus as it serves to hold the working capital and emergency operating reserves.

The General Fund is ACWWA's primary operating fund. It accounts for all financial resources except those that are required to be accounted for in another fund. This fund accounts for Authority-wide expenditures and is supported primarily by rates and fees.

### **Authority Funds Subject to Appropriation**

ACWWA operates as an Enterprise Fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in that the costs of providing goods or services to the general public are financed through user charges.

## **Future Debt**

There are no plans to issue additional bonds in FY 2015. Substantial capital requirements are anticipated for the completion of a renewable water supply and ACWWA anticipates that additional debt will be needed in the future.

## **Capital Expenditures**

ACWWA defines a capital expenditure as the acquisition of or addition to fixed assets. These generally consist of 1.) machinery and equipment, furniture, and fixtures costing more than \$5,000 and lasting more than one year or; 2.) expenditures that result in the construction of or major improvements to ACWWA's building and infrastructure, generally consisting of projects costing more than \$5,000 and lasting more than three years.

## **Water Supply**

Set forth in the following table is a summary of ACWWA's current water rights portfolio and planned future supply. At full build-out of the service area, ACWWA estimates that demand will be approximately 10,500 acre-feet per year. ACWWA is currently pursuing the acquisition of additional water rights as part of its long-term capital improvements plan. Stated in terms of tap equivalents, ACWWA has the capacity to supply approximately 9,000 tap equivalents with its current water supplies. Currently, ACWWA is serving about 7,000 tap equivalents.

In November 2005, ACWWA acquired certain water rights on the Cherry Creek (the "Western Water Rights"). The Western Water Rights are projected to have an average annual yield of approximately 800 acre-feet and are derived from both groundwater and surface water sources. Additionally, ACWWA considers the water rights from the ACWWA Flow project as part of its long-term supply, but not part of its currently accessible water rights portfolio.

**Figure 5: Water Supply Summary (Dry Year Estimate)**

Type of Water	Current Supply in acre-feet	Planned Future Supply in acre- feet	Total
Surface water	410	800	1,210
Surface water through reuse	1,600	1,440	3,040
Nontributary Groundwater	1,930	1,000	2,930
Reuse Water	270	0	270
Proposed New Water Rights	1,000	1,930	2,930
Proposed New Water Rights through reuse	800	1,544	2,344
Total 6,010		6,714	12,724

The diversification of water supply sources reduces the potential regional impacts from unknown and undefined future risks to any single source as well as operational risks and reliance on ground water thus enhancing reliability. A sustained commitment to this diversification priority will result in a supply portfolio delineated on the graphic above.

## **Water Rights Priorities**

Securing a renewable water supply will be the biggest capital expenditure that ACWWA will have over the next 20 years. The ACWWA Flow Project is a very large component of this expenditure with a majority of its expenditures occurring by 2018. Additional projects will be required in the future to further enhance the yield of the ACWWA Flow Project as well as securing other renewable water supply sources.

## **Key Water Supply Programs**

Key Water Supply Programs that ACWWA is involved with include the ACWWA Flow Project, Cherry Creek Project Water Authority, Upper Cherry Creek Water Users Association, ACWWA's Non-potable Irrigation Program, water conservation, and the protection and operation of ACWWA's existing surface and groundwater supplies.

## **Debt Financing**

ACWWA will use debt financing when it is judged to be appropriate based on the long-term capital needs of ACWWA and ACWWA's ability to repay the indebtedness has been evaluated in light of all sources and uses of cash.

ACWWA will only incur long-term debt for the financing of capital improvements that are not expected to recur and are long-lived. Conversely, if the capital requirements are recurring, of relative small scale or are for short-lived improvements, the costs of these improvements should be paid from current revenues.



## **Acronyms and Abbreviations**

ACWWA	Arapahoe County Water and Wastewater Authority
CIP	Capital Improvement Plan
FTE	Full time Equivalent
FY	Fiscal Year
IWSD	Inverness Water and Sanitation District
O&M	Operations and Maintenance
PID	Public Improvement District
TBD	To Be Determined
TE's	Tap Equivalents

## **General Information**

Form of Government	Authority
Government Code Section	Colorado Revised Statutes Section 29-1-204.2
Date of Organization	November 1989
Fiscal Year End	December 31
Number of FTE's	32
Number of Accounts	3,200
Average Daily Customer Population	32,000

## **Operational Information**

Lone Tree Creek Water Reuse Facility	
Average Daily Wastewater Flow	2.4 million gallons
Total Capacity	3.6 million gallons
ACWWA's Capacity	2.5 million gallons
Inverness's Capacity	1.1 million gallons
Sewer Collection Pipeline (in miles)	102
Water Pipeline (in miles)	227
Number of Water Storage Tanks	3
Number of Fire Hydrants	1467

Number of Valves	5978
Number of Meters	4450
Number of Operational wells	22
Number of Booster Stations	3
Number of Lift Stations	3
Number of Manholes	3115
Number of Interceptors	7
Number of Water Tap Equivalents	5426
Number of Wastewater Tap Equivalents	5651

## **Glossary**

- **Accrual Basis** – The basis of accounting under which revenues are recorded when earned and measurable expenditures are recorded as soon as they result in liabilities for benefits receive.
- **ACWWA** – Arapahoe County Water and Wastewater Authority
- **ACWWA Flow Project** – A renewable water source project.
- **Adopted Budget** – ACWWA’s adopted budget is the fiscal years financial plan that details the Governing Board approved revenues and expenditures.
- **Alternate Water Supply** – The Alternative Water Supply is a search for new methods to meet current and project demands for water. These may include aquifer storage and recovery, wastewater reuse projects and the acquisition of water through the purchase of water rights.
- **Amendment** – An amendment is a change to an adopted budget. It can increase or decrease a fund total.
- **Appropriation** – An authorization granted by the Governing Board to make expenditures and to incur obligations for specific purposes.
- **Aquifer** – An aquifer is an underground bed or layer of earth, gravel or porous stone that yields water.
- **Aquifer Storage and Recovery** – This is the practice of injecting water into an aquifer through wells and then pumping it out as needed.
- **Assets** – Property owned by ACWWA which has monetary value.
- **Audit** – The examination of documents, records, report, systems of internal control, accounting and financial procedures, and other evidence for the purpose of ascertaining fair presentation of financial statements, determining propriety, legality and accuracy of transactions.
- **Bond** – A written promise, generally under seal, to pay a specified sum of money, called the face value or principal amount, at a fixed time in the future, called the date of maturity, and carrying interest, usually payable periodically.

- Budget – A resource allocation plan for the accomplishment of programs related to established objectives and goals within a definite period.
- Budget Message – The opening section of the budget, which provides the reader with a general summary, and description of the most important aspects of the budget, changes from the current and previous years, and the views and recommendations of management.
- Capital Improvement Plan (CIP) – A plan for capital expenditures to be incurred each year over a fixed period of years to meet the capital needs of ACWWA.
- Capital Outlay – Expenditures which result in the acquisition of or addition to fixed assets. Generally consists of machinery and equipment, furniture and fixtures costing more than \$1,000 and lasting more than one year.
- Capital Project – Expenditures which result in the construction of or major improvements to ACWWA's buildings and infrastructure. Generally consists of projects costing more than \$5,000 and lasting more than three years.
- Cash Basis – The basis of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.
- CWSD – Cottonwood Water and Sanitation District
- Debt – An obligation resulting from the borrowing of money or from the purchase of goods and services.
- Debt Service – Cash outlays in the form of debt principal payments, periodic interest payments and related services charges for debt incurred in prior periods.
- Deficit – The excess of expenditures over revenues during a fiscal year.
- Department – An organizational unit such as Water or Wastewater.
- Depreciation – The expiration in the service life of an asset generally attributable to wear and tear through use, lapse of time or obsolescence. Depreciation is generally not budgeted; however, it is accounted for on the financial statements.
- Disbursement – A cash payment for goods or services procured by ACWWA.
- Enterprise – An entity that qualifies under the Taxpayer's Bill of Rights (TABOR) as being a government-owned business authorized to issue its own revenue bonds and receiving under 10 percent of its annual revenue in grants from all Colorado state and local governments combined.
- Enterprise Fund – A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting, by user charges.
- Expenditure – Under the accrual basis or modified accrual basis, this term designates the cost of goods delivered or services rendered, whether paid or unpaid. This expression is generally used for governmental type funds.
- Expenses – Charges incurred, whether paid or unpaid for operation, maintenance, and interest, and other charges, which are presumed to benefit the current fiscal period. This expression is generally used for proprietary type funds such as enterprises, trust and agencies.

- Fiscal period – A period of time usually consisting of twelve months. At the end of the fiscal period a governmental unit determines its financial position and the results of its operations. ACWWA’s fiscal period is January 1 to December 31.
- FTE – An FTE is a “Full-Time Equivalent” which is equivalent to one full time employee who works 40 hours per week for 52 weeks, for a total of 2,080 work hours.
- Fund – A self-balancing accounting entity segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restriction or limitation such as Water and Wastewater.
- Fund Balance – Resources remaining from prior years, which are available to be budgeted in the current year.
- FY – Fiscal Year
- Generally Accepted Accounting Principles (GAAP) – Generally Accepted Accounting Principles are uniform minimum standards and guidelines for financial accounting and reporting. Currently, the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory are authorized to establish these principles.
- Gross Revenue – All income and revenues directly or indirectly derived from the operation and use of the System, or any part thereof.
- IWSD – Inverness Water and Sanitation District
- Internal Controls – A plan of organization under which employee’s duties are so arranged and records and procedures so designed as to make it possible to protect and exercise effective accounting control over assets, liabilities, revenues and expenditures.
- Long Term Debt – Debt that is legally payable from revenues and backed by the credit of ACWWA.
- MGD – Million gallons per day
- Operating Budget – A budget that applies to all other outlays other than capital projects.
- Operation and Maintenance (O&M) Expenses – All reasonable and necessary current expenses paid or accrued for operating, maintaining, and repairing the System.
- Performance Measures – A performance measure is a specific quantitative measure of work performed, outputs and inputs.
- PID – Public Improvement District. Specifically, the Arapahoe County Water and Wastewater Public Improvement District.
- Program – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.
- Pump Stations – A pump station is a manmade structure that uses a pump to transfer water from one location to another.
- Refunding Bonds – Bonds issued solely to retire bonds already outstanding.
- Reserve – An account which records a portion of the fund balance which must be segregated for some specific use and which is, therefore, not available for other expenditures.

- Resolution – A special or temporary order or decision of the Board of Directors acting as a legislative body. A resolution and a motion have the same force and effect.
- Retained Earnings – The cumulative earnings of an operation that generally have been invested in property, plant and equipment or current assets.
- Revenue – Additions to assets, which do not increase any liability, do not represent the recovery of expenditure, and do not represent the cancellation of certain liabilities.
- Revenue Bonds – Bonds whose principal and interest are payable exclusively from earnings of a public enterprise.
- SDWA – Safe Drinking Water Act
- Surplus – The excess of the assets of a fund over its liabilities or its resources over its disbursements.
- System – All water and wastewater facilities and properties, now owned or hereafter acquired, whether situated within or without ACWWA's boundaries.
- TBD – To be determined
- Taxpayer's Bill of Rights (T.A.B.O.R.) – An amendment to the constitution of Colorado enacted in 1992 that limits the powers of governments in Colorado to levy taxes and incur debt. It also sets forth revenue limits for non-enterprise systems. TABOR is found at Article X, Section 20 of the Colorado Constitution.

## **Financial Summaries**

- Accountant's Compilation Report
- Board Summary Forecasted 2015 Budget as Adopted
- Water Operations Forecasted 2015 Budget as Adopted
- Sewer Operations Forecasted 2015 Budget as Adopted
- Capital Equipment Forecasted 2015 Budget as Adopted
- Projects Forecasted 2015 Budget as Adopted
- Schedule of Debt Service Requirements to Maturity

# Accountant's Compilation Report



CliftonLarsonAllen LLP  
CLAconnect.com

## **Accountant's Compilation Report**

Board of Directors  
Arapahoe County Water and Wastewater Authority  
Arapahoe County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and funds available of the Arapahoe County Water and Wastewater Authority for the Enterprise Fund for the year ending December 31, 2015, including the forecasted estimate of comparative information for the year ending December 31, 2014, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2013 is presented for comparative purposes only. Such information is taken from the 2013 audit report of the Authority for the year ended December 31, 2013, as prepared by RubinBrown LLP, dated June 25, 2014, in which an unmodified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the Authority's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Arapahoe County Water and Wastewater Authority.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
December 10, 2014



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## **Board Summary Forecasted 2015 Budget as Adopted**

[illegible]



## Water Operations Forecasted 2015 Budget as Adopted

[illegible]

# Sewer Operations Forecasted 2015 Budget as Adopted

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY				
SEWER OPERATIONS				
FORECASTED 2015 BUDGET AS ADOPTED				
WITH 2013 ACTUAL AND 2014 ESTIMATED				
For the Years Ended and Ending December 31				
				12/10/14
				Page 3
	ACTUAL 2013	BUDGET 2014	ESTIMATED 2014	ADOPTED 2015
<b>REVENUES</b>				
Operating revenues:				
Sewer Charges	4,959,230	5,091,057	5,719,610	5,891,198
Fees for Services	449,739	345,056	518,142	483,231
Total operating revenues	5,408,969	5,436,113	6,237,752	6,374,429
<b>EXPENSES</b>				
Operating expenses:				
Office Expense	37,108	57,169	40,637	51,038
Salaries and Benefits	1,380,512	1,276,844	1,473,472	1,372,164
Insurance	83,983	96,797	78,495	81,631
Legal	10,895	52,055	28,477	81,000
Professional Fees	98,597	46,135	116,130	218,929
Repairs and Maintenance	215,292	375,489	248,155	287,107
Operational 38	3,977	497,492	441,768	481,528
Utilities	519,427	461,674	609,723	639,469
Contract Services	112,549	163,000	131,320	134,870
Bad Debt Expense	998	135	135	135
Other Supplies and Expense	93,197	3,888	67,759	3,888
Contingency	(2)	360,666	-	-
Total operating expenditures	2,936,533	3,391,344	3,236,071	3,351,760
Operating Income (not including depreciation)	2,472,436	2,044,769	3,001,680	3,022,670
<b>Non-operating revenues:</b>				
Interest Income	5,233	4,860	2,984	4,860
Miscellaneous Revenue	2,313	-	2,678	5,929
Tap Fees and Contributions	662,180	473,400	687,640	910,190
Total non-operating revenues	669,726	478,260	693,302	920,980
<b>Non-operating expenses:</b>				
Debt Service	1,337,844	1,384,152	1,384,152	1,387,690
Capital Outlay	-	213,000	247,589	41,294
Total non-operating expenses	1,337,844	1,597,152	1,631,741	1,428,984
NET INCOME (not including depreciation)	\$ 1,804,318	\$ 925,877	\$ 2,063,241	\$ 2,514,665

### **Capital Equipment Forecasted 2015 Budget as Adopted**

	<b>Adopted</b>
<b>Description</b>	<b>Budget</b>
New Pump/Motor Denmark Well	48,000
One Utility Bed Trucks	40,000
Utility Vac Trailer	14,000
Digital Sign Board Trailer	25,000
Zero Turn Mower	11,000
T.E. Checkvalve Replacement	8,000
Pump Motor Rebuilds	18,000
Complete Change of UV Bulb/Balasts	15,000
Floc Mixer Gear Drives	12,000
Rotary Screw Compressor Overhaul	10,000
1 MG Booster Pump Re-build	13,000
Valley Wet Well 1 Radar Level Control	9,000
Valley Wet Well 2 Radar Level Control	9,000
Two Replacement Trucks	54,000
<b>Total Proposed</b>	<b>\$ 286,000</b>

## Projects Forecasted 2015 Budget as Adopted

ARAPAHOE COUNTY WATER & WASTEWATER AUTHORITY			FY 2015 ADOPTED BUDGET	
2015 CIP Projects Budget ADOPTED		2015	Comment	
Category				
ADMINISTRATION	GIS Assessment		\$25,000	Re-assess ACWWA's GIS system needs - determine the GIS data needs, end user needs, identify equipment and software
ACWWA FLOW	Water Rights Adjudication		\$870,000	Funding related to legal and administrative costs for water rights acquisition
ACWWA FLOW	ACWWA Connecting Pipeline Final Engineering Design		\$350,000	Design of water main to connect ACWWA to ECCV supply main for 'Northern' water delivery by 7/2016
ACWWA FLOW	ACWWA Flow - System Modeling		\$90,000	Modeling = \$50k; Legal/Eng. = \$20k; Implementation/Project transfers = \$20k
ACWWA FLOW	ACWWA Flow - South Platte Storage Reservoir		\$1,900,000	Purchase of Water Storage for ACWWA Flow 500 Acre-foot water firming storage project
POTABLE	Disinfection Evaluation Study		\$125,000	Evaluate the methods for disinfection within our distribution system Coordination with ECCV and other sources for the potable water supply
POTABLE	Elkhorn Service Area - New Well		\$500,000	New Denver aquifer well located adjacent to the existing Arapahoe formation well. Well may produce 100 gpm +/-
POTABLE	Water Distribution System 1 MGAL Storage Tank Repair		\$200,000	Repairs to the interior and exterior that were discovered during the 2014 Storage Tank internal investigation
POTABLE	Cherry Creek Water Development		\$70,000	Protection of existing cases and file local water cases
POTABLE	SCADA System Improvement - Backup System		\$25,000	Provide another location with a full operational backup of ACWWA SCADA system should events (fire or weather) occur to disable the existing system
POTABLE	Water Development Projects		\$85,000	CCPWA & SWMSA Baseline Dues
CONTINGENCY	Unallocated Projects Budget - Contingency		\$600,000	Unallocated projects budget amount based on previous budget years unexpected project costs
2014 Carryover	2014 Projects - Carryover Budget		\$200,000	Carry over of 2014 authorized projects not completed within the 2014 budget year
2015 CIP Budget ADOPTED - PRIORITY 1 Projects			\$5,040,000	

# Schedule of Debt Service Requirements to Maturity

## ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

### SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2014

	\$22,940,000 Variable Rate Revenue Refunding Bonds, Series 2006			\$18,760,000 Variable Rate Water And Wastewater Revenue Bonds, Series 2007			\$91,545,000 Variable Rate Taxable Water And Wastewater Revenue Refunding Bonds, Series 2009A			\$5,525,000 Fixed Rate Water And Wastewater Revenue Refunding Loan Series 2012			Total Debt Service Requirements		
	Dated December 28, 2006			Dated August 23, 2007			Dated December 8, 2009			Dated September 26, 2012			Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 675,000	\$ 873,439	\$	\$ 530,000	\$ 737,363	\$	\$ 1,650,000	\$ 5,756,759	\$	-	\$	\$	\$ 2,855,000	\$ 7,487,887	\$ 10,342,887
2016	705,000	846,439		545,000	714,838		1,695,000	5,703,021		-			2,945,000	7,384,624	10,329,624
2017	740,000	811,189		570,000	691,675		1,740,000	5,627,599		-			3,050,000	7,250,789	10,300,789
2018	775,000	774,189		600,000	663,175		1,790,000	5,546,776		1,055,000			4,220,000	7,104,466	11,324,466
2019	805,000	743,189		630,000	637,675		1,845,000	5,459,155		1,080,000			4,360,000	6,937,452	11,297,452
2020	840,000	710,989		650,000	608,550		1,915,000	5,364,230		1,110,000			4,515,000	6,757,765	11,272,765
2021	875,000	677,389		680,000	579,300		1,980,000	5,262,831		1,135,000			4,670,000	6,569,429	11,239,429
2022	915,000	637,389		710,000	548,700		2,050,000	5,155,020		1,145,000			4,820,000	6,366,389	11,186,389
2023	950,000	598,770		750,000	515,863		2,120,000	5,040,322		-			3,820,000	6,154,954	9,974,954
2024	995,000	556,739		780,000	481,175		2,200,000	4,918,528		-			3,975,000	5,956,442	9,931,442
2025	1,035,000	514,450		820,000	445,100		2,285,000	4,788,838		-			4,140,000	5,748,388	9,888,388
2026	1,080,000	470,464		860,000	404,100		2,380,000	4,641,913		-			4,320,000	5,516,476	9,836,476
2027	1,125,000	424,564		900,000	363,250		2,480,000	4,488,879		-			4,505,000	5,276,692	9,781,692
2028	1,175,000	376,750		940,000	320,500		2,585,000	4,329,415		-			4,700,000	5,026,665	9,726,665
2029	1,225,000	326,814		990,000	273,500		2,690,000	4,163,199		-			4,905,000	4,763,513	9,668,513
2030	1,275,000	274,750		1,040,000	224,000		2,805,000	3,990,232		-			5,120,000	4,488,982	9,608,982
2031	1,340,000	211,000		1,090,000	172,000		2,925,000	3,807,066		-			5,355,000	4,190,066	9,545,066
2032	1,405,000	144,000		1,145,000	117,500		3,050,000	3,616,063		-			5,600,000	3,877,563	9,477,563
2033	1,475,000	73,750		1,205,000	60,250		3,175,000	3,416,898		-			5,855,000	3,550,898	9,405,898
2034	-	-		-	-		6,125,000	3,209,571		-			6,125,000	3,209,571	9,334,571
2035	-	-		-	-		6,385,000	2,809,608		-			6,385,000	2,809,608	9,194,608
2036	-	-		-	-		6,660,000	2,383,090		-			6,660,000	2,383,090	9,043,090
2037	-	-		-	-		6,950,000	1,938,202		-			6,950,000	1,938,202	8,888,202
2038	-	-		-	-		7,250,000	1,473,942		-			7,250,000	1,473,942	8,723,942
2039	-	-		-	-		14,815,000	989,642		-			14,815,000	989,642	15,804,642
<b>Total</b>	<b>\$ 19,410,000</b>	<b>\$ 10,046,257</b>	<b>\$</b>	<b>\$ 15,435,000</b>	<b>\$ 8,558,513</b>	<b>\$</b>	<b>\$ 91,545,000</b>	<b>\$ 103,880,795</b>	<b>\$</b>	<b>\$ 5,525,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 131,915,000</b>	<b>\$ 123,213,493</b>	<b>\$ 255,128,493</b>