

WOODMEN HILLS METROPOLITAN DISTRICT

RESOLUTION TO ADOPT BUDGET

RESOLUTION NO. 2017-01-26-2

WHEREAS, the Board of Directors (“Board”) of Woodmen Hills Metropolitan District (“District”) has appointed a budget committee to prepare and submit a proposed 2017 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board on or before September 16, 2016 for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on October 27, 2016, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“TABOR”) and other laws or obligations which are applicable to or binding upon the District; and

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Woodmen Hills Metropolitan District:

1. That estimated expenditures for each fund are as follows:

Enterprise Funds:

Park and Recreation (operation, maintenance, administration, contingency, capital projects outlay and supplemental interest, if any)	\$1,990,099
Water and Sewer (operation, maintenance, administration, contingency, capital projects outlay and supplemental interest, if any)	6,044,971
Total	<hr/> \$8,035,070

2. That estimated revenues are as follows:

Park and Recreation Enterprise Fund:

From unappropriated surpluses	\$2,076,247
From sources other than general property tax	1,923,521
Total	<u>\$3,999,768</u>

Water and Sewer Enterprise Fund:

From unappropriated surpluses	\$5,875,612
From sources other than general property tax	4,811,475
Total	<u>\$10,687,987</u>

3. That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Woodmen Hills Metropolitan District for the 2017 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Woodmen Hills Metropolitan District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

Enterprise Funds:

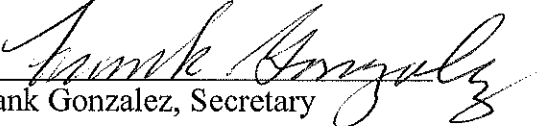
Park and Recreation (operation, maintenance, administration, contingency, capital projects outlay and supplemental interest, if any)	\$1,990,099
Water and Sewer (operation, maintenance, administration, contingency, capital projects outlay and supplemental interest, if any)	6,044,971
Total	<u>\$8,035,070</u>

Adopted this 17th day of November, 2016.

WOODMEN HILLS METROPOLITAN
DISTRICT

By: 
Lynne Bliss, Chairman

ATTEST:

By: 
Frank Gonzalez, Secretary

WOODMEN HILLS METROPOLITAN DISTRICT

El Paso County, Colorado

2017 Budget Assumptions

General

Woodmen Hills Metropolitan District is an independent governmental entity organized on November 8, 1995, under provisions of the Colorado Revised Statutes. It operates entirely within El Paso County but is not part of the County government. This District is governed by a Board of Directors that are elected by residents and property owners within the District.

This budget presents the activities of the District, which is legally separate and financially independent of other state and local governments. The Woodmen Hills Metropolitan District utilizes three separate financial categories of activities; one for the Park and Recreation Enterprise, and one for the Water Enterprise and one for the Wastewater Enterprise. Each of these, in turn, is segregated into operational and capital expenditures.

Together, these enterprises comprise the overall government-wide budget. The Park and Recreation Enterprise operates, maintains and improves public parks, trails, recreation centers and recreational programs, and funds the street lighting infrastructure. The Water Enterprise operates, maintains and improves a public water system, which includes provision of reusable water and performance of administration and environmental functions for the District service area. The Wastewater Enterprise operates, maintains and improves the public wastewater collection and treatment systems, storm water facilities, drainage facilities and related administration and environmental functions for the District service area, which includes Falcon Highlands Metropolitan District, Paint Brush Hills Metropolitan District and 4Way wastewater customers.

Management has forecasted, to the best of its ability, the budgetary figures for each enterprise. There have been unforeseen expenditures causing changes in the financial position of the District in the three previous years and it is expected that there may be unforeseen expenditures in budget year 2017.

The Governmental Accounting Standards Board (GASB) in Section 2100 of its Codification of Governmental Accounting and Financial Reporting Standards has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

Budget Assumptions

In the 2017 budget, rate increases for water, sewer and recreation have been assumed at the following levels.

Park & Recreation Monthly Fee	2.5%
Park & Recreation Program Fees	0%
Water Monthly Base Rate	2.5%
Water Tiered Usage Rates	2.5%
Water Construction Usage Rate	2.5%
Water Commercial Usage Rate	2.5%
Water Outside-of-District Usage Rate	N/A
Wastewater In-District Monthly Fee	3.5%
Wastewater Out-of-District Monthly Fee	3.5%

The rate and fee increases are based on observed increases in actual costs during the 2017 budget year. The budget is a cash budget and assumes an allocation to all three enterprises for general and administrative expenditures.

Fund Accounting

The District uses funds to report on its financial position and results of its operations. The proprietary funds (Enterprises) are used to account for their activities similar to those found in the private sector, where the determination of net revenue is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (Enterprise Funds).

The District has elected, under the GASB Statement # 20 not to apply statements issued by the Financial Accounting Standards Board after November 30, 1989. New GASB pronouncements on accounting and financial reporting for proprietary activities will be followed.

Basis of Accounting

The financial statements are presented as an enterprise fund using the accrual method of accounting.

Encumbrances

The District does not utilize encumbrances accounting.

Inventories

Inventory is stated at cost.

Revenues

Residential water revenue is forecasted using 2,546 single-family equivalents. The base amount billed each month at \$16.71 per house plus the usage rate of \$0.28 per 100 gallons from 0 to 7,500 gallons of water, plus \$0.41 per 100 gallons of water from 7,501 to 10,000 gallons, \$1.21 per 100 gallons of water used from 10,001 gallons to 20,000 gallons, \$1.62 per 100 gallons of water used from 20,001 to 30,000 and \$2.01 per 100 gallons of water used for anything above 30,001 gallons of water. This is a tiered rate structure to promote water conservation. Commercial water revenue has been forecasted based upon various tap sizes for 60 taps and consumption occurring in prior years. The rate for commercial customers is \$0.94 per 100 gallons of water used for domestic and irrigation purposes. Out-of-District commercial customer rates are billed at a monthly base amount of \$53.54 per single family equivalent in each such commercial tap plus a usage rate of \$1.40 per 100 gallons used.

Residential Wastewater revenue is forecasted using 2,546 single-family equivalents billed each month at the increased flat monthly rate of \$39.63. Revenue for residential wastewater in the Falcon Highlands service area is forecasted using 346 homes being billed at the increased base rate of \$39.63 plus \$2.50 per 1,000 gallons of water, based on average water consumption for the months January, February and March of each year as set out in the existing intergovernmental agreement between the Districts. Revenue for residential wastewater in the Paint Brush Hills service area is forecasted at the increased flat monthly in-District rate of \$35.11 per month for wastewater treatment only.

Commercial Wastewater revenue is based on water consumption used during each month and is forecasted based on consumption that occurred in prior years, and will be billed at a rate of \$1.15 per 100 gallons of water used. Commercial Out-of-District wastewater is billed at a rate of \$1.73 per 100 gallons.

Other income results primarily from drainage fees, parks and recreation program fees, water leasing fees, and street lighting fees. These fees have not been increased.

Operating and Maintenance Expenses

Operating costs in general are based on recent operating expenditures for 2016 with an increase for known changes in operations. Explanations for some of the more significant operating expenditures are presented below:

Employee wages and benefits assume the employment of 19 full time employees and 33 part-time employees.

Professional fees assume legal and certain other professional fees including consulting, engineering and auditing services.

Water and Wastewater Operations are performed by the District.

Park and Recreation Operations are performed by the District; to include the operations of both the recreation centers.

Non-Operating Revenues and Expenses

Interest income results primarily from investment of reserved funds.

Tap fees for 2017 are forecasted assuming 45 taps at \$11,000 each with a system development fee of \$2,050 for water and wastewater, for one SFE, 0 taps at \$5,500 each for wastewater only in Falcon Highlands and 60 taps fees at \$2,000 per tap in Paint Brush Hills, in accordance with existing intergovernmental agreements with those districts.

Please also note the Series 2009 Bonds have been refinances into the Series 2016 Bonds.

Interest on principal expense forecasted for 2017 is composed of the following:

Park and Recreational Bond and Refunding Series 2016	\$78,532
Water and Wastewater Bond and Refunding Series 2016	\$357,756
COP Lease Series 2016	\$528,379
Total	<hr/> \$964,667

Principal expense forecasted for 2017 is comprised of the following:

Park and Recreational Bond and Refunding Series 2016	\$90,000
Water and Wastewater Bond and Refunding Series 2016	\$410,000
COP Lease Series 2016	\$470,000
Total	<hr/> \$970,000

WOODMEN HILLS METROPOLITAN DISTRICT

El Paso County, Colorado

2017 Budget Message

I. District Services

The District was organized for the purpose of providing water, wastewater services, street lights, and parks and recreation services.

II. BASIS OF ACCOUNTING

The basis of accounting utilized in the preparation of the 2017 budget for the District is the cash method. The District's 2017 budget includes projected revenues and expenditures for the Water enterprise, Wastewater enterprise, and the Park and Recreation enterprise fund.

III. IMPORTANT FEATURES OF THE BUDGET

A. Revenue

Revenue for the District comes from user fees and charges to customers in its service area. These fees include drainage fees, parks and recreation fees, water use fees, wastewater fees, street lighting fees, water leasing fees, and tap fee income.

B. Expenditures

These expenses include general governmental, administrative and management costs, professional and other fees, operation and maintenance costs, insurance and other miscellaneous costs.

C. Funds Available

Surplus funds from year to year are carried forward to assist future funding of debt service and capital improvement.

IV. ANTICIPATED CAPITAL EXPENDITURE PROJECTS

The Board anticipates the following major projects for fiscal year 2017:

2017 Projected Expenditures Parks and Recreation Enterprise:

#	Item	2017	2018
1	CCW/RCE - Renovation	\$500,000.00	
2	RCE - HVAC Upgrade	\$35,000.00	
3	John Deere Z950M Mower	\$9,650.00	
4	Swimming Pool Automation and bleach conversion	\$18,735.00	
5	John Deere3038E Utility Tractor and Rotary Cutter		\$21,360.00
6	John Deere HPX Gator with snow and safety accessories		\$15,770.00
7	Ford F250 Extended Cab		\$45,000.00
8	Marketing: Banners and frames		\$19,200.00

2017 Projected Expenditures Parks and Recreation Enterprise Cont.:

9	Pool Furniture/ deck Paint		\$13,328.00
10	Horseshoe Park-renovation		\$35,000.00
Total Cost for 2017 Capital/Budget Planning Worksheet		\$563,385.00	\$114,658.00

2017 Projected expenditures Water and Wastewater Enterprise:

	2017	2018
WATER		
Well / Pump & Motor Replacement	150,000.00	
New Potable Water Storage (Tank, Piping, Land, Easements)	4,000,000.00	
SCADA Upgrades	75,000.00	50,000.00
Relocations	75,000.00	50,000.00
New Well @ Guthrie Well Site		500,000.00
Paint 1MG Tank (Exterior)		75,000.00
Remodel/Extend Office Area	150,000.00	
Geographic Information System (GIS)	25,000.00	
Accounting Software	16,500.00	
Paint 2MG Tank (Roof)	20,000.00	
Truck	40,000.00	
Total	4,551,500.00	675,000.00
WASTEWATER		
Waste Water Treatment Plant (Planning/Permitting/Preliminary Design/Construction)	2,000,000.00	9,000,000.00
SCADA Upgrades	35,000.00	25,000.00
Relocations	50,000.00	
Remodel/Extend Office Area	150,000.00	
Geographic Information System (GIS)	25,000.00	
Accounting Software	16,500.00	
Total	2,276,500.00	9,025,000.00

V. ANTICIPATED PRINCIPAL PAYMENTS ON DEBT -

\$970,000

BUDGET 2017

		Audited	Budget	Budget
		2015	2016	2017
44000	Revenue			
44100	Park & Rec Enterprise Revenue	1,745,065	1,766,194	1,805,070
44300	Recreational Program Revenues	140,335	176,764	176,764
44900	44900 - Other Park & Rec Revenue	18,900	5,400	20,250
49000	Gen'l & Administrative Revenue	26,525	17,294	17,294
42000	Total Revenue	1,930,825	1,965,652	2,019,377
70000	70000 - Expense			
70010	Accounting & Audit Fees	4,935	5,860	5,860
70050	Election Cost	0	7,500	7,500
70100	Auto, Vehicles & Truck	8,358	9,500	9,500
70120	Chemicals	12,178	19,508	19,508
70160	Employee Costs	13,960	15,000	15,000
70170	Employee Benefits	45,332	64,053	65,654
70180	Engineering	2,121	25,000	25,000
70190	G&A-Tele/Consulting/Fees/Dues	34,676	46,986	52,650
70200	Insurance	28,428	30,705	30,705
70260	Legal Fees	38,999	62,500	62,500
70270	Licenses, Permits & Fees	431	720	720
70290	Community Relations/Advertising	8,743	12,000	12,000
70330	Office Expenses	26,571	25,620	25,620
70340	Payroll Taxes	40,972	45,768	47,141
70370	Repairs & Maintenance	137,512	230,145	280,145
70400	Rent Expenses	632	1,000	1,000
70410	Salaries & Wages	520,790	572,100	604,296
70420	Security	12,520	13,282	13,282
70450	Utilities	287,026	468,912	473,462
74580	Contingency	0	20,000	20,000
70000	Total - O&M Expense	1,224,186	1,676,159	1,771,543
70350	Recreational Program Expenses	16,553	42,000	42,000
70210	Debt Service Expense	239,230	241,351	168,532
70195	Revenue Bond Expense	239,230	241,351	168,532
70212	Principal Payment	0	0	90,000
70214	Interest Payment	239,230	241,351	78,532
70000	Overall Total Expense	1,479,969	1,959,510	1,982,075
	Available Reserve Funds	450,856	6,142	37,302

BUDGET 2017

		Audited	Budget	Budget
		2015	2016	2017
42000	Revenue			
42100	Water Use Fees	1,650,457	1,844,954	1,889,586
42200	Water Resource Fees	1,130,011	1,140,938	1,140,938
42300	Water Tap Fees	182,149	78,300	293,625
49000	Gen'l & Administrative Revenue	31,037	19,866	21,732
42000	Total Revenue	2,993,653	3,084,058	3,345,881
70000	70000 - Expense			
70010	Accounting & Audit Fees	5,758	6,825	6,825
70050	Election Cost	0	8,750	8,750
70100	Auto, Vehicles & Truck	16,193	33,000	33,000
70120	Chemicals	22,379	28,691	30,700
70122	Cherokee Water	75,567	82,750	85,233
70160	Employee Costs	7,861	17,972	17,972
70170	Employee Benefits	74,898	141,014	148,064
70180	Engineering	117,888	125,000	170,000
70190	G&A-Tele/Consulting/Fees/Dues	23,726	40,729	43,457
70200	Insurance	48,376	35,882	35,882
70260	Legal Fees	106,247	150,000	225,000
70270	Licenses, Permits & Fees	2,048	26,250	26,250
70280	Locating Service	959	800	1,200
70290	Community Relations/Advertising	4,659	5,000	21,800
70330	Office Expenses	18,101	24,425	24,425
70340	Payroll Taxes	30,597	40,979	41,969
70370	Repairs & Maintenance	154,164	163,000	178,000
70400	Rent Expenses	798	1,000	1,000
70410	Salaries & Wages	426,765	512,261	524,594
70420	Security	2,456	22,000	22,000
70440	Testing	8,774	13,500	14,000
70450	Utilities	199,671	261,259	270,459
70457	Well Monitoring	432	1,000	1,200
70460	Water Meters	11,245	8,368	8,800
74580	Contingency	0	72,488	72,488
70000	Total - O&M Expense	1,359,562	1,822,943	2,013,068
70240	Debt Service Expense	1,155,188	1,152,654	733,311
	Revenue Bond Expense	686,148	683,614	383,878
70242	Principal Payment			205,000
70244	Interest Payment	676,780	683,614	178,878
70250	Expenses - Other	9,368	0	0
70210	COP Lease Expense	469,040	469,040	349,433
70195	Principal Payment	0	0	164,500
70212	Interest Payment	469,040	469,040	184,933
70000	Overall Total Expense	2,514,750	2,975,597	2,746,379
	Available Reserve Funds	478,904	108,461	599,502

BUDGET 2017

		Audited	Budget	Budget
		2015	2016	2017
43000	Revenue			
43100	Sewer Use Fees	1,705,109	1,984,912	2,027,156
43200	Sewer Tap Fees	194,523	135,300	408,500
49000	Gen'l & Administrative Revenue	31,053	17,785	21,734
43000	Total Revenue	1,930,684	2,137,997	2,457,390
70000	70000 - Expense			
70010	Accounting & Audit Fees	5,758	6,825	6,825
70050	Election Cost	0	8,750	8,750
70100	Auto, Vehicles & Truck	11,516	31,905	31,905
70120	Chemicals	22,421	25,000	26,750
70160	Employee Costs	9,056	11,005	11,005
70170	Employee Benefits	59,674	126,128	132,435
70180	Engineering	127,429	85,000	85,000
70190	G&A-Tele/Consulting/Fees/Dues	21,605	45,366	48,094
70200	Insurance	31,697	29,922	29,922
70250	Lease Expenses - Other	0	0	0
70260	Legal Fees	55,691	110,000	75,000
70270	Licenses, Permits & Fees	14,124	12,920	17,420
70280	Locating Service	959	1,149	1,149
70290	Community Relations/Advertising	4,497	6,000	22,800
70330	Office Expenses	18,496	22,836	22,836
70340	Payroll Taxes	30,345	38,298	38,382
70370	Repairs & Maintenance	88,392	373,000	323,000
70400	Rent Expenses	1,583	1,294	1,294
70410	Salaries & Wages	428,819	478,723	462,927
70420	Security	2,456	16,000	16,000
70440	Testing	21,288	25,000	25,233
70450	Utilities	154,810	229,237	202,237
74580	Contingency	0	68,667	68,667
70000	Total - O&M Expense	1,110,614	1,753,025	1,657,630
70210	Debt Service Expense	373,438	367,920	1,032,824
70195	Revenue Bond Expense	0	0	383,878
70212	Principal Payment	0	0	205,000
70214	Interest Payment	364,420	367,920	178,878
70215	Expenses - Other	9,018	0	0
	COP Lease Expense	0	0	648,946
	Principal Payment	0	0	305,500
	Interest Payment	0	0	343,446
70000	Overall Total Expense	1,484,052	2,120,945	2,690,454
	Available Reserve Funds	446,632	17,052	-233,064

2017 Capital Improvements

	2017	2018
WATER		
Well / Pump & Motor Replacement	150,000.00	
New Potable Water Storage (Tank, Piping, Land, Easements)	4,000,000.00	
SCADA Upgrades	75,000.00	50,000.00
Relocations	75,000.00	50,000.00
New Well @ Guthrie Well Site		500,000.00
Paint 1MG Tank (Exterior)		75,000.00
Remodel/Extend Office Area	150,000.00	
Geographic Information System (GIS)	25,000.00	
Accounting Software	16,500.00	
Paint 2MG Tank (Roof)	20,000.00	
Truck	40,000.00	
Total	4,551,500.00	675,000.00
WASTEWATER		
Waste Water Treatment Plant (Planning/Permitting/Preliminary)	2,000,000.00	9,000,000.00
SCADA Upgrades	35,000.00	25,000.00
Relocations	50,000.00	
Remodel/Extend Office Area	150,000.00	
Geographic Information System (GIS)	25,000.00	
Accounting Software	16,500.00	
Total	2,276,500.00	9,025,000.00

**Woodmen Hills Parks and Recreation Department
2017 Capital/Budget Planning Worksheet**

#	Item	2017	2018
1	CCW/RCE - Renovation	\$500,000.00	
2	RCE - HVAC Upgrade	\$35,000.00	
3	John Deere Z950M Mower	\$9,650.00	
4	Swimming Pool Automation and bleach conversion	\$18,735.00	
5	John Deere3038E Utility Tractor and Rotary Cutter		\$21,360.00
6	John Deere HPX Gator with snow		\$15,770.00
7	Ford F250 Extended Cab		\$45,000.00
8	Marketing: Banners and frames		\$19,200.00
9	Pool Furniture/ deck Paint		\$13,328.00
10	Horseshoe Park-renvoation		\$35,000.00
Cost for 2016 Capital/Budget Planning Work:		\$563,385.00	\$114,658.00