

BUDGET RESOLUTION

(2024)

CERTIFIED COPY OF RESOLUTION

STATE OF COLORADO)
) ss.
COUNTY OF ELBERT)

At the regular meeting of the Board of Directors of United Water & Sanitation District, County of Elbert, Colorado, held at 11:30 AM on Tuesday, November 28, 2023, at 8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111, by videoconference and by teleconference, there were present:

Robert A. Lembke
Jason VonLembke
Ronald E. von Lembke
James Korpall
Andrew R. Damiano

Also present was Michael Davis and Marisa Davis of the Law Office of Michael E. Davis, LLC (“District Counsel”)

District Counsel reported that, prior to the meeting, legal counsel had notified each of the directors of the date, time and place of this meeting and the purpose for which it was called. District Counsel further reported that this is a regular meeting of the Board of Directors of the District and that a notice of the meeting was posted on the District’s public website or at a public place within the boundaries of the District pursuant to applicable statutes and at the Elbert County Clerk and Recorder’s Office, and to the best of their knowledge, remains posted to the date of this meeting.

Thereupon, Director Jason VonLembke introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR TO HELP DEFRAY THE COSTS OF THE GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE UNITED WATER & SANITATION DISTRICT, ELBERT COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024 AND ENDING ON THE LAST DAY OF DECEMBER, 2024.

WHEREAS, the Board of Directors (the “Board”) of the United Water & Sanitation District (the “District”) has authorized its consultants, treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2023; and

WHEREAS, the proposed 2024 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on October 26, 2023 in the Ranchland News, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 11:30 AM on Tuesday, November 28, 2023, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the 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 UNITED WATER & SANITATION DISTRICT, ELBERT COUNTY, COLORADO, AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein (the “Budget”), including without limitation the estimated revenues and expenditures for each fund included therein, is hereby approved and adopted as the budget of the District for fiscal year 2024. In the event of recertification of values by the County Assessor’s Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Appropriations. The amounts set forth as expenditures for each fund in the Budget are hereby appropriated for each such fund.

Section 3. Mill Levy Adjustment. When developing the Budget, consideration was given to any changes in method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines that in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 4. Budget Certification. The Budget shall be certified by a director on the board of directors of the District and shall be made a part of the public records of the District.


Section 5. Certification of Mill Levies. For the purposes of meeting all of the District's general operating expenses, debt service obligations, contractual obligations, and capital expenditure obligations, as well as funding any applicable refunds or abatements during the 2024 budget year, the applicable mill levies set forth in the Budget are hereby adopted and approved. The attorney, accountant or manager for the District is hereby authorized and directed to certify to the Elbert County Board of County Commissioners, no later than January 10, 2024, the mill levies for the District as set forth in the Budget. Such certification shall be in compliance with the requirements of Colorado law.

Section 6. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the Budget, and budget message with the Division of Local Government by January 30 of the ensuing year.

The foregoing Resolution was seconded by Director Korpala.

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 28, 2023.

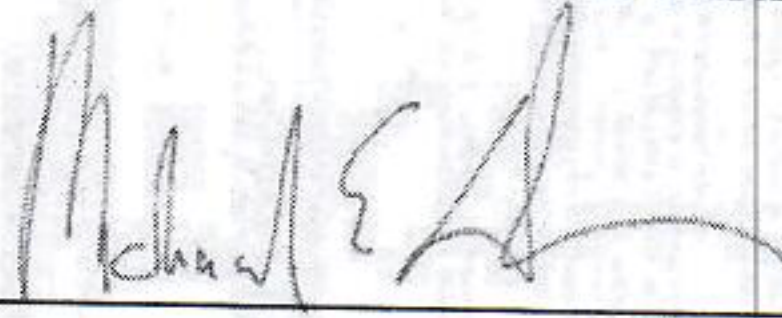
UNITED WATER & SANITATION DISTRICT

By: 
Robert A. Lembke, President

ATTEST:


Jason VonLembke, Secretary

APPROVED AS TO FORM:
LAW OFFICE OF MICHAEL E. DAVIS, LLC
As General Counsel to the District



STATE OF COLORADO
COUNTY OF ELBERT
UNITED WATER & SANITATION DISTRICT

I, Jason VonLembke, hereby certify that I am a director and the duly elected and qualified Secretary of United Water & Sanitation District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 11:30 AM on Tuesday, November 28, 2023, at 8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111, by videoconference at <https://us06web.zoom.us/j/8263755286>, and by teleconference at (720) 707-2699, Meeting ID: 826 3755 5286, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2024; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on November 28, 2023.



Jason VonLembke (Secretary), Secretary/Treasurer

EXHIBIT A
2024 BUDGET DOCUMENT & BUDGET MESSAGE FOR
UNITED WATER & SANITATION DISTRICT

UNITED WATER & SANITATION DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**UNITED WATER & SANITATION DISTRICT
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 22,775,366	\$ 11,580,579	\$ 12,665,359
REVENUES			
Interest income	367,757	1,004,500	70,000
ECCV - Phase I revenue	271,362	1,100,000	1,000,000
ECCV - Phase II	943,490	-	-
Miscellaneous revenue	261,978	255,000	255,000
Operation Revenue	2,428,854	2,400,000	2,400,000
Property taxes	1	77	92
Specific ownership taxes	-	1	5
Severance tax	204,705	85,000	85,000
Water certificate sales	8,000,000	-	-
Water sales	128,099	296,273	2,351,442
Agricultural revenue	-	4,000	5,000
Sale of Water Certificates - Lochbuie Station	1,544,553	-	-
Sale of Water Certificates - Silver Peaks / Walton	1,599,526	1,600,000	1,600,000
IGA revenue - WAWDA	60,822	65,100,000	-
IGA revenue - PRMD	-	600,000	-
IGA revenue - SBB	-	2,005,600	10,000,000
Line of Credit proceeds	-	1,000,000	-
Water pumping revenue	-	40,000	-
Developer advance	-	3,750,000	-
Water usage storage - ACWWA	-	1,900,000	-
Total revenues	15,811,147	81,140,451	17,766,539
Total funds available	38,586,513	92,721,030	30,431,898
EXPENDITURES			
General Fund	23,149,651	79,184,402	18,730,000
Enterprise Fund	3,856,283	871,269	970,000
Total expenditures	27,005,934	80,055,671	19,700,000
ENDING FUND BALANCES	\$ 11,580,579	\$ 12,665,359	\$ 10,731,898
EMERGENCY RESERVE	\$ 470,200	\$ 2,310,900	\$ 461,600
AVAILABLE FOR OPERATIONS	9,367,976	2,115,825	1,120,556
RESTRICTED FOR DEBT SERVICE	-	7,006,727	6,506,393
ENTERPRISE FUND RESERVE	1,742,403	1,231,907	2,643,349
TOTAL RESERVE	\$ 11,580,579	\$ 12,665,359	\$ 10,731,898

**UNITED WATER & SANITATION DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION			
Commercial	\$ 290	\$ 290	\$ 280
State assessed	-	10	10
Personal property	-	1,066	1,110
	<u>290</u>	<u>1,366</u>	<u>1,400</u>
Certified Assessed Value	<u>\$ 290</u>	<u>\$ 1,366</u>	<u>\$ 1,400</u>
MILL LEVY			
General	55.000	55.000	65.455
Total mill levy	<u>55.000</u>	<u>55.000</u>	<u>65.455</u>
PROPERTY TAXES			
General	\$ 16	\$ 75	\$ 92
Levied property taxes	16	75	92
Adjustments to actual/rounding	(15)	2	-
Budgeted property taxes	<u>\$ 1</u>	<u>\$ 77</u>	<u>\$ 92</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 1</u>	<u>\$ 77</u>	<u>\$ 92</u>
	<u>\$ 1</u>	<u>\$ 77</u>	<u>\$ 92</u>

UNITED WATER & SANITATION DISTRICT
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

11/1/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 17,317,479	\$ 9,838,178	\$ 11,433,452
REVENUES			
Interest income	355,057	980,000	40,000
ECCV - Phase I revenue	271,382	1,100,000	1,000,000
ECCV - Phase II	943,490	-	-
Miscellaneous revenue	281,978	255,000	255,000
Operation Revenue	2,428,854	2,400,000	2,400,000
Property taxes	1	77	92
Specific ownership taxes	-	1	5
Severance tax	204,705	85,000	85,000
Water sales	8,000,000	-	-
Agricultural revenue	-	4,000	5,000
Sale of Water Certificates - Lochbuie Station	1,544,553	-	-
Sale of Water Certificates - Silver Peaks / Walton	1,599,528	1,800,000	1,800,000
GA revenue - WAWDA	80,822	85,100,000	-
GA revenue - PRMD	-	800,000	-
GA revenue - SBB	-	2,005,800	10,000,000
Line of Credit proceeds	-	1,000,000	-
Developer advance	-	3,750,000	-
Water usage storage - ACWWA	-	1,900,000	-
Total revenues	<u>15,870,348</u>	<u>80,779,878</u>	<u>15,385,097</u>
Total funds available	<u>22,987,827</u>	<u>80,817,854</u>	<u>28,818,549</u>
EXPENDITURES			
General and administrative			
Accounting	384,807	280,000	300,000
Accounting consulting	-	120,000	120,000
Auditing	31,400	25,000	32,000
Consulting	158,504	90,000	90,000
County Treasurer's fee	-	2	1
Directors' fees	5,800	8,500	8,500
Licenses and Fees	-	20,000	20,000
Dues and membership	12,500	-	-
Insurance	155,043	148,252	180,000
District management	701,073	800,000	800,000
Legal	884,082	500,000	500,000
Miscellaneous	18,935	120,000	120,000
Organization costs	-	18,209	20,000
Easement expenses	-	23,880	25,000
Repairs and maintenance	1,421,349	800,000	800,000
Agriculture expense	3,181	5,745	5,745
Engineering	808,907	380,000	450,000
Uniforms	393	2,000	2,500
Equipment	313,595	-	-
Water Certificate Sales	792,358	-	-
Utilities	174,421	200,000	200,000
Operation supplies	1,333	30,000	30,000
System Operations	1,912,183	2,853,944	2,745,000
Support Services	2,779	102,310	120,000
Debt Service			
Note principal - Series 2017	1,801,071	1,282,500	1,420,000
Note interest - Series 2017	388,091	403,056	370,725
Note principal - Series 2020	832,438	858,977	3,607,834
Note interest - Series 2020	858,834	833,820	807,834
Repay developer advance - principal	390,000	25,183,482	-
Repay developer advance interest	89,834	18,519,878	-
Repay line of credit	-	1,008,000	-
Paying agent fees	3,500	10,000	10,000
Capital Outlays			
Water usage expense	70,978	125,000	125,000
Capital outlay	8,000,000	344,833	8,000,000
Capital Outlays- Equipment	241,884	181,381	-
Capital Outlay - Capital projects	2,848,805	1,513,898	-
Capital Outlay - Water storage	298,358	23,081,478	-
Banking fees	9,839	500	-
Contingency	-	-	21,881
Total expenditures	<u>23,149,851</u>	<u>79,184,402</u>	<u>18,730,000</u>
ENDING FUND BALANCES	<u>\$ 9,838,178</u>	<u>\$ 11,433,452</u>	<u>\$ 8,088,549</u>
EMERGENCY RESERVE	\$ 470,200	\$ 2,310,900	\$ 481,800
RESTRICTED FOR DEBT SERVICE	-	7,006,727	6,508,393
AVAILABLE FOR OPERATIONS	9,387,978	2,115,825	1,120,558
TOTAL RESERVE	<u>\$ 9,838,178</u>	<u>\$ 11,433,452</u>	<u>\$ 8,088,549</u>

No assurance provided. See summary of significant assumptions.

**UNITED WATER & SANITATION DISTRICT
 BIJOU AGRICULTURE - ENTERPRISE FUND
 2024 BUDGET
 WITH 2022 ACTUAL AND 2023 ESTIMATED
 For the Years Ended and Ending December 31,**

1/11/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUNDS AVAILABLE	\$ 5,457,887	\$ 1,742,403	\$ 1,231,907
REVENUES			
Interest income	12,700	24,500	30,000
Water sales	128,099	296,273	2,351,442
Water pumping revenue	-	40,000	-
Total revenues	<u>140,799</u>	<u>360,773</u>	<u>2,381,442</u>
Total funds available	<u>5,598,686</u>	<u>2,103,176</u>	<u>3,613,349</u>
EXPENDITURES			
General and administrative			
Accounting	-	7,500	9,000
Repairs and maintenance	-	2,000	2,000
Paying agent fees	1,500	-	1,500
Contingency	-	-	4,787
Debt related expenses			
Note interest	570,335	401,769	382,713
Note principal	3,284,448	460,000	570,000
Total expenditures	<u>3,856,283</u>	<u>871,269</u>	<u>970,000</u>
ENDING FUNDS AVAILABLE	<u>\$ 1,742,403</u>	<u>\$ 1,231,907</u>	<u>\$ 2,643,349</u>
ENTERPRISE FUND RESERVE	1,742,403	1,231,907	2,643,349
TOTAL RESERVE	<u>\$ 1,742,403</u>	<u>\$ 1,231,907</u>	<u>\$ 2,643,349</u>

**UNITED WATER & SANITATION DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

United Water & Sanitation District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 20, 2002, and is governed pursuant to provisions of the Colorado Special District Act.

The District was established to acquire, construct, finance and maintain public water, sewer and storm drainage improvements for the use and benefit of users of the District's systems. The District provides for the construction, operation and maintenance of water, sewer, and storm drainage facilities. The District provides water to various special districts and municipalities throughout the State and serves as a wholesaler of water. The District has no residents and does not provide any services directly to individuals.

On April 27, 2021, the Board adopted a resolution establishing the Bijou Agricultural Water Activity Enterprise for the purpose to acquire and develop certain properties and facilities for the supply, diversion, storage, carriage, and delivery of water. Bijou Agricultural is operated pursuant to the Water Activity Enterprise Statute to be an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of the Bijou Agricultural Enterprise are reported as a separate enterprise under the Bijou Enterprise Fund.

The District has created several separate enterprise activities to support the acquisition, construction, operation, and maintenance of the facilities, pursuant to the Water Activity Enterprise Statute to be an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of several other enterprises are combined for budgetary and financial reporting purposes and are reported as a single enterprise called the General Fund.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

The District certified a 65.455 mill levy in the General Fund generating \$92 in property tax. The assessed valuation is \$1,402.

**UNITED WATER & SANITATION DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

Intergovernmental Revenue

A significant portion of the projected intergovernmental revenue for the District relates to funds anticipated to be received from South Beebe Draw Metropolitan District.

Operational Revenues

Pursuant to an agreement, United Water & Sanitation District performs operational and maintenance functions on behalf of other entities. The District charges back a portion of the fees and expenditures associated with the shared property with the other entities on a monthly basis, based upon the percentage of ownership and usage between the District and the entities.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, meeting expense, and other administrative expenses.

Leases

The District has no operating or capital leases.

**UNITED WATER & SANITATION DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt

Water Certificate Refunding and Improvement Revenue Note, Series 2017

On June 26, 2017, the District issued its \$13,174,000 Water Certificate Refunding and Improvement Revenue Note, Series 2017 (2017 Note). Principal and interest on the 2017 Note is payable semi-annually on June 1 and December 1 each year. The 2017 Note will mature on June 1, 2027, and payable from pledged revenues including proceeds from the sale of water certificates held as collateral for the 2017 Note and any other legally available monies of the District as defined in the loan agreement. The interest rate on the 2017 Note is 4.02% per annum, and is payable in advance without prepayment penalty.

Refunding and Improvement Revenue Note, Series 2020

On June 1, 2020, the District issued \$17,950,000, Series 2020 Refunding and Improvement Revenue Note. Principal on the 2020 Note is payable annually on June 15, and interest is payable semi-annually on June 15 and December 15, with a maturity date of June 15, 2027. The interest rate on the 2020 Note is 3.88% per annum.

The Series 2020 Note is payable from pledged revenues which consist of (a) amounts received from East Cherry Creek Valley Water and Sanitation District by the District pursuant to the Tap Fee Agreement; (b) amounts received by the District as owner of a portion of Subordinate Bonds; and (c) any other legally available moneys of the District.

Refunding and Improvement Revenue Note, Series 2020

The loan may be prepaid in whole or part at the option of the District without premium provided that the source of the funds used for such prepayment are derived solely from the Tap Fee Agreement or amounts received by the District as owner is a portion of the Subordinate Bonds. The Loan may be prepaid at the option of the District, in whole, but not in part, with a prepayment fee as follows:

- A. Prior to June 15th, 2023 = 3%
- B. Prior to June 15th, 2024 = 2%
- C. Prior to June 15th, 2025 = 1%
- D. And 0% thereafter

Enterprise Fund

On September 29, 2021, the District, acting by and through the Bijou Agricultural Enterprise Water Activity Enterprise and Teague Enterprises, LLC. (Teague) entered into an advance and reimbursement agreement to fund the purchase of 184-acre feet of tier 1 water rights in the amount of \$1,932,000.

**UNITED WATER & SANITATION DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Enterprise Fund (continued)

On August 19, 2021, the District acting by and through its Bijou Agricultural Water Activity Enterprise entered into a loan with Teague Enterprises, LLC. for amount of \$10,000,000 for the purposes of financing the acquisition of water infrastructure and facilities. Principal on the loan is payable annually on December 20th beginning in 2021 to the extent that pledge revenues are available. Pledged revenues are moneys derived from: a) fees collected by the enterprise, including Tier 1 fee collections and all water augmentation fee collections; and b) all revenues derived by the enterprise from the sale, lease, or conveyance of augmentation credits.

On September 1, 2021, the District, acting by and through its Bijou Agricultural Water Activity Enterprise, issued a Water Infrastructure Revenue note, Series 2021A and 2021B (collectively, the Series 2021 Notes). Principal on the Series 2021 Notes are payable annually on December 1, beginning in 2021 and interest is payable semi-annually on June 1 and December 1, beginning December 1, 2021 with a maturity date of September 30, 2031. The Loan may be prepaid at the option of the Enterprise, in whole, but not in part, upon payment of the entire outstanding principal balance of the Loan, plus accrued interest thereon to the date of prepayment, any other amounts due and owing hereunder and the applicable Prepayment Fee. "Prepayment Fee" means, with respect to any prepayment of the Loan, (i) 3% of the principal amount thereof being prepaid, if such prepayment occurs before September 30, 2024; (ii) 2% of the principal amount thereof being prepaid, if such prepayment occurs on or before September 30, 2025, and (iii) 1% of the principal amount being prepaid, if such prepayment occurs on or before September 30, 2026; and (iv) zero percent thereafter.

The Series 2021A Note is payable from pledged revenues which consist of: a) all revenues from the sale, lease, or conveyance of augmentation credits derived from the Enterprise Water Rights; and b) all revenues from water usage charged by the Enterprise, including all fees collected by the Enterprise.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.