

**Arapahoe County Water and Wastewater Authority
(ACWWA)**

2026 Operating and Capital Improvement Budget

December 10, 2026

**Arapahoe County Water and Wastewater Authority
(ACWWA)**

2026 Operating and Capital Improvement Budget

Table of Contents

| | | |
|-----|--|----|
| 1. | Budget Message | 2 |
| 1.1 | Board of Directors' Priorities | 3 |
| 2. | Summary of Operations | 7 |
| 3. | Description and History | 8 |
| 3.1 | Description..... | 8 |
| 3.2 | History | 8 |
| 4. | Organizational Structure | 9 |
| 4.1 | Authority Powers..... | 9 |
| 4.2 | Governing Board | 9 |
| 4.3 | ACWWA's Management Team and Staff..... | 10 |
| 4.4 | Organization Chart | 11 |
| 4.5 | Our Mission | 12 |
| 4.6 | Our Vision | 12 |
| | To be a leading water/wastewater utility by providing exceptional service for current customers and future generations..... | 12 |
| 4.7 | Our Values..... | 12 |
| 5. | ACWWA's Service Area | 14 |
| 5.1 | Demographic and Economic Activity Information..... | 14 |
| 5.2 | Population..... | 14 |
| 5.3 | Income | 15 |
| 5.4 | Employment..... | 16 |
| 5.5 | Major Employers | 18 |
| 5.6 | Building Activity | 19 |
| 5.7 | Foreclosure Activity | 19 |
| 5.8 | Service Area Map | 20 |
| 6. | Water Supply | 20 |
| 6.1 | The ACWWA Flow Project..... | 21 |
| 7. | Accomplishments..... | 22 |
| 8. | Budget Process and Timeline..... | 25 |
| 8.1 | Budget Preparation | 25 |
| 8.2 | Budget Calendar | 25 |
| 8.3 | Annual Budget Statutory Requirements..... | 25 |
| 8.4 | Budget Amendments | 26 |
| 8.5 | Lapse of Appropriations | 26 |
| 8.6 | Budget Transfers..... | 26 |
| 8.7 | Filing of the Budget..... | 26 |
| 8.8 | Financial Structure..... | 27 |

| | | |
|---------|---|----|
| 8.9 | Budgetary Control | 27 |
| 8.10 | Contacting ACWWA's Finance Department..... | 27 |
| 9. | Executive Summary | 29 |
| 9.1 | Significant Budgetary Items and Trends..... | 29 |
| 9.2 | Operating Budget..... | 30 |
| 9.3 | Non-operating Budget..... | 35 |
| 9.4 | Long-range Financial Plan | 36 |
| 9.5 | Sources and Uses of Funds (Budgeted) | 37 |
| 10. | 2026 Capital Improvements Program | 38 |
| 11. | Departmental Information..... | 47 |
| 12. | Board Summary Forecasted 2026 Combined Operations..... | 51 |
| 13. | Board Summary Forecasted 2026 Budget Water Operations | 52 |
| 14. | Board Summary Forecasted 2026 Sewer Operations | 53 |
| 15. | Budget Notes..... | 54 |
| 15.1 | Revenue | 54 |
| 15.1.1 | Water Charges..... | 54 |
| 15.1.2 | Sewer Charges | 54 |
| 15.1.3 | Fire Lines | 54 |
| 15.1.4 | Irrigation | 54 |
| 15.1.5 | Fees for Services | 54 |
| 15.1.6 | RO Plant Revenue..... | 54 |
| 15.1.7 | Interest Income..... | 54 |
| 15.1.8 | Miscellaneous Revenue | 54 |
| 15.1.9 | Tap Fees and Contributions | 55 |
| 15.2 | Expenses | 55 |
| 15.2.1 | Office Expenses | 55 |
| 15.2.2 | Salaries and Benefits Expenses..... | 55 |
| 15.2.3 | Insurance Expenses..... | 55 |
| 15.2.4 | Legal Fees | 55 |
| 15.2.5 | Professional Fees | 55 |
| 15.2.6 | Repairs and Maintenance..... | 55 |
| 15.2.7 | Operational..... | 56 |
| 15.2.8 | Utilities | 56 |
| 15.2.9 | Contract Services | 56 |
| 15.2.10 | Bad Debt | 56 |
| 15.2.11 | Other Supplies and Expenses..... | 56 |
| 15.2.12 | General Contingency | 56 |
| 15.2.13 | Debt Service..... | 56 |
| 15.2.14 | Capital Outlay | 56 |
| 16. | Budgeted 2026 Capital Outlay | |
| 17. | Schedule of Debt Service Requirements to Maturity | 59 |
| 18. | Glossary of Terms and Acronyms | 61 |

| | |
|---|----|
| FPP.1. APPENDIX..... | 65 |
| FPP.2. Financial Policies and Procedures | 66 |
| FPP.2.1 Basis of Budgeting/Accounting..... | 66 |
| FPP.2.2 Revenue Policies..... | 66 |
| FPP.2.3 Rates and Charges..... | 67 |
| FPP.2.4 Recognition of Revenues | 67 |
| FPP.2.5 Expenditure Policy..... | 68 |
| FPP.2.6 Disbursements..... | 68 |
| FPP.2.7 Maintenance of Capital Assets | 68 |
| FPP.2.8 Review of Service Policy | 68 |
| FPP.2.9 Cash Management Policies and Practices | 69 |
| FPP.2.10 Debt Financing..... | 69 |
| FPP.2.11 Reserve Funds | 69 |
| FPP.2.12 Revenue Bonds | 70 |
| FPP.2.13 Capital Leases | 70 |
| FPP.2.14 Long-Term Debt | 70 |
| FPP.2.15 Short-Term Debt | 71 |
| FPP.2.16 Debt Authorizations | 72 |
| FPP.2.16.1 Current Debt Outstanding | 72 |
| FPP.2.16.2 Debt Limits..... | 72 |
| FPP.2.17 Balanced Budget | 73 |
| FPP.2.18 ACWWA's Funds..... | 73 |
| FPP.2.18.1 Funds Available | 73 |
| FPP.2.18.2 Restricted Cash Funds..... | 73 |
| FPP.2.18.3 Designated Cash Funds..... | 73 |
| FPP.2.18.4 General Use Cash Fund | 73 |
| FPP.2.18.5 Authority Funds Subject to Appropriation | 74 |
| Budget Resolution 2025-02 | 75 |

BUDGET MESSAGE

ACWWA Administrative Building



1. Budget Message

December 10, 2026

Board of Directors
Arapahoe County Water and Wastewater Authority

Your management team is pleased to present the Arapahoe County Water and Wastewater Authority (ACWWA) 2026 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 revenues and expenditures for the year 2026.

ACWWA's budget is one of the most important documents prepared by ACWWA. Through the process of planning and preparing the budget, ACWWA evaluates and updates its strategic plans and goals for the coming. The process also provides direction for management and staff.

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 determinations on the use of ACWWA's facilities, the use of staff time, and drives management decisions for 2026. As ACWWA's policy makers, you play a critical role in making decisions regarding ACWWA's future.

ACWWA's service area has reached approximately 82% of build-out, and still has a number of land parcels available for development. The service area has experienced steady growth in development over the past five years; however, rising costs of building materials, and disruption in the supply chain, and general economic uncertainty may result in decreased development over the next several years. The budget for tap sales reflects this more conservative outlook at 100 taps for the year.

The 2026 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. The budget also incorporates the direction for ACWWA as established by the Board's priorities.

1.1 Board of Directors' Priorities

The Board of Directors has developed a series of Strategic Priorities to assist staff in the development of this budget. These priorities are:

- Improve Water Quality
- Improve Customer Service/Relations
- Expansion/Growth of Service Area
- Expense Management.

The 2026 budget furthers the Board's priorities as follows:

1. Improve Water Quality
 - a. ACWWA meets and exceeds all State requirements when it comes to potable water quality. However, ACWWA strives to further improve water quality to improve the aesthetic qualities of our drinking water supply. Some of our efforts have been:
 - i. ACWWA utilized three main sources of water for its potable water supply and in 2025 managed those sources to best serve ACWWA customers. Resulting in meeting its water quality goals for the whole year.
 - ii. We have a goal of being below an average hardness level of 120 mg/L as well as having less than 10 specific samples exceed 160 mg/L. To date, we've had no exceedances in 2025 above 160 mg/L and no monthly average results above 120 mg/L.
 - iii. We continue to adjudicate water rights that can be treated to a high level. We have now adjudicated over 80% of our ACWWA Flow Project water rights. The 2026 budget provides funding for several critical components of the project:
 - iv. We maintain our water supply wells. The 2026 budget supports the redrilling of a key well for ACWWA.
 - v. Treatment and delivery of approximately 2000 acre-feet of ACWWA Flow water.
 - b. The JWPP (ACWWA's Water Treatment Plant) began operating as a blended RO/microfiltration plant on May 20, 2020. The 2026 budget includes funding for the contract with Jacobs to operate the plant, as well as capital funding for right-sizing pumps, SCADA system upgrades, and other equipment as needed.
2. Improve Customer Service/Relations
 - a. ACWWA will continue to focus on customer service in 2026 to ensure that customer issues are addressed promptly and effectively, that we reach out to the community with information, and that we listen to our ratepayers. In addition, it is anticipated the implementation of the new billing software will greatly improve the customer experience.

- b. Staff will continue to enhance ACWWA's website to ensure we are able to provide timely, useful, and accurate information to our ratepayers.
- 3. Expansion/Growth of Service Area
 - a. ACWWA assesses any potential expansion to its service area carefully to ensure it does not have any negative impacts to its current customer base.
 - b. Over the past several years, staff has evaluated ACWWA's process for new development review and has streamlined some functions. In 2026, staff will continue to assess development-related policies and procedures and modify as needed to become more effective.
 - c. Staff will continue to reach out to the development community as part of a continuous improvement effort for the processing of new applications for water and wastewater services.
 - d. Future expansion of the service area will be dependent upon availability of future water supplies.

4. Expense Management

- a. ACWWA is in a state of continuous improvement and constantly reviews processes, policies and procedures to ensure they meet ACWWA's needs in the most cost-effective manner.
- b. In 2026, ACWWA will continue its preventative maintenance program, which provides for scheduled maintenance of equipment to minimize the risk of failure. Preventative maintenance helps manage costs by reducing the chance of expensive line and system breaks that can interrupt service to ACWWA's rate payers. ACWWA will be implementing asset management software with predictive capabilities that can help staff track asset life to estimate when infrastructure and equipment will need to be replaced.
- c. Ensuring system reliability through the maintenance and management of ACWWA's infrastructure is essential to avoiding significant service interruptions. In 2026 ACWWA will continue to develop its Asset Management program which will provide increased efficiency in the management of its assets, thus reducing reactive costs.

The 2026 budget is shaped by ACWWA's mission and reflects the Board's priorities. The operating budget was developed to ensure that enough funds are available to pay for anticipated costs. The non-operating budget includes only those projects that are necessary to meet the challenges of ensuring an adequate supply of water and the effective treatment of wastewater. The budget document reflects the progressive nature of ACWWA and promotes accountability, prudence, and fiscal conservatism.

ACWWA's Board and management strive to be proactive in anticipating future developments that will affect ACWWA's operating environment. Issues and trends that will impact ACWWA in the coming years include:

- Drought, current conditions are dry and how the snow pack develops this winter will impact the yields of ACWWA's water rights. Current snowpack is below average (at the time of this writing). This will be continued to be monitored.
- Greater federal and state regulation of water and wastewater operations;
- Increased pressure on water supplies in Colorado and the West, resulting in the need to manage current water supplies and for greater regional cooperation;
- Capital costs required for additional treatment and delivery capacity for the ACWWA Flow project;
- Higher future costs because of increased regulation and more demand for water coupled with decreasing supplies;
- An aging workforce and record low state unemployment levels which is creating a shortage of skilled workers in the utilities sector as well as other sectors;
- Aging water and wastewater infrastructure that is being addressed with ACWWA's asset management program to optimize the life of the systems;
- Economic uncertainty is always a concern that could cause a slowdown in development in ACWWA's service area, resulting in a decrease in funds available for capital projects.

As we move into 2026, we will continue with our commitment to provide a high quality of water and wastewater services for our customers while keeping rates as low as possible. Staff will focus on maintaining and developing internal processes to most efficiently manage ACWWA's finances and continue to be accountable to the Board of Directors and ACWWA's rate payers.

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 2026 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 2025. The preparation of this document would not have possible without the support and input from all departments.

Respectfully submitted,

Steve Witter

Steve Witter, P.E.
General Manager

CPA

Mathew Vigil
Mathew Vigil, CPA
Director of Finance and Administration

INTRODUCTION



Pictured above is an aerial view of the LoneTree Creek Water Reuse Facility and the ACWWA administration building (upper left).

2. Summary of Operations

| | |
|--------------------------------------|---------------------------------------|
| Form of Government | Authority |
| Government Code Section | Colorado Revised Statutes §29-1-204.2 |
| Date of Organization | November 1989 |
| Fiscal Year End | December 31 |
| Number of FTEs authorized | 42 |
| Number of Accounts | Approximately 5,000 |
| Average census | 31,000 |
| Lone Tree Creek Water Reuse Facility | |
| Average Daily Wastewater Flow | 2.6 million gallons |
| Total Capacity | 3.6 million gallons |
| ACWWA's Capacity | 2.5 million gallons |
| Inverness' Capacity | 1.1 million gallons |
| Sewer Collection Pipeline (in miles) | |
| | 85.83 |
| Potable Water Pipeline (in miles) | 206.56 |
| RAW Water Mains (in miles) | 27.55 |
| Reg 84 Water Mains (in miles) | 11.05 |
| Number of Water Storage Tanks | 3 |
| Number of Fire Hydrants | 1,950 |
| Number of Valves | 9,546 |
| Number of Meters | 5,563 |
| Number of Water Supply Wells | 26 |
| Number of Booster Stations | 3 |
| Number of Lift Stations | 3 |
| Number of Manholes | 2,750 |
| Number of Interceptors | 7 |
| Number of Water Tap Equivalents | 9,721 |

3. Description and History

3.1 Description

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 (AWSD or the District). 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, county inhabitants, and others.

3.2 History

Effective January 1, 1989, the IGA granted ACWWA all responsibility for and control over AWSD's operating system, related 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, 2011, or upon the dissolution of the District or ACWWA, whichever came first. Pursuant to an 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 Colorado Revised Statutes (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.

ACWWA's core mission is to provide water and wastewater service within its service area. ACWWA complies with several regulatory programs designed to protect the region's water resources, including the Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) which are examples of forces that will continue to challenge 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 innovation.

4. Organizational Structure

4.1 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 C.R.S. §29-1-204.2, which provides ACWWA 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.

4.2 Governing Board

There are eight authorized positions for the Board of Directors of ACWWA. These board positions are appointed at the discretion of the Arapahoe County Commissioners. Two of the five County Commissioners currently serve on the ACWWA's Board of Directors.

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

ACWWA's Board of Directors and any reported conflicts of interest are as follows:

- **Doyle Tinkey's** conflict form has been filed; he owns a home in the ACWWA service area.
- **Brad Cromer's** conflict form has been filed and there are no conflicts noted.
- **Jeff Baker's** conflict form has been filed; he is a member of the Arapahoe County Board of County Commissioners, member of the Centennial Airport Authority and serves on the Southeast Metro Stormwater Authority (SEMSWA) Board. He serves as a Board Office for the Denver Regional Council of Governments (DRGOD). He also reported receiving a 2024 campaign (for re-election) contribution from Robert Lembke of United Water
- **Derek Killebrew's** conflict form has been filed; he has no conflicts to report.
- **Rhonda Fields'** conflict form has been filed; she has no conflicts to report.
- **Rick Rome's** conflict form has been filed; IMEG provides engineering services to local government agencies on a contract basis.

4.3 ACWWA's Management Team and Staff

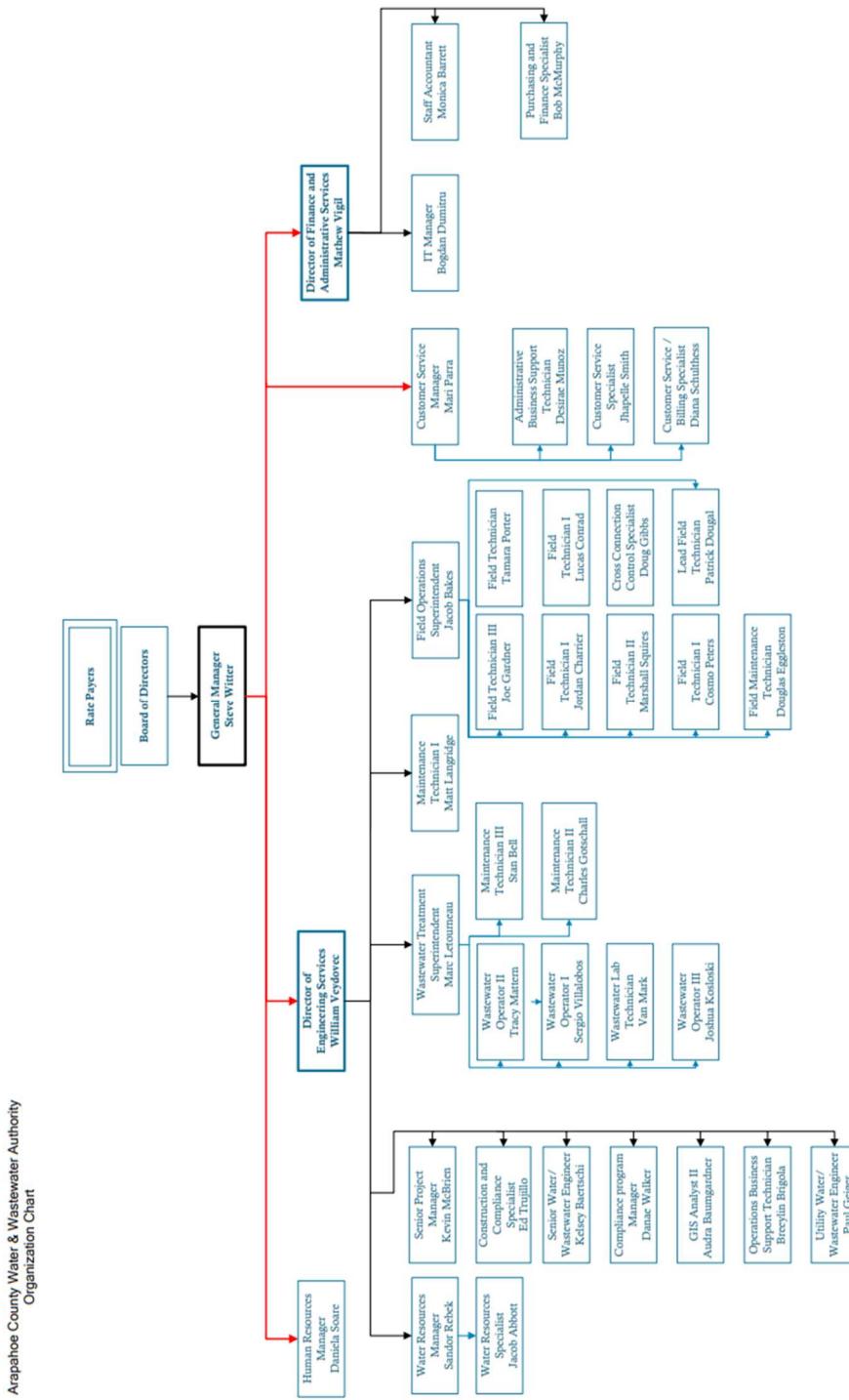
Steven F. Witter, PE, is ACWWA's General Manager. The General Manager is the chief executive officer and administrative head of ACWWA and is responsible for carrying out policies set by the Governing Board and leading ACWWA toward the successful accomplishment of its mission. Mathew Vigil, CPA is ACWWA's Director of Finance and Administration, Bill Veydovec, PE is ACWWA's Director of Engineering and Operations. This group comprises ACWWA's Management Team.

ACWWA is currently budgeting 42 positions and 1 intern position. Management is budgeting to add 2 new full-time employees for 2026.



Pictured above is Chamber's Reservoir

4.4 Organization Chart



4.5 Our Mission

To provide sustainable water and wastewater services by optimizing our resources to ensure quality and value while protecting the environment.

4.6 Our Vision

To be a leading water/wastewater utility by providing exceptional service for current customers and future generations.

4.7 Our Values

- **Professionalism:** It's how we conduct our business! We value treating our customers with respect and being prepared to effectively address customer issues in the office and in the field. Our interactions, our appearance and our actions all should be examples of our dedication to our mission and vision.
- **Reliability:** We understand our customers rely on us to provide them with water and wastewater services and efficient customer service. ACWWA staff strives, through proper planning and execution, to provide these services to our customers day in and day out.
- **Integrity:** ACWWA's expectation for its customers and employees is to always behave in an upright and honest manner. ACWWA strives to develop and maintain trust with its customers through honest and transparent actions
- **Accountability:** ACWWA conducts a vital service to our community and strives to execute its mission and vision on a daily basis. ACWWA is accountable to its customers and to the State of Colorado to meet all necessary regulations. ACWWA strives to be transparent in what it does, through open meetings, an informative website, newsletters and customer service.
- **Efficiency:** Through proper planning and execution of ACWWA's mission, vision and values, ACWWA strives to perform its responsibilities in the most efficient and beneficial manner to our customers. ACWWA is focused on utilizing our resources optimally to deliver value to our customers.



Chamber's Reservoir and Pump Station

5. ACWWA's Service Area

5.1 Demographic and Economic Activity Information

Included in this section is historical and demographic and economic information relevant to the Denver metropolitan area, Arapahoe County and ACWWA's budget.

5.2 Population

The following table provides a history of the populations of Arapahoe County, the Denver-Aurora Core Based Statistical Area (the "Denver PMSA") and the State. The Denver-Aurora PMSA is comprised of six metropolitan counties: Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson. Between 2010 and 2024, the population of Arapahoe County increased 14%, and the populations of the Denver-Aurora PMSA and the State increased 16.9% and 15.7%, respectively.

| Year | Arapahoe County | Percent Change | Denver PMSA | Percent Change | Colorado | Percent Change |
|------|-----------------|----------------|-------------|----------------|-----------|----------------|
| 1990 | 391,511 | 33.3 | 1,650,486 | 13.8 | 3,294,394 | 14.0 |
| 2000 | 490,722 | 25.3 | 2,144,968 | 30.0 | 4,338,785 | 31.7 |
| 2010 | 575,067 | 17.2 | 2,554,106 | 19.1 | 5,047,005 | 16.3 |
| 2011 | 586,147 | 1.9 | 2,600,806 | 1.8 | 5,119,188 | 1.4 |
| 2012 | 596,529 | 1.8 | 2,646,393 | 1.8 | 5,188,703 | 1.4 |
| 2013 | 608,322 | 2.0 | 2,694,842 | 1.8 | 5,263,512 | 1.4 |
| 2014 | 618,665 | 1.7 | 2,746,356 | 1.9 | 5,342,996 | 1.5 |
| 2015 | 630,411 | 1.9 | 2,803,288 | 2.1 | 5,442,196 | 1.9 |
| 2016 | 638,071 | 1.2 | 2,845,074 | 1.5 | 5,529,161 | 1.6 |
| 2017 | 643,293 | 0.8 | 2,877,961 | 1.2 | 5,600,169 | 1.3 |
| 2018 | 650,347 | 1.1 | 2,915,881 | 1.3 | 5,677,250 | 1.4 |
| 2019 | 653,751 | 0.5 | 2,944,333 | 1.0 | 5,735,934 | 1.0 |
| 2020 | 655,207 | 0.2 | 2,969,922 | 0.9 | 5,784,865 | 0.9 |
| 2021 | 656,557 | 0.2 | 2,977,833 | 0.3 | 5,811,297 | 0.5 |
| 2022 | 655,808 | -0.1 | 2,985,871 | 0.3 | 5,839,926 | 0.5 |
| 2023 | 656,061 | 0.0 | 2,985,871 | 0.0 | 5,877,610 | 0.6 |
| 2024 | 656,717 | 0.1 | 2,988,857 | 0.1 | 5,883,488 | 0.1 |

(1) Population of the Denver-PMSA adjusted by Colorado State Demography Office to reflect the 2001 creation of the City and County of Broomfield.

Sources: Colorado State Demography Office (subject to periodic revision).

5.3 Income

The following table sets forth the annual per capita personal income levels for the residents of

Per Capita Personal Income

| Year ⁽¹⁾ | Arapahoe County | Denver PMSA | Colorado | United States |
|---------------------|--------------------|----------------|-----------|---------------|
| 2012 | \$ 49,325 | \$ 49,749 | \$ 45,490 | \$ 44,548 |
| 2013 | 49,269 | 51,706 | 47,082 | 44,798 |
| 2014 | 52,522 | 55,328 | 50,244 | 46,887 |
| 2015 | 54,025 | 55,702 | 51,394 | 48,725 |
| 2016 | 55,378 | 55,105 | 51,306 | 49,613 |
| 2017 | 55,996 | 58,947 | 54,171 | 51,550 |
| 2018 | 61,250 | 63,534 | 57,794 | 53,786 |
| 2019 | 64,485 | 67,568 | 61,258 | 56,250 |
| 2020 | 69,132 | 71,515 | 64,852 | 59,765 |
| 2021 | 72,518 | 79,438 | 71,923 | 64,430 |
| 2022 | 76,304 | 84,788 | 75,722 | 65,470 |
| 2023 | 81,414 | 89,297 | 80,068 | 69,810 |
| 2024 | 84,321 | 91,976 | 84,684 | 75,373 |

(1) Figures updated through 2024.

All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Arapahoe County, the Denver-Aurora PMSA, the State and the nation.

5.4 Employment

The following table sets forth the number of individuals employed within selected Arapahoe County industries which are covered by unemployment insurance. In 2024, the largest employment sector in Arapahoe County was health care and social assistance (comprising approximately 14.9% of the county's work force), followed, in order, by retail trade, professional and technical services, finance and insurance, and administrative and waste services. For the twelve-month period ended December 31, 2024, total average employment in the County remained relatively unchanged as compared to the same period ending December 31, 2023.

Average Number of Employees within Selected Industries – Arapahoe County

| Industry | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Accommodation and Food Services | 26,951 | 26,962 | 25,837 | 25,376 | 25,401 |
| Administrative and Waste Services | 27,921 | 27,924 | 23,286 | 23,031 | 23,054 |
| Agriculture, Forestry, Fishing, Hunting | 185 | 185 | 135 | 124 | 124 |
| Arts, Entertainment and Recreation | 6,171 | 6,458 | 5,911 | 6,183 | 6,189 |
| Construction | 22,870 | 23,065 | 23,586 | 24,283 | 24,307 |
| Educational Services | 22,640 | 22,594 | 23,431 | 24,108 | 24,132 |
| Finance and Insurance | 27,624 | 25,656 | 24,404 | 21,907 | 21,929 |
| Government | 14,293 | 13,668 | 14,132 | 14,831 | 14,846 |
| Health Care and Social Assistance | 44,248 | 44,886 | 47,792 | 49,782 | 49,832 |
| Information | 18,849 | 19,169 | 17,624 | 16,181 | 16,197 |
| Management of Companies/Enterprises | 9,059 | 9,059 | 8,472 | 9,032 | 9,041 |
| Manufacturing | 8,415 | 8,415 | 9,083 | 8,546 | 8,555 |
| Mining | 625 | 625 | 429 | 439 | 439 |
| Non-classifiable | 30 | 31 | 9609 | 29 | 29 |
| Other Services | 9,835 | 9,835 | 21 | 9,774 | 9,784 |
| Professional and Technical Services | 34,607 | 34,707 | 39,721 | 39,687 | 39,727 |
| Real Estate, Rental and Leasing | 6,598 | 6,696 | 7,044 | 7,054 | 7,061 |
| Retail Trade | 33,381 | 33,461 | 32,025 | 31,822 | 31,854 |
| Transportation and Warehousing | 5,282 | 6,096 | 6,875 | 6,927 | 6,934 |
| Utilities | 202 | 293 | 277 | 270 | 270 |
| Wholesale Trade | 14,986 | 14,986 | 14,609 | 14,882 | 14,897 |
| Total All Industries⁽¹⁾ | <u>334,772</u> | <u>334,771</u> | <u>334,303</u> | <u>334,268</u> | <u>336,626</u> |

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table presents information on employment within Arapahoe County, the Denver-Aurora PMSA, the State and the nation, for the period indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

| Year | Arapahoe County ⁽¹⁾ | | Denver-Aurora PMSA ⁽¹⁾ | | Colorado ⁽¹⁾ | | United States |
|-------------------------|--------------------------------|------------------------------|-----------------------------------|------------------------------|-------------------------|------------------------------|------------------------------|
| | Labor <u>Force</u> | Percent <u>Unemployed</u> | Labor <u>Force</u> | Percent <u>Unemployed</u> | Labor <u>Force</u> | Percent <u>Unemployed</u> | Percent <u>Unemployed</u> |
| 2017 | 347,523 | 2.7 | 1,591,613 | 2.6 | 2,907,097 | 2.7 | 4.1 |
| 2018 | 356,525 | 3.2 | 1,630,679 | 2.9 | 2,996,791 | 3 | 3.9 |
| 2019 | 361,796 | 2.4 | 1,663,981 | 2.5 | 3,074,076 | 2.6 | 3.6 |
| 2020 | 359,977 | 6.9 | 1,652,656 | 6.5 | 3,126,290 | 6.4 | 6.7 |
| 2021 | 367,171 | 4.1 | 1,709,330 | 3.9 | 3,105,599 | 3.9 | 3.9 |
| 2022 | 362,728 | 2.5 | 1,720,339 | 2.5 | 3,184,836 | 2.5 | 3.5 |
| 2023 | 366,811 | 3.1 | 1,720,339 | 2.5 | 3,202,346 | 2.5 | 3.5 |
| 2024 | 378,283 | 3.1 | 1,741,184 | 3.2 | 3,255,124 | 3.3% | 3.8 |
| <u>Month of October</u> | | | | | | | |
| 2025 | 380,272 | 3.1% | 1,752,344 | 3.2% | 3,320,226 | 3.3% | 4.4% |

(1) Figures for Arapahoe County, the Denver-Aurora PMSA and the State are not seasonally adjusted.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information and United States Department of Labor, Bureau of Labor Statistics.

5.5 Major Employers

The following table provides a brief description of the largest private employers located within Arapahoe County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted and, therefore, no representation can be made that such employers will continue to maintain their status as major employers in the area.

Top Ten Private Employers in Arapahoe County

| Name of Employer | Product or Service | Number of Local Employees (1) |
|------------------------|---|----------------------------------|
| Comcast | Telecommunications | 5,910 |
| HealthONE | Healthcare | 4,210 |
| Charter Communications | Telecommunications | 3,770 |
| UnitedHealthcare | Insurance | 3,620 |
| DISH Network | Satellite TV & Equipment | 3,510 |
| Empower Retirement | Insurance & Retirement Savings Services | 3,000 |
| Centura Health | Healthcare | 2,890 |
| Raytheon Company | Aerospace Systems & Software | 2,560 |
| Lumen Technologies | Telecommunications | 2,400 |
| Kaiser Permanente | Healthcare | 2,240 |

(1) Figures revised September 2024.

(2) HealthONE includes Medical Center of Aurora, Spalding Rehabilitation Center and Swedish Medical Center.

(3) Centura Health includes Centura Health Corporate Headquarters and Littleton Adventist Hospital.

Source: Development Research Partners as posted by Metro Denver Economic Development Corporation.

5.6 Building Activity

The following table provides a history of building permits issued for new construction in Arapahoe County for the years indicated.

Building Permits Issued in Arapahoe County

| Year | Single Family | | Multi-Family ⁽¹⁾ | | Commercial/Industrial ⁽²⁾ | |
|---------------------|---------------|-------------|-----------------------------|------------|--------------------------------------|-------------|
| | Permits | Value | Permits | Value | Permits | Value |
| 2020 | 4,310 | 230,000,985 | 1 | 4,340 | 464 | 110,976,992 |
| 2021 | 3,475 | 208,653,781 | 3 | 1,085,849 | 297 | 167,287,158 |
| 2022 | 3,277 | 133,107,266 | - | 0 | 389 | 128,395,425 |
| 2023 | 6,407 | 164,337,298 | 57 | 60,814,025 | 506 | 151,194,310 |
| 2024 ⁽³⁾ | 5,366 | 178,581,560 | 8 | 1,878,433 | 893 | 309,350,093 |

(1) Includes apartments, condominiums and townhomes.

(2) Includes commercial remodel, addition, new structure or tenant finish.

(3) Figures are for January 1 through November 30, 2025.

Source: Arapahoe County Public Works and Development Department, Building Division.

5.7 Foreclosure Activity

The following table presents historical information on foreclosure filings. Such information represents the number of foreclosures filed, but does not take into account the number of foreclosures which were filed and subsequently redeemed or withdrawn.

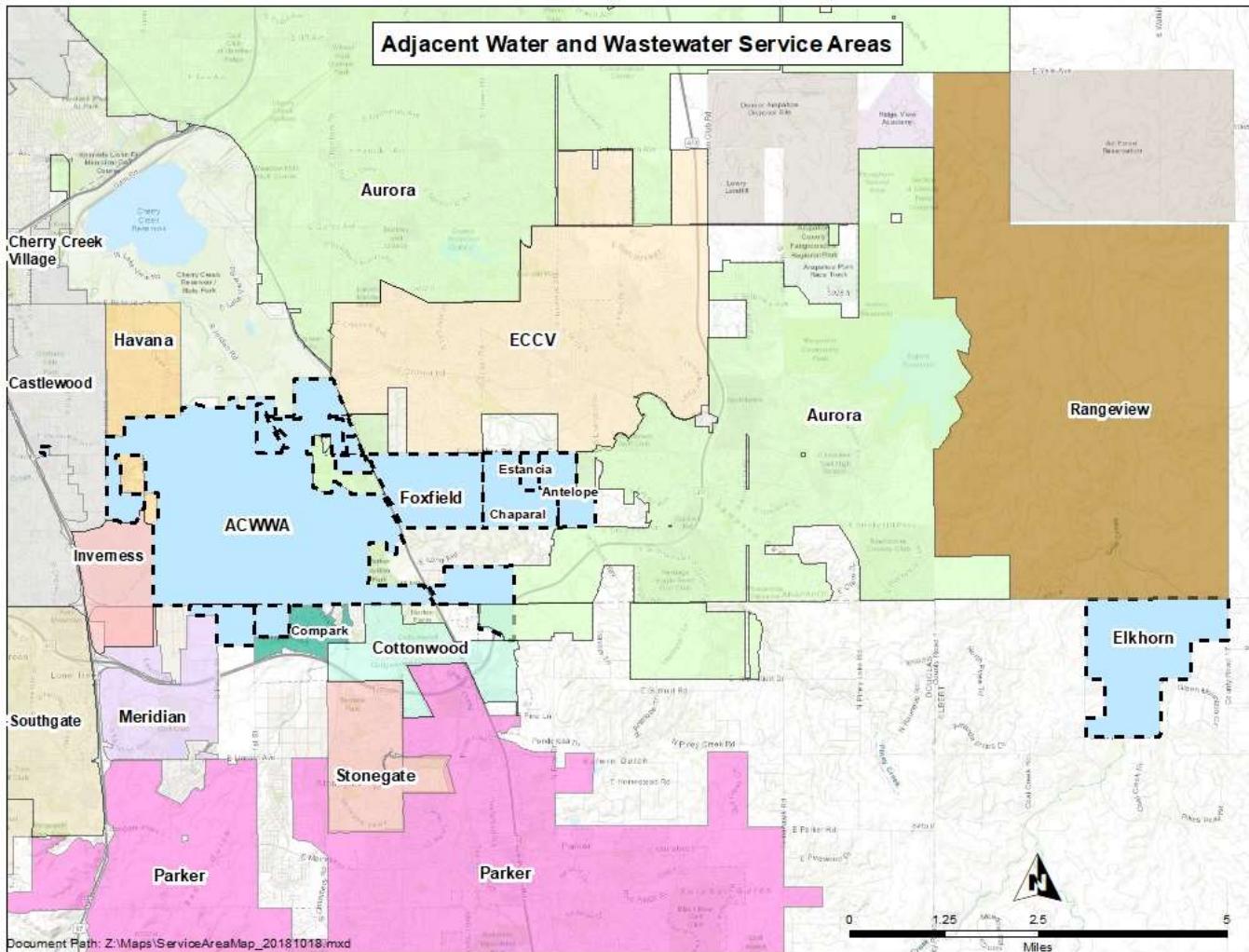
History of Foreclosures – Arapahoe County

| Year | Foreclosures Filed | Number of | Percent |
|---------------------|--------------------|-----------|---------|
| | | Change | |
| 2017 | 706 | 0.0% | |
| 2018 | 638 | -9.6% | |
| 2019 | 638 | 0.0% | |
| 2020 | 217 | -66.0% | |
| 2021 | 103 | -52.5% | |
| 2022 | 550 | 434.0% | |
| 2023 | 624 | 13.5% | |
| 2024 ⁽¹⁾ | 590 | -5.4% | |

(1) Figures are for January 1 through December 2024.

Sources: the Arapahoe County Office of the Public Trustee

5.8 Service Area Map



6. Water Supply

At full build-out of the current service area, ACWWA estimates that demand will be approximately 7,000 acre-feet per year. In 2010, ACWWA began developing the ACWWA Flow Project, and has purchased water rights with an estimated average yield of 4,400 acre-feet. ACWWA has a diversified water rights/supply portfolio that includes non-tributary groundwater from the Denver Basin Aquifer, senior water rights on Cherry Creek and tributary surface water rights in the South Platte Basin. ACWWA also utilizes augmentation plans to allow ACWWA the ability to maximize the use of its water supplies.

ACWWA further optimizes its water supply by operating a non-potable irrigation system and a reuse irrigation system. The non-potable irrigation system will include the use of Chambers Reservoir, a 1,400-acre-foot reservoir located at the southwest corner of Chambers Road and E-470. Reservoir construction has been completed and filling has commenced. It is anticipated that the reservoir will be operational as part of the non-potable system beginning in Summer 2026.

6.1 The ACWWA Flow Project

In the early 2000's, ACWWA's leadership recognized that additional water supply would be needed for ACWWA's future. The new water supply would address the increased water demand from growth, but also provide for current customers who were being served in part by non-tributary groundwater wells. Due to the heavy use of non-tributary groundwater wells in the Front Range, the production of these wells is anticipated to drop over time and a replacement water source would become necessary.

In 2010, after evaluating multiple options, the ACWWA Board approved a project to develop renewable water supplies. The project, named 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. It also includes the necessary infrastructure to store, treat and deliver that water to the ACWWA service area.

ACWWA used a portion of the 2010 Series Bonds net proceeds to acquire the ACWWA Flow water rights. Infrastructure for treatment, storage, and delivery of the new water rights must be constructed. Several proposed facilities will require environmental and other permits which have not yet been issued; ACWWA cannot guarantee that such permits will be issued.

The ACWWA Flow water rights are being adjudicated in the District Court in and for Water Division No.1 in Greeley, Colorado (Water Court). ACWWA expects this water to provide a secure water supply to meet its anticipated future demands and will be enhanced by ACWWA's ability to reuse its water supply. However, unlike non-tributary groundwater, surface water rights are impacted by variable hydrologic conditions. It is anticipated that ACWWA's portfolio of non-tributary groundwater and Cherry Creek water rights will provide water in drought years to supplement surface water rights from the ACWWA Flow Project.

In order to be allowed permanent use for a municipal water supply, the water rights must be successfully adjudicated in Water Court. ACWWA began the adjudication of the ACWWA Flow Project water rights in 2010, and that process continues with over 80% of the water rights adjudicated and the remaining in process. ACWWA has also successfully adjudicated an augmentation plan, in addition to the water rights. The ACWWA Flow Project is currently delivering about 2,500 acre-feet of water annually, or just over 60% of ACWWA's current potable water demand and is providing a more diversified water supply as well as improved water quality to ACWWA customers. ACWWA began delivering ACWWA Flow water to its service area in 2013.

In early 2024, ACWWA acquired additional capacity in a storage reservoir in the South Platte Basin to increase the effective yield of the water from the Project. In late 2025 and early 2026, ACWWA and East Cherry Creek Valley Water and Sanitation District will construct a 5th reverse-osmosis skid at the Northern Treatment Plant to meet PFAS treatment standards and maintain a total throughput of 20 million gallons per day. ACWWA owns capacity in this plant to treat its ACWWA Flow Project water supply. In 2026, ACWWA will continue to develop this project and work to adjudicate the remaining water rights.

7. Accomplishments

2025 has been another productive year for ACWWA. ACWWA has been able to accomplish many critical tasks to continue to adhere to our Mission and Vision, even as we work through a pandemic. A few highlights are:

Administration

- Unmodified (“clean”) Audit received for 2024
- No Budget Amendments
- No major service interruptions
- No lost time accidents
- No major customer complaints or legal issues
- Potable Water Quality goal met 100% in 2025
- No CDPHE exceedances/violations in 2025
- Strong and committed Board of Directors – no quorum issues in 2025

Field and Operations

Projects

- Project 990- Addition of online chlorine monitoring at A1 Well.
- Project 890- Replacement of obsolete CL-17’s with CL-17 SC at 9 remote sites.
- Project 940- Phase II radio upgrade project evaluation performed.
- Supported Piney Creek Emergency Collection Line Encasement and cover.

Programs

- Performed CDPHE Sanitary Survey of ACWWA public water system- No violations
- Operated and Maintained the Eastern Service Center
- Operated and Maintained the ACJC Rake/Dupron
- Cleaned and inspected the 4MG, 1MG, and Elkhorn Storage Tanks
- CCTV/Jetting- **12.54 Miles**
- SL Rat Acoustic Assessment- **13.94** miles of Collection Piping
- Customer Meters Repaired or Replaced- **334**
- Performed **4993** Locates
- Perform **792** Customer Service Work Orders
- Inspected **100% or 2000** Potable Fire Hydrants
- Directional flushed Distribution Systems
- Exercised **373** distribution valves.
- Painted **582** Fire Hydrants
- Repaired **15** Fire Hydrants

- Performed **100% or 222** inspections on Potable and Non-Potable Distribution System Air Release Valves.
- Performed **1073** Manhole Inspections
- Performed CDPHE compliance monitoring along with PFAS initial monitoring.
- Finished collecting field asset information for CMMS program.



8. Budget Process and Timeline

8.1 Budget Preparation

ACWWA prepares an annual budget to provide a blueprint for operations for the coming year. Copies of the draft and final budget will be made available to all interested parties and opportunities will be provided for public input prior to final adoption. Each year, as part of the budget process, ACWWA's goals and objectives are reviewed and updated as necessary to reflect current challenges as well as changed conditions. Staff also seeks direction from the Board of Directors.

8.2 Budget Calendar

| <u>Date</u> | <u>Activity</u> |
|----------------|--|
| August 2025 | Director of Finance meets with Executive Team and department heads to determine staffing levels, expense budgets, and capital outlay needed for 2026; begin developing budget. |
| September 2025 | Staff presents draft 2026 budget to the Finance Committee on October 1 st and to the full Board on October 8 th . Staff continues to develop the budget. |
| December 2025 | On December 10 th , the Board adopts the budget and holds rate hearing. |
| January 2026 | No later than 30 days following the beginning of the fiscal year of the budget adopted, the budget is filed with the State of Colorado. |

8.3 Annual Budget Statutory Requirements

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

On or before October 15 of each year, ACWWA's Director of Finance and Business Operations 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 Director of Finance, whose duty it is to disburse monies or issue orders for the payment of monies as required by statute. The final adopted budget for ACWWA is the operating and fiscal guide for the ensuing year.

8.4 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 availability 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.

8.5 Lapse of Appropriations

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

8.6 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.

8.7 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).

8.8 Financial Structure

The State of Colorado and Generally Accepted Accounting Principles 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. ACWWA has one fund, a general fund. There are no component units required for inclusion in ACWWA's budget; however, ACWWA is a component unit of Arapahoe County.

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 are 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.

8.9 Budgetary Control

ACWWA's Finance Department prepares interim financial statements with comparison to budget on a monthly basis for review by the Board.

8.10 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.

EXECUTIVE SUMMARY



Exterior of LTCRF BNR's and Walkway

9. Executive Summary

The 2026 Budget for ACWWA includes both operating and non-operating components. It was prepared by ACWWA's Finance Department in accordance with Generally Accepted Accounting Principles (GAAP) and State of Colorado budgetary requirements. 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.

ACWWA has one enterprise fund and 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 ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenditures include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenditures not meeting this definition are reported as non-operating revenues and expenditures.

9.1 Significant Budgetary Items and Trends

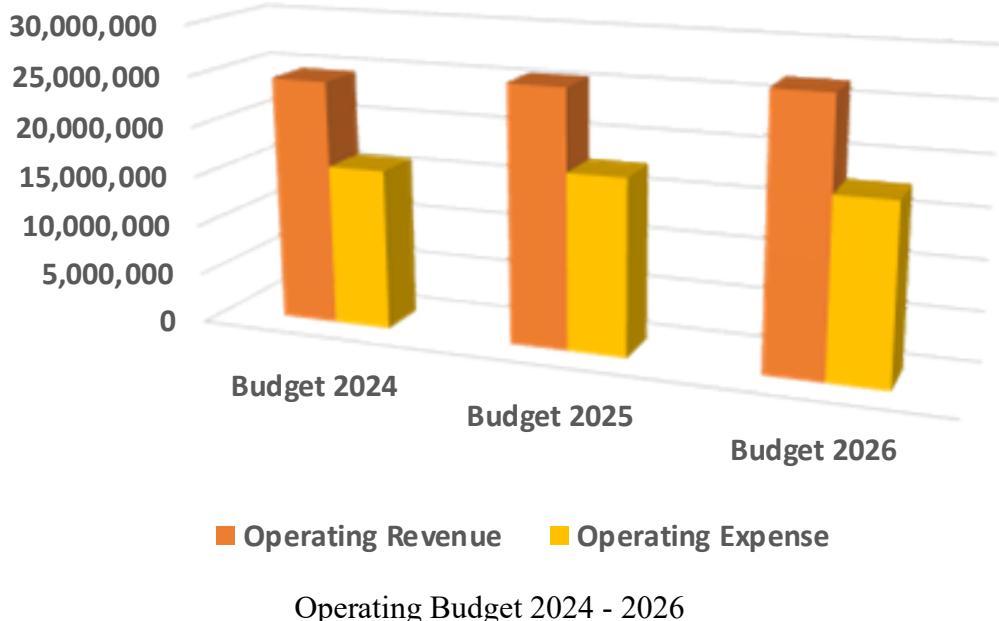
The 2026 budget provides funds for an optimal level of expense needed to operate ACWWA in order to provide effective service to ratepayers, maintain the current infrastructure, and add the necessary capital improvements to ensure future operations. ACWWA conducted a cost of service study in 2023 to ensure that rates are adequate to fund current operations. As the infrastructure ages, continued investment in the system will be needed to keep it functioning at a high level. Key components of the 2026 budget include:

- Water volume rate and water service fee increases of 3%;
- Wastewater volume rate and wastewater service fee increases of 2.5%;
- Water tap fee increase of 3%; wastewater tap fee increase of 2.5% for a combined tap fee increase of 2.75%;
- Operating revenue of \$27.4 million;
- Operating expenses of \$19.7 million;
- Non-operating revenue of \$7.09 million, tap and extraterritorial fees of \$4.84 million and investment income of \$2.25 million.
- Non-operating expenditures of \$41.9 million comprised of debt service payments of \$7.8 million and capital spending of \$34.1 million, including over \$1.83 million in capital costs that are being carried over to 2026 from the 2025 budget;
- ACWWA is able to fund necessary capital improvements for the next several years without incurring new debt; however, a bond issue may be necessary in the future to help fund system improvements.

- Of the 42 positions budgeted, there is currently 3 unfilled position authorized to assist ACWWA in the high level of activity is experiencing and may be filled to allow for additional capacity to ensure ACWWA's level of service commitments.

9.2 Operating Budget

Budgeted Operating Revenue and Expense Comparison



Operating Revenue

Operating revenue is projected to be \$27.4 million in 2026, which reflects an increase of \$650 thousand over the 2025 budget, and an increase of \$976,000 from 2025 estimated operating revenue.

Water Charges

Water charges revenue for 2026 is budgeted to increase \$264,000 or 4.8% over 2025 estimated revenue. Consumption and fee revenue will increase by a 3% rate factor and a 1% account growth factor.

Sewer Charges

Based on 2025 results escalated for account growth and rate increases, wastewater revenue is expected to increase \$276,000, or 3.5% compared to forecast 2025 revenue. Budgeted 2026 revenue includes a 2.5% volume increase and a 1% account growth factor.

Fire Lines

Fire line stand-by revenue is anticipated to increase by a 3% volume increase and a 1% account growth factor.

Irrigation Revenue

Irrigation revenue is expected to be \$4.2 million for 2026. The budget for 2026 reflects an increase of \$4,000 from the 2025 budget, and an increase of \$349,000 from estimated 2025 revenue.

Fees for Service

Fees for service are budgeted to decrease \$98,000 for 2026 in comparison to the 2025 budget as a result of lower anticipated fees.

Water Plant Revenue

Water plant revenue is anticipated to increase \$59,000 for 2026 in comparison to the 2025 budget due to an increase in the JWPP water treatment costs paid by Cottonwood on behalf of the JWPP.

Operating Expenses

The 2026 operating expense budget reflects a .6% overall increase from 2025 budgeted operating expenses. Expenditures of \$17.7 million are budgeted to be \$109,000 higher than the 2025 budget. Increases in water treatment and contractual services are the primary drivers of the budgeted increase.

Salaries and Benefits

The 2026 salaries and benefits budget reflect an increase of 8.6% from the 2025 budget and includes 42 FTEs for the entire year. Compared to 2025 estimated costs of \$4.87 million, salaries and benefits expense in 2026 will be \$1,042,000 higher due to 3 open positions being filled in 2026 to meet capacity and service level demands, a 4% overall salary adjustment and a 17% increase in medical benefit premiums.

Office Expenses

The budget for 2026 office expenses reflects a 2.9% estimated increase in year-over-year budgeted costs. Included is funding for asset management, compliance and document management software. In addition, there will be an overlap of costs associated with having two administration locations for a portion of the year. The increase in

Professional Fees

The 2026 budget for professional fees of \$1 million is \$138,000, or 12% less than the 2025 budget. The professional fees budget includes legal, general engineering, development, and other consultant support, water rights protection and accounting, audit fees, information technology maintenance and support, new software program implementation, and any other outsourcing needs.

Repairs and Maintenance

The repairs and maintenance budget of \$1.78 million reflects an increase of \$68,000 compared to the 2025 budget. For 2026, sewer camera and jetting will continue to be prioritized. Additionally, staff will continue to focus on fire hydrant repairs, meter replacements and other routine maintenance.

Insurance

General liability, property, and workers' compensation insurance premiums are expected to remain in line with 2025 expenditures.

Operational Expenses

Operational expenses are projected to increase \$60,000 from forecasted 2025 expenses, and \$1,529,000 from 2025 budgeted expenses. This increase is entirely due to an increase in water treatment and additional fees related to the ACWWA Flow project and the JWPP.

Contract Services

This line item is comprised mainly of sludge hauling. Due to increased service fees the 2026 budget anticipates a year over year decrease \$7,000 from 2025.

Utilities

The 2026 budget for utilities expense is \$1.47 million, reflecting an increase from 2025 of \$18,000 due to lower utilization of well water sources resulted in less power consumption for pumping costs.

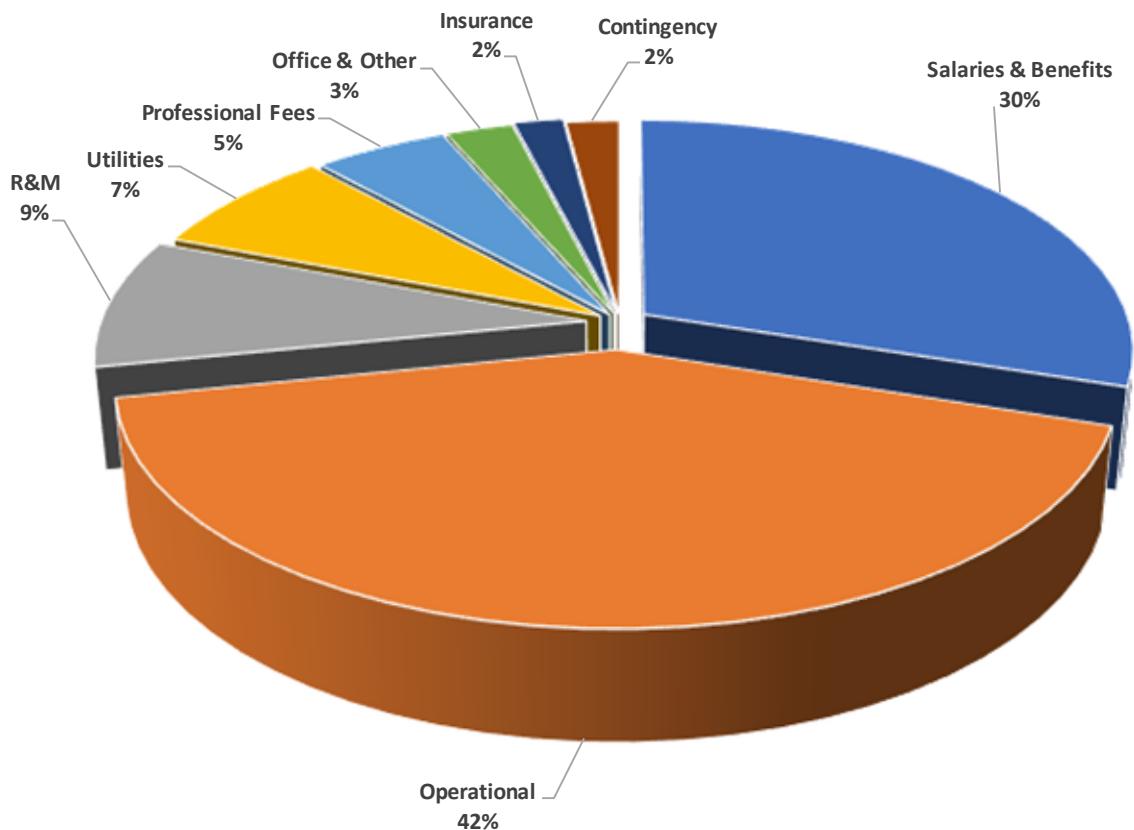
Other Supplies and Expense

There are no increases budgeted in this category.

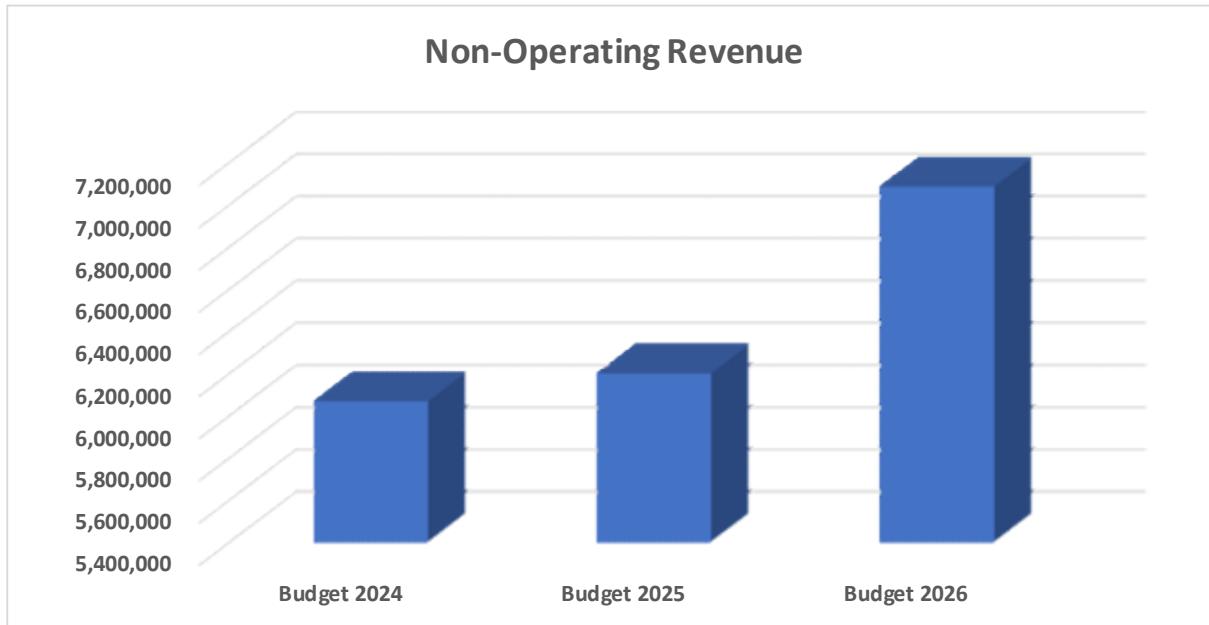
Contingency

A contingency budget of \$400,000 was included to fund unanticipated expenses such as major emergency system repairs. In years past, ACWWA has experienced several major line breaks that have been quite costly to repair, as well as the failure of the Valley Country Club lift station in June 2019. As the water and wastewater systems infrastructure age, line breaks and other issues will become more common, even with a robust preventive maintenance program such as ACWWA's. The contingency line also includes provisions for unexpected legal costs and professional services projects directed by the Board.

2026 Operating Expenses



9.3 Non-operating Budget



Non-operating Revenue:

Non-operating revenue, comprised primarily of tap and water resource fees, is budgeted to increase \$866,000, or 14.3% from budgeted 2025 revenue due an increase in tap, extraterritorial fees and investment income.

Interest Income

In 2018, ACWWA further diversified its portfolio by investing in two pooled investment trust funds designed for local governments, Colotrust (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust). In 2026 ACWWA expects to draw down its reserves to pay for necessary capital improvements but due to high interest rates it is anticipated that the budget for the year will be \$2.25 million resulting in an increase of \$750,000 from prior year budget.

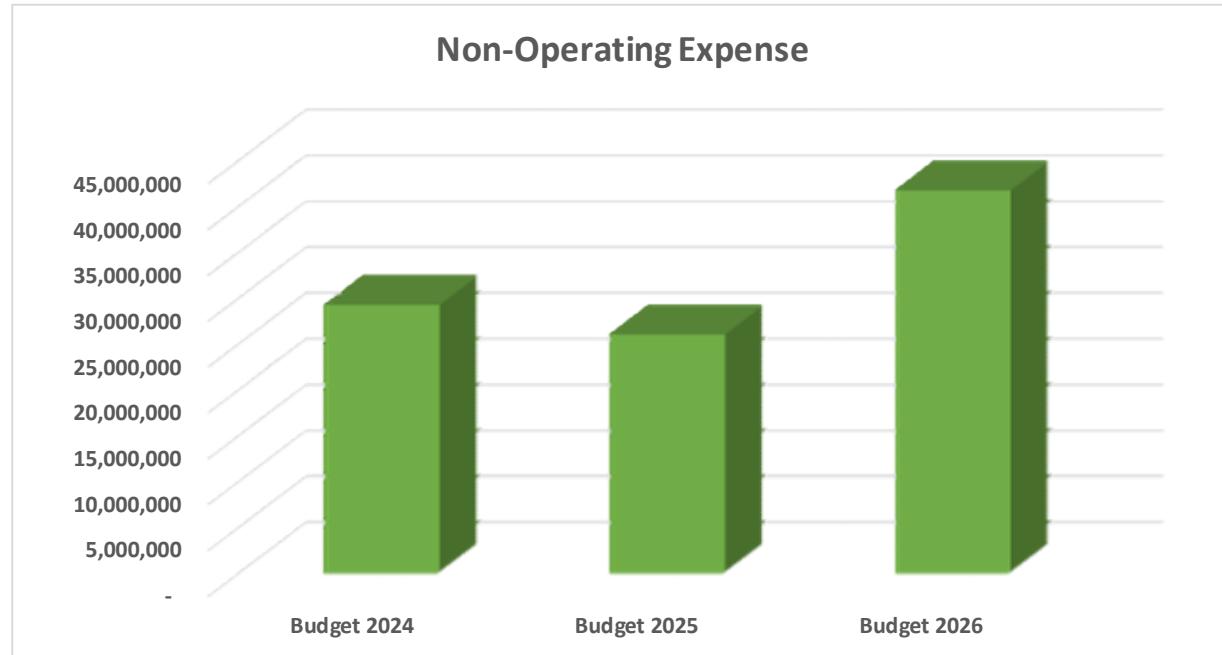
Miscellaneous Revenue

Miscellaneous revenue is comprised of Chapparal water system payments, ditch company distributions, and fire flow revenue. ACWWA receives \$147,136 per year until 2038 from Chapparal Metro District to offset their portion of the water component of the ACWWAPID.

Tap Fees and Contributions

Both water and wastewater tap sales are anticipated to decrease in 2026 from the high levels experienced in prior years. Increases in the costs of building materials and supply interruptions are expected to slow growth in both residential and commercial development. ACWWA has been seeing the decrease in construction activity in its service area through one key indicator, number of construction hydrant meters that are rented out. ACWWA has budgeted for sales of

100.0 tap equivalents (TEs) in 2026. As of the end of 2025, ACWWA currently has approximately 200 taps in process and/or under review.



Non-operating Expenses

Non-operating expenses are budgeted to increase approximately \$15.7 million, or 60%, over 2025 budgeted expenditures due to significantly higher project expenses. \$1.6 million carryover project costs not completed in 2025 due to staffing constraints.

Debt Service

Debt service is expected to decrease \$4,500.

Capital Outlay

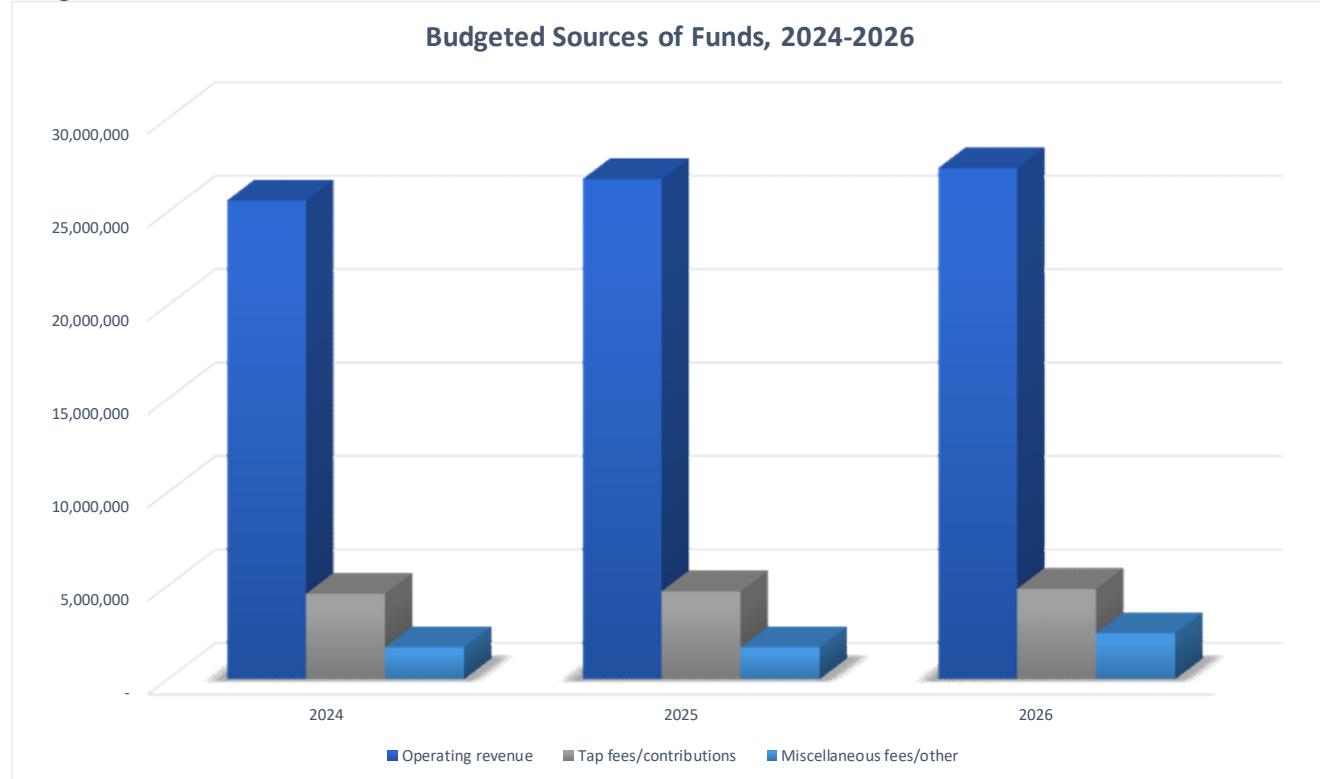
Of the \$34.1 million capital budgeted for 2026, \$1.83 million is carried over from the 2025 capital budget for projects that were approved and budgeted for in prior years but that have not yet been completed. These projects are funded from prior year reserves. A detailed list of 2026 capital projects can be found in §10.

9.4 Long-range Financial Plan

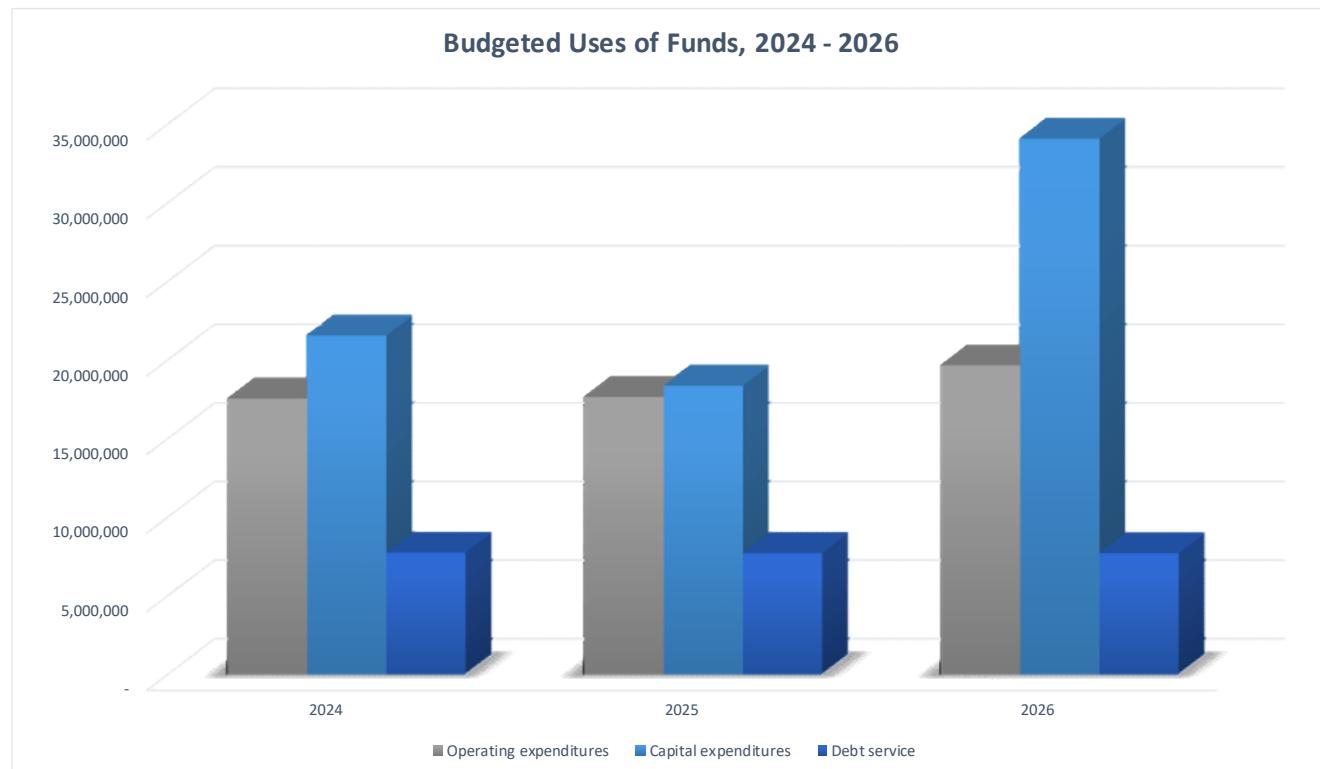
In late 2022, ACWWA engaged Raftellis Engineers to conduct a cost of service study that was finalized in the third quarter of 2023. Based on financial trends through 2022, Raftellis projected that ACWWA would need to raise water and wastewater rates 3%, respectively, each year to fund operations and projected capital needs. ACWWA does not have taxing powers and thus must fund capital projects through a combination of cash provided by rates and fees, and debt financing.

9.5 Sources and Uses of Funds (Budgeted)

Budgeted Sources of Funds 2024 – 2026



Budgeted Uses of Funds 2024 -2026



10. 2026 Capital Improvements Program

ACWWA's Capital Improvements Program (CIP) is a key component of the budget, as it identifies the critical projects required to ensure ACWWA can meet the needs of its customers. The major projects in the 2026 capital improvement budget are listed in this section.

PROJECTS

1. ACWWA Emergency Response Plan Recertification

This project prepares to recertify ACWWA's Emergency Response Plan (ERP) as required by the Safe Drinking Water Act, with a deadline of December 31, 2026. This update will reflect changes in infrastructure and emergency protocols since the original plan was completed in 2021. An engineering consultant will assist with the recertification process to ensure compliance and readiness. Deferring the project would result in noncompliance with federal requirements and delay critical updates to emergency preparedness.

2. ACWWA Flow Water Rights Adjudication Costs

ACWWA is undertaking a project to finalize the legal and engineering work required to adjudicate a remaining portion of its South Platte water rights for municipal use. Monthly coordination meetings are held between staff and consultants to advance these cases and prioritize efforts. Completing this process is essential to secure the full 4,400 acre-feet allocation from the ACWWA Flow Project. Deferring the project could prevent ACWWA from accessing its full water supply, limiting future operational capacity.

3. ACWWA Risk and Resiliency Assessment Recertification

This project prepares to recertify ACWWA's Risk and Resilience Assessment (RRA) as required by the Safe Drinking Water Act, with a deadline of June 30, 2026. This effort will update the original 2021 assessment to reflect current infrastructure and evolving risks to water and wastewater systems. An engineering consultant will assist in completing the recertification. Deferring the project would place ACWWA out of compliance with federal regulations and delay important updates to system risk evaluations.

4. Administration Building: Berm Removal, Brick Facia, and Landscaping

ACWWA is planning a landscaping upgrade around the northeast, eastern, and southern sides of its newly remodeled Tucson administration building. The project includes removing outdated plantings and installing a refreshed design to enhance the building's appearance and create a welcoming environment for visitors. Final design selections and permitting are scheduled for fall, with construction expected to be completed by early 2026. Deferring the project may delay the full visual impact of the renovation and reduce the building's curb appeal.

5. All Quest Removal Study

ACWWA is evaluating the continued use of a chemical that incurs ongoing costs but may not be providing measurable benefits. A Water Treatment consultant will review water quality, lead and copper data, and system characteristics to determine its effectiveness and optimal dosing. This assessment will help ensure resources are used efficiently and treatment practices are aligned with system needs. Deferring the evaluation may result in unnecessary spending and missed opportunities for process optimization.

6. AMI Radio Towers

This project will enable remote meter reading and customer usage tracking, reducing manual labor and improving customer service while providing critical data for water loss and conservation programs. It requires installing base stations, software, and training to fully implement the solution. Deferring this project will result in continued manual processes, higher labor costs, and limited data for operational improvements.

7. Arapahoe Well (A-2) Redrill

A2 Well, drilled in 1988, has reduced output due to casing issues and now produces only half its permitted capacity. Based on a 2020 Hazen report, ACWWA will inspect the Well in Fall 2025 to determine if redrilling is necessary. Replacing the Well would restore reliability to Water Resource Management. Deferring this project risks losing 0.576 MGD of water supply during peak demand if the Well is deemed non-repairable.

8. Collection/Distribution Master Plan Updates

ACWWA plans to update its distribution and collection master plan to reflect development and demand changes since 2019. The updated plan will refine hydraulic models and support accurate buildout and infrastructure planning. A consultant will work with staff to incorporate current demand, sewer flow, and GIS data. Deferring the update may result in outdated projections and limit ACWWA's ability to make informed infrastructure decisions.

9. Foxfield Redundancy Line (Design, Construction, SDC)

This project remains a placeholder pending re-evaluation during the distribution and collection system master plan update. It would provide a redundant pipeline connection between the 4 MG tank and the ACWWA service area west of Chaparral. Deferring this project increases the risk of water shortages if the existing 24" pipeline in Arapahoe Road is taken out of service.

10. JWPP: Alluvial Supply Wells Fiber Communication Replacement

This project is a placeholder pending CWSD's evaluation of options to repair, replace, or abandon the existing fiber communication system between the JWPP and its alluvial wells. Reliable communication is critical to maintaining efficient operations at JWPP. Deferring this project could result in a loss of connectivity, potentially requiring a shutdown of JWPP until communication is restored—especially problematic during high-demand summer months.

11. JWPP: AMP C / Chemical Dosing Upgrades

This project addresses hydrogen sulfide issues caused by treated brine discharge from JWPP into ACWWA's collection system by upgrading the temporary calcium hypochlorite feed system and implementing short-term improvements. Jacobs operations staff and Hazen's ongoing BTS

evaluation will guide these upgrades. Deferring this project risks continued high hydrogen sulfide concentrations, potential odor complaints, and corrosion in sewer infrastructure.

12. JWPP: Jacobs 5-Year CIP

Jacobs Engineering, per the operating agreement, provided a 2025 update identifying 19 recommended JWPP maintenance projects for 2026–2027, including a major \$125,000 remediation of hydrogen sulfide damage to the BTS Effluent Pump Vault. These projects will be vetted in 2026, with smaller tasks likely handled by Jacobs staff. Deferring these recommendations, particularly vault rehabilitation, could lead to failure of the effluent pump vault, halting treated brine disposal and requiring a JWPP shutdown until repairs are completed.

13. JWPP: Phase 2 Studies

A study is underway to define a program that reduces brine discharge to LTCWRF, restores JWPP production capacity, and improves supply well flexibility, with completion expected by November 2025. Phase 2 will fund additional evaluations and preliminary designs for filtration and brine treatment upgrades. Deferring this project would maintain current operational limitations, leaving LTCWRF under high hydraulic load, restricting potable water production, and reducing supply resiliency.

14. JWPP: Phase 3 Implementation

This project is a placeholder for improvements recommended after Phase 2 is completed in 2026. The current study, expected to finish by November 2025, aims to reduce brine discharge to LTCWRF, restore JWPP production capacity, and improve supply well flexibility. Deferring this project would maintain current operational constraints, limiting potable water production and supply resiliency while continuing high hydraulic loading on LTCWRF.

15. JWPP: PLC / RIO Panel Replacement

The SCADA and I&C systems at JWPP, dating to 2010, have reached the end of their service life, and Carollo Engineers is developing a scope for upgrading both the SCADA program and hardware components such as PLCs and switches. Standardizing these systems could improve reliability, reduce licensing costs, and streamline support across ACWWA and CWSD. Deferring this project increases the risk of unscheduled JWPP shutdowns due to SCADA failures, which could severely impact water supply depending on seasonal demand and available backup sources.

16. JWPP: SCADA Upgrade

This project plans to upgrade the SCADA program and instrumentation/control systems at the JWPP, originally installed in 2010 and now at the end of their service life. Carollo Engineers is developing the scope, including evaluation of outdated hardware and potential standardization across ACWWA and CWSD facilities. The upgrade will improve system reliability, reduce licensing costs, and enhance operational efficiency. Deferring the project increases the risk of an extended JWPP shutdown, which could impact water supply depending on seasonal demand and availability from other sources.

17. LTCWRF AWT Roof Replacement

The membrane roof on this building, installed in 2008 with a 20-year lifespan, has reached the end of its service life and shows multiple areas of concern. Temporary repairs will be made while bids are solicited from qualified roofing contractors through a reputable general contractor. Replacing the roof will help protect critical indoor mechanical and electrical systems. Deferring full replacement may increase the risk of water intrusion and damage to essential infrastructure.

18. LTCWRF Digester Blower Airline Leak Investigation and Repair

This project addresses a long-standing leak in the underground air supply piping to the aerobic digesters at the Lone Tree Creek Water Reuse Facility. The leak has limited airflow and reduced the effectiveness of the shear tube aeration and mixing system, impacting energy efficiency and biosolids treatment performance. The project will begin with a detailed pipe investigation to locate failure points and guide targeted repairs. Restoring full aeration capacity is essential for evaluating long-term biosolids stabilization, extending infrastructure life, and maintaining regulatory compliance. Deferring the project could lead to worsening system performance, increased energy waste, and potential violations.

19. LTCWRF Electrical Room / Generator (Design, Construction & SDC)

This project will replace the original 1980s MCCs and backup generator serving the older side of LTCWRF, which have exceeded their service life and are increasingly difficult to maintain. Carollo Engineers is evaluating alternatives, with the preferred option likely converting the adjacent maintenance shop into a new electrical room. Deferring this project increases the risk of electrical gear failure, which could significantly disrupt plant operations, including solids handling and laboratory functions.

20. LTCWRF: HVAC Replacement at Headworks

This HVAC unit, installed during the 2006 Plant Expansion, ventilates the Screening area and has experienced multiple failures. Its malfunction can lead to a buildup of gases like H₂S and methane, creating unsafe conditions. ACWWA plans to replace it with a more reliable and efficient system, ensuring proper airflow and safe operations. Deferring the project may prolong exposure to ventilation issues and increase the risk of equipment downtime or safety concerns.

21. LTCWRF: Interim Capacity Expansion (Design) (Construction) (Engineering SDC)

The LTCWRF has reached 80% of its permitted hydraulic capacity, triggering a requirement under its discharge permit to begin planning for expansion. A master plan is underway in 2025 to identify and prioritize future projects, with design and construction to follow. Deferring this project could result in permit violations and, if capacity reaches 95% without expansion, ACWWA may be forced to implement a tap moratorium.

22. LTCWRF: Levee Improvements (Design, Construction & SDC)

This project will raise and extend the existing levee protecting LTCWRF to meet FEMA freeboard requirements and obtain certification, improving flood protection for the facility. Design by RESPEC will include levee modifications, a retaining wall, and construction of a new levee segment. Deferring this project leaves the site partially vulnerable to a 100-year flood, increasing the risk of treatment disruptions.

23. LTCWRF: PD Blower Replacement for Digester

ACWWA plans to replace three PD Blowers at the Lone Tree facility that have been in service since 2007, 2009, and 2013 and are now at the end of their operational life. These blowers support aeration for the digesters and WAS storage tank, which is critical to solids processing. A design project will evaluate proper sizing and quantity to meet current and future needs. Deferring this replacement may impact system reliability and compromise the effectiveness of sludge treatment processes.

24. Municipal Water Efficiency Plan Update

ACWWA plans to update its Municipal Water Efficiency Plan, last completed in 2015, to reflect changes in water use patterns and efficiency priorities over the past decade. A consultant will work with staff to evaluate historical data and apply CWCB guidance in revising the plan. The update will help identify new opportunities for water savings and guide future implementation efforts. Deferring the project may leave ACWWA without current insights needed to meet regulatory requirements and optimize water efficiency strategies.

25. NWTP: Miscellaneous Projects

This project consolidates smaller Northern System CIP efforts, including pilot studies, additional pipelines, SCADA upgrades, and equipment procurement. ECCV manages these projects and provides regular progress updates to ACWWA staff. Deferring this project is not an option, as ACWWA is contractually obligated to participate.

26. Piney Creek Crossing Waterline

This project will restore ACWWA's potable water infrastructure to the Orchards neighborhood and commercial area, which was removed during the emergency encasement of the 10" sewer line at Piney Creek. Coordination with the SEMSWA Pine Creek rehab project is required for timing and design. Deferring this project risks a complete loss of potable water service to the Orchards area if the current crossing fails, resulting in significant service disruption.

27. Reliable Collection Flow Measurement Devices

ACWWA plans to install flow meters on all basins entering the Lone Tree Wastewater Plant to enhance monitoring and identify discharge or I&I during specific events. The project includes evaluating meter options for reliability, power needs, and maintenance. These meters will support data-driven decisions and improve system performance tracking. Deferring the project may limit ACWWA's ability to gather detailed operational insights for strategic planning.

PURCHASING

28. Crane Truck

ACWWA's 2001 Ford Crane Truck is overdue for replacement under its 10-year renewal strategy and currently presents safety concerns, including unreliable braking and frequent crane repairs. Field Operations relies on this truck for critical emergency and maintenance tasks across the utility system. Purchasing or leasing a new unit will eliminate rental needs and ensure dependable response capabilities. Deferring this project risks ongoing safety issues and rising maintenance costs.

29. Fleet Replacement # 516

This 2005 vehicle, used by the Tech 2 Maintenance position, requires multiple repairs and is due for replacement. ACWWA plans to purchase a new unit through the Colorado State Bid program. Replacing it now will avoid costly repairs and ensure reliable support for field operations. Deferring risks increased maintenance costs and reduced vehicle dependability.

30. Fleet Replacement #222

This 2015 vehicle has reached its 10-year replacement cycle and has undergone multiple repairs, prompting a recommendation for replacement. ACWWA plans to auction the unit and apply proceeds toward a new purchase through the Colorado State Bid program. A new vehicle will reduce future repair costs and ensure reliable support for Field operations. Deferring replacement could lead to increased expenses and reduced dependability.

31. Fleet Replacement #518

This vehicle, originally placed in service in 2015, has undergone multiple repairs and is now due for replacement under its 10-year lifecycle. ACWWA plans to auction the unit and apply the proceeds toward purchasing a new vehicle through the Colorado State bid program. Replacing it now will prevent escalating repair costs and ensure reliable transportation for Field operations. Deferring the purchase risks increased maintenance expenses and potential disruptions to essential field services.

CARRYOVER PROJECTS

32. Chambers Reservoir: Access/Entry Gate Relocation

This project involves relocating the access gate to the Chambers Reservoir Pump Station due to the construction of Belford Avenue at Chambers Road. The new entry, which includes gates, curb cuts, and fencing, is designed to ensure safe access for fire and emergency vehicles without obstructing the intersection. The design has been approved by South Metro Fire Rescue and Douglas County Public Works and coordinated with the intersection developer. Deferring the project may limit emergency access and conflict with planned roadway improvements.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

33. Chambers Reservoir: Pump Station Modifications and Improvements

This project involves relocating the access gate to the Chambers Reservoir Pump Station to accommodate the new Belford Avenue intersection and ensure safe emergency vehicle access. It also includes modifications to the pumps and control system to meet the flow and pressure needs of the non-potable irrigation system. These upgrades will allow the station to operate reliably at a more suitable pressure. Deferring the project may prevent the pump station from meeting irrigation demands for the 2026 season, impacting service delivery.

\$145,000 of the \$165,000 allocated in 2025 is being carried forward to 2026.

34. Cherry Creek Interceptor Condition, Capacity, and Redundancy Evaluation

ACWWA is initiating an evaluation of the Cherry Creek Interceptor crossing at Arapahoe Road, a critical pipeline installed over 40 years ago. While a portion was lined in 2004, the condition of the pipe and liner beneath the roadway remains uncertain, and the flat slope may limit flow capacity. The project will assess structural reliability and determine whether improvements or a parallel crossing are needed to support future flows. Deferring this evaluation could increase the risk of service disruptions and limit ACWWA's ability to plan for long-term wastewater management.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

35. Collection/Distribution Instrumentation and Controls Upgrade (Phase II Radio Network Upgrade)

In 2024, KNS Communications upgraded ACWWA's radio network at seven remote sites by replacing obsolete Freewave radios with GE Orbitz radios on a licensed network with cellular redundancy. Phase II proposes completing the upgrade by replacing outdated radios at the remaining 15 remote sites, enhancing reliability and reducing operational risk. Deferring this project could result in critical communication failures, forcing manual operation of potable water sources and compromising alarm and performance data at lift stations due to the obsolete and unsupported Freewave system.

\$48,188 of the \$55,000 allocated in 2025 is being carried forward to 2026.

36. Elkhorn: Well A3 (Design) (Construction & SDC)

This project adds a third deep well in the Arapahoe formation to support the Elkhorn Ranch Development, where 220 of 250 lots are already developed. The new well, capable of producing 150 gpm, will tie directly into the pressure distribution system and operate in coordination with the two existing wells. It enhances system reliability, provides redundancy in case of pump failure, and supports fire flow and long-term water supply needs. Deferring the project could compromise water availability and system resilience as the development approaches full buildout.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

37. JWPP: Finished Water Pump Replacement - #2 and #3

This project involves replacing oversized and inefficient finished water pumps #2 and #3 at JWPP with properly sized units to improve operational efficiency and provide redundancy. Design is complete, and pump specifications will match previously replaced units to streamline procurement and installation. Deferring this project may result in continued inefficiencies and reduced reliability in meeting current water production demands.

\$250,000 of the \$400,000 allocated in 2025 is being carried forward to 2026.

38. LTCWRF: AWT Upgrades (Design, Construction & Engineering SDC)

This project will add two new filters with improved underdrain systems at the LTCWRF AWT building, upgrade HVAC in the chemical room, replace aging PLCs, and install a new tertiary effluent pump to increase treatment capacity and resiliency. Design by Carollo is underway, with completion expected in early 2026 and construction to follow. Deferring this project would leave the facility operating at limited capacity with no filter redundancy, increasing the risk of permit violations and requiring emergency measures during maintenance.

\$100,000 of the \$507,182 allocated in 2025 is being carried forward to 2026.

39. **LTCWRF: Biosolids Trailer Pad - Cover / Roof (Design) (Construction & SDC)**
ACWWA plans to construct a cover over the biosolids staging pad to address housekeeping concerns identified during a recent state inspection. The cover will prevent precipitation from washing biosolids onto the plant site and into stormwater sampling points, which could trigger additional regulatory testing requirements. It will also improve trailer staging logistics with contractor Denali, especially during weather-related delays. Deferring the project may increase the risk of noncompliance with environmental standards and complicate biosolids management during storm events.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

40. **LTCWRF: Parallel Interceptor and New Parshall Flume Structure (Design, Construction, Engineering Services During Construction)**
The Parshall Flume at LTCWRF, which serves as the plant's permitted influent flow measurement point, has experienced significant concrete degradation due to hydrogen sulfide exposure. To maintain compliance and operational reliability, a redundant flume will be installed along with parallel interceptors upstream and downstream to enhance capacity and flexibility. Once the new flume is active, the original structure will be repaired under a separate effort. Deferring this project could lead to structural failure, requiring emergency repairs and potentially resulting in a sewage spill or permit violation.

\$10,000 of the \$209,000 allocated in 2025 is being carried forward to 2026.

41. **NWTP: Deep Injection Well-4 (Land/Design/Construction)**
This project will add a third deep injection well at the Northern Water Treatment Plant to provide redundancy for brine disposal, as the two existing wells cannot handle full plant production if one is offline. ECCV will manage all phases of the project. Deferring this project is not an option, as ACWWA is contractually obligated to participate.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

42. **NWTP: Phase 2B - 5th Skid/Cartridge Filters/UV/HSPS/Check Valves**
The 5th skid project will restore Northern Water Treatment Plant capacity to 20 MGD, addressing reductions caused by increased reverse osmosis treatment to meet PFAS standards. ECCV is managing all phases, with Garney under contract and completion targeted for

summer 2026. Deferring this project is not an option, as ACWWA is contractually obligated to participate.

\$1,050,000 of the \$11,300,000 allocated in 2025 is being carried forward to 2026.

43. Site Improvements: 1-MG Tank and 4-MG Tank Sites (Design, SDC & Construction)
Site visits in October 2024 revealed grading and erosion issues at both the 1 MG and 4 MG tank sites, with stormwater draining toward pump station buildings and entering the 1 MG building during heavy storms. A civil engineering firm is developing preliminary designs to improve drainage and reduce erosion. Final design and construction will follow selection of the preferred alternative. Deferring the project may allow erosion to continue, potentially impacting critical infrastructure over time.

\$40,000 of the \$80,000 allocated in 2025 is being carried forward to 2026.

44. Site Improvements: VCC LS Site (Design, SDC & Construction)
This project will implement engineered stormwater improvements at the Valley Country Club Lift Station to address erosion and sediment deposition that threaten critical electrical equipment and infrastructure. Planned work includes drainage enhancements, erosion control measures, and slope stabilization to protect operational reliability and facility stability. Deferring this project will allow erosion to worsen, increasing maintenance needs and operational risks to the lift station.

\$20,000 of the \$40,000 allocated in 2025 is being carried forward to 2026.

45. VCC LS Improvements (Evaluation, Preliminary Design, Design, Construction & SDC)
ACWWA plans critical upgrades to its largest lift station, VCC LS, including pump installations, slide gates, EI&C equipment protection, and backflow prevention to the 10" Orchards line. A consultant-led design will guide construction to improve reliability and redundancy. Deferring this project risks repeating failures like the 2019 pipe break, including neighborhood backflow and flooding of the dry pumping chamber. Timely improvements are essential to protect infrastructure and public safety.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

46. VCC LS Wet Wells Structural Rehabilitation (Design, Construction & SDC)
ACWWA is initiating a critical improvement project for its largest lift station, VCC LS, after discovering significant concrete degradation in the Wet Wells and safety concerns with the catwalks used for maintenance access. The project will involve structural evaluations and repairs, guided by consultant recommendations and staff input. Deferring this project risks sudden concrete failure and continued use of compromised catwalks, posing serious safety hazards and potential operational disruptions. Timely rehabilitation will help preserve infrastructure integrity and ensure safe, reliable maintenance access.

This project was identified in the 2025 CIP but has not yet started, so it has been carried over to 2026.

11. Departmental Information

ACWWA's activities are divided among three primary departments.

Water operations includes 10.0 direct FTEs who are responsible for:

- operations and maintenance of the water distribution system which consists of wells, pumps, piping, valves, storage tanks, Chambers Reservoir and meter vaults;
- water treatment and compliance testing to meet the standards of the Safe Drinking Water Act;
- flushing and special projects;
- reading and inspecting meters, including construction hydrant meters;
- utility locates
- operations and maintenance of the collections system, including lift stations, sewer lines, and pretreatment; and
- responding to customer service questions and issues.

Goals and Objectives: For 2026, the water operations department plans to focus on enhancing its valve exercising program, with a goal of 100/month and 1200/year. Valving on transmission lines gives the operators the ability to divert flows and allow vital maintenance to be performed. Water operations will also be involved in improving ACWWA's SCADA (Supervisory Control and Data Acquisition) system and in developing and implementing an emergency preparedness program.

Wastewater operations includes 6.0 direct FTEs who perform the following:

- operations and maintenance of the Lone Tree Creek Water Reuse Facility, which treats wastewater to comply with federal and state regulations prior to discharge in Cherry Creek Reservoir;
- laboratory testing to ensure compliance with all regulations;
- operations and maintenance of the non-potable water system.

Goals and Objectives: The department will continue to be involved in SCADA improvements and in developing and implementing an emergency preparedness program.

Administration: includes 26.0 FTEs in 2026 who are responsible for the following:

- the general management of ACWWA, including implementation of board policies;
- financial management including financial reporting, budgeting, cash collections, and disbursements;
- customer service and billing activities;
- procurement activities;
- information technology and website administration;
- engineering services and activities, including capital projects management, water resources management, and GIS coordination;
- development services;
- operations management including the overall management of the water and wastewater systems and maintenance operations;
- inspections and construction management; and
- maintenance of the plants, buildings, and equipment.

Goals and Objectives: ACWWA Administration has multiple goals, including:

- Conducting an analysis of the current SCADA state and implementation of an asset management program;
- Enhancing ACWWA's emergency preparedness plan;
- Maintaining debt service coverage ratio at 1.5:1;
- Maximizing investment earnings through effective cash flow management

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY
APPROVED POSITIONS 2024 - 2026

| REGULAR EMPLOYEES (FTE) | 2024 BUDGET | 2025 BUDGET | 2026 BUDGET |
|---|--------------------|--------------------|--------------------|
| ADMINISTRATION | | | |
| General Manager | 1.0 | 1.0 | 1.0 |
| Director of Finance and Administrative Services | 1.0 | 1.0 | 1.0 |
| Director of Engineering Services | 1.0 | 1.0 | 1.0 |
| Senior Project Manager | 1.0 | 1.0 | 1.0 |
| Operations Manager | 1.0 | - | - |
| Special Projects Manager | 1.0 | - | - |
| Reliability Engineer | - | 1.0 | 1.0 |
| Senior Water/Wastewater Engineer | - | 1.0 | 1.0 |
| Customer Service Manager | 1.0 | 1.0 | 1.0 |
| Maintenance Superintendent | 1.0 | - | 1.0 |
| Purchasing and Finance Specialist | 1.0 | 1.0 | 1.0 |
| Water Resources Engineer | 1.0 | 1.0 | 1.0 |
| Water Resources Engineer II | 1.0 | 1.0 | - |
| Water Resources Manager | - | - | 1.0 |
| IT Manager | 1.0 | 1.0 | 1.0 |
| Human Resources Generalist | 1.0 | 1.0 | 1.0 |
| Accountant | 1.0 | 1.0 | 1.0 |
| Administrative Assistant | 1.0 | 1.0 | 1.0 |
| Administrative Assistant | - | 1.0 | - |
| Accounting Specialist | 1.0 | 1.0 | - |
| Customer Service/Billing Specialist | 1.0 | 1.0 | 1.0 |
| Customer Service Specialist | 1.0 | 1.0 | 1.0 |
| Operations Business Support Technician | 1.0 | - | 1.0 |
| Project Coordinator | 1.0 | 1.0 | - |
| Compliance Program manager | - | - | 1.0 |
| Maintenance Technician I | 1.0 | 1.0 | 1.0 |
| Maintenance Technician I | - | 1.0 | 1.0 |
| Maintenance Technician III | - | 1.0 | - |
| Maintenance Technician III | 1.0 | 1.0 | 1.0 |
| Grounds Work Technician | 1.0 | 1.0 | 1.0 |
| Construction Inspector I | - | - | - |
| Construction Inspector II | 1.0 | - | - |
| Construction and Compliance Specialist | - | 1.0 | 1.0 |
| GIS Specialist | 1.0 | 1.0 | 1.0 |
| Other | - | - | 2.0 |
| WATER OPERATIONS | | | |
| Field Superintendent | 1.0 | 1.0 | 1.0 |
| Lead Field Technician | 1.0 | 1.0 | 1.0 |
| Lead Field Technician | 1.0 | - | - |
| Field Maintenance Tech | - | - | 1.0 |
| Field Technician I | - | 1.0 | 1.0 |
| Field Technician I | 1.0 | 1.0 | 1.0 |
| Field Technician I | 1.0 | 1.0 | 1.0 |
| Field Technician I | 1.0 | 1.0 | 1.0 |
| Field Technician II | - | 1.0 | 1.0 |
| Field Technician III | 1.0 | 1.0 | 1.0 |
| Cross-connection/Backflow Control Specialist | 1.0 | 1.0 | 1.0 |
| Cross-connection/Backflow Control Specialist | 1.0 | - | - |
| WASTEWATER OPERATIONS | | | |
| Wastewater Plant Superintendent | 1.0 | 1.0 | 1.0 |
| Wastewater Plant Operator I | 1.0 | 1.0 | 1.0 |
| Wastewater Plant Operator I | 1.0 | 1.0 | 1.0 |
| Wastewater Plant Operator II | 1.0 | - | - |
| Wastewater Plant Operator II | 1.0 | - | - |
| Wastewater Plant Operator III | - | 1.0 | 1.0 |
| Wastewater Lab Technician | 1.0 | 1.0 | 1.0 |
| Totals | 40.0 | 40.0 | 42.0 |

FINANCIAL SUMMARIES AND NOTES



Above is the VCC Lift Station

12. Board Summary Forecasted 2026 Combined Operations

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY
BOARD SUMMARY
2026 BUDGET AS PROPOSED
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ending December 31,

| | ACTUAL 2024 | ESTIMATED 2025 | BUDGET 2026 |
|---|------------------------|---------------------------|------------------------|
| BEGINNING FUNDS AVAILABLE | \$ 52,416,542 | \$ 57,459,484 | \$ 66,468,776 |
| REVENUES | | | |
| Operating Revenues | | | |
| Water revenue | 16,836,598 | 16,966,936 | 17,787,915 |
| Sewer revenue | 7,330,529 | 7,826,871 | 8,102,768 |
| Fees for services | 794,607 | 651,600 | 480,924 |
| Water plant revenue | 718,581 | 761,968 | 821,384 |
| Other revenue | 242,257 | 222,533 | 213,000 |
| Total operating revenues | 25,922,572 | 26,429,908 | 27,405,991 |
| Non-Operating Revenues | | | |
| Tap and extraterritorial fees | 5,358,127 | 9,583,086 | 4,842,195 |
| Settlement proceeds | - | 716,780 | - |
| Grant revenue | 743,596 | 588,373 | - |
| Net investment income | 3,428,325 | 3,002,857 | 2,250,000 |
| Total non-operating revenues | 9,530,048 | 13,891,095 | 7,092,195 |
| Total revenues | 35,452,620 | 40,321,003 | 34,498,186 |
| Total funds available | 87,869,162 | 97,780,487 | 100,966,961 |
| EXPENDITURES | | | |
| Operating Expenses | | | |
| Salaries and benefits | 4,644,861 | 4,866,801 | 5,909,138 |
| Office expense | 285,818 | 447,204 | 482,885 |
| Professional services | 1,029,079 | 930,849 | 1,015,450 |
| Repairs and maintenance | 1,783,862 | 1,461,563 | 1,782,360 |
| Insurance | 298,736 | 339,266 | 373,193 |
| Operational | 6,666,438 | 7,895,201 | 7,955,527 |
| Contractual services | 267,386 | 252,322 | 284,169 |
| Utilities | 1,233,349 | 1,348,520 | 1,471,528 |
| Other supplies and expense | 14,141 | 16,339 | 25,200 |
| Contingency | - | - | 400,000 |
| Total operating expenses | 16,223,670 | 17,558,067 | 19,699,451 |
| Non-Operating Expenses | | | |
| Interest and fiscal charges | 7,795,351 | 7,753,645 | 7,749,095 |
| Total non-operating expenses | 7,795,351 | 7,753,645 | 7,749,095 |
| Capital expenditures | | | |
| Capital projects | 8,619,119 | 6,000,000 | 34,122,599 |
| Total capital expenditures | 8,619,119 | 6,000,000 | 34,122,599 |
| Total expenditures requiring appropriation | 32,638,140 | 31,311,712 | 61,571,145 |
| ENDING FUNDS AVAILABLE | \$ 55,231,022 | \$ 66,468,776 | \$ 39,395,816 |

13. Board Summary Forecasted 2026 Budget Water Operations

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY
WATER OPERATIONS
2026 BUDGET AS PROPOSED
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ending December 31,

| ACTUAL 2024 | ESTIMATED 2025 | BUDGET 2026 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

REVENUES

Operating Revenues

| | | | |
|---------------------------------|-------------------|-------------------|-------------------|
| Water revenue | \$ 16,836,598 | \$ 16,966,936 | \$ 17,787,915 |
| Fees for services | 477,651 | 374,948 | 199,727 |
| Water plant revenue | 718,581 | 761,968 | 821,384 |
| Other revenue | 242,257 | 222,533 | 213,000 |
| Total operating revenues | 18,275,087 | 18,326,385 | 19,022,026 |

Non-Operating Revenues

| | | | |
|-------------------------------------|-------------------|-------------------|-------------------|
| Tap and extraterritorial fees | 3,369,656 | 7,012,156 | 3,745,693 |
| Settlement proceeds | - | 716,780 | - |
| Grant revenue | 743,596 | 588,373 | - |
| Net investment income | 2,524,974 | 2,102,001 | 1,665,000 |
| Total non-operating revenues | 6,638,226 | 10,419,309 | 5,410,693 |
| Total revenues | 24,913,313 | 28,745,694 | 24,432,719 |

EXPENDITURES

Operating Expenses

| | | | |
|---------------------------------|-------------------|-------------------|-------------------|
| Salaries and benefits | 2,644,606 | 2,750,959 | 3,467,768 |
| Office expense | 185,805 | 320,411 | 304,376 |
| Professional services | 722,825 | 644,987 | 768,022 |
| Repairs and maintenance | 1,018,652 | 872,149 | 783,172 |
| Insurance | 247,069 | 280,573 | 308,631 |
| Operational | 5,988,540 | 7,271,316 | 7,266,667 |
| Contractual services | 23,118 | 33,700 | 35,700 |
| Utilities | 510,695 | 553,733 | 604,554 |
| Other supplies and expense | 9,899 | 11,438 | 20,640 |
| Contingency | - | - | 280,000 |
| Total operating expenses | 11,351,209 | 12,739,264 | 13,839,530 |

Non-Operating Expenses

| | | | |
|-------------------------------------|------------------|------------------|------------------|
| Interest and fiscal charges | 6,959,536 | 6,929,336 | 6,923,386 |
| Total non-operating expenses | 6,959,536 | 6,929,336 | 6,923,386 |

Capital expenditures

| | | | |
|-----------------------------------|------------------|------------------|-------------------|
| Capital projects | 7,903,129 | 1,500,000 | 19,507,563 |
| Total capital expenditures | 7,903,129 | 1,500,000 | 19,507,563 |

| | | | |
|---|-------------------|-------------------|-------------------|
| Total expenditures requiring appropriation | 26,213,874 | 21,168,600 | 40,270,479 |
|---|-------------------|-------------------|-------------------|

| | | | |
|-------------------------------|-----------------------|---------------------|------------------------|
| Change In Net Position | \$ (1,300,561) | \$ 7,577,094 | \$ (15,837,760) |
|-------------------------------|-----------------------|---------------------|------------------------|

14. Board Summary Forecasted 2026 Sewer Operations

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY
WASTEWATER OPERATIONS
2026 BUDGET AS PROPOSED
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ending December 31,

| ACTUAL 2024 | ESTIMATED 2025 | BUDGET 2026 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

REVENUES

Operating Revenues

| | | | |
|---------------------------------|------------------|------------------|------------------|
| Sewer revenue | \$ 7,330,529 | \$ 7,826,871 | \$ 8,102,768 |
| Fees for services | 316,956 | 276,652 | 281,197 |
| Total operating revenues | 7,647,485 | 8,103,523 | 8,383,965 |

Non-Operating Revenues

| | | | |
|-------------------------------------|-------------------|-------------------|-------------------|
| Tap and extraterritorial fees | 1,988,471 | 2,570,930 | 1,096,502 |
| Net investment income | 903,351 | 900,856 | 585,000 |
| Total non-operating revenues | 2,891,782 | 3,471,786 | 1,681,502 |
| Total revenues | 10,539,307 | 11,575,309 | 10,065,467 |

EXPENDITURES

Operating Expenses

| | | | |
|---------------------------------|------------------|------------------|------------------|
| Salaries and benefits | 2,000,255 | 2,115,842 | 2,441,369 |
| Office expense | 100,013 | 126,793 | 178,510 |
| Professional services | 306,254 | 285,863 | 247,428 |
| Repairs and maintenance | 765,210 | 589,414 | 999,188 |
| Insurance | 51,667 | 58,693 | 64,562 |
| Operational | 677,898 | 623,886 | 688,860 |
| Contractual services | 244,268 | 218,622 | 248,469 |
| Utilities | 722,654 | 794,787 | 866,974 |
| Other supplies and expense | 4,242 | 4,901 | 4,560 |
| Contingency | - | - | 120,000 |
| Total operating expenses | 4,872,461 | 4,818,803 | 5,859,921 |

Non-Operating Expenses

| | | | |
|-------------------------------------|----------------|----------------|----------------|
| Interest and fiscal charges | 835,815 | 824,309 | 825,709 |
| Total non-operating expenses | 835,815 | 824,309 | 825,709 |

Capital expenditures

| | | | |
|-----------------------------------|----------------|------------------|-------------------|
| Capital projects | 715,990 | 4,500,000 | 14,615,036 |
| Total capital expenditures | 715,990 | 4,500,000 | 14,615,036 |

Total expenditures requiring appropriation

6,424,266 10,143,112 21,300,666

Change In Net Position

\$ 4,115,041 \$ 1,432,197 \$ (11,235,199)

15. Budget Notes

15.1 Revenue

15.1.1 Water Charges

This item includes charges for providing water to residential and commercial customers, a water investment fee, hydrant meter water, and water service fees.

15.1.2 Sewer Charges

Sewer charges include the rates charged to wastewater customers for collecting wastewater, moving it to the LTCWRF, and treating it.

15.1.3 Fire Lines

This item includes the charge to maintain enough water in the system for fire protection standby systems (i.e., sprinkler systems) at all times.

15.1.4 Irrigation

Irrigation includes irrigation water charges for those customers who have separate irrigation meters.

15.1.5 Fees for Services

Fees includes items such as the PID equivalency fee paid by Cottonwood, labor service call fees, hydrant meter rentals, meter inspections, radio read meter fees, and miscellaneous revenue.

15.1.6 RO Plant Revenue

This item reflects the budgeted expense reimbursement to be received from ACWWA's partner in the Joint Water Purification Plant (JWPP). The offsetting expenses are budgeted under the Operational expense category.

15.1.7 Interest Income

Interest income is the amount earned by ACWWA on funds held with Bank of Oklahoma (BOK), and in Colotrust and CSAFE investments.

15.1.8 Miscellaneous Revenue

This item is primarily comprised of water system payments from Chaparral, ditch company distributions, and revenue from fire flow testing.

15.1.9 Tap Fees and Contributions

Fees/contributions include fees for water and sewer tap sales in ACWWA service area, water tap sales in Elkhorn, and sewer taps sales in the Cottonwood district. This also includes the extraterritorial fees charged to Elkhorn Ranch customers.

Tap sales are estimated to be 100 in 2026, with Cottonwood wastewater tap sales projected at 11 SFE.

15.2 Expenses

15.2.1 Office Expenses

Office expense includes items such as office supplies and equipment, postage, association dues, unemployment insurance, training and education, and dues and subscriptions.

15.2.2 Salaries and Benefits Expenses

This item includes salaries, health benefits, retirement contributions, tuition reimbursement, service awards and payroll taxes.

15.2.3 Insurance Expenses

This includes insurance for ACWWA's property, plant and equipment as well as workers' compensation insurance.

15.2.4 Legal Fees

Legal fees expense comprises amounts paid to ACWWA's retained counsel, employment counsel, and for water rights protection legal services.

15.2.5 Professional Fees

These are fees paid to outside consultants to perform work that ACWWA does not have either staff with the technical expertise or the capacity to do the work. The primary driver of professional services is engineering fees for the various ACWWA projects. Audit fees are also included here.

15.2.6 Repairs and Maintenance

Repairs and Maintenance includes equipment rental, buildings and equipment maintenance, landscaping, and vehicle expense – fuel, license and registrations, tires, repairs and maintenance. The highest cost items are repairs and maintenance to the water and wastewater systems – line break repairs, valves, meter repair, pumps, etc. As the systems age, it is normal for repairs and maintenance costs to increase.

15.2.7 Operational

This item includes the cost of water from ECCV, the JWPP expenses allocated to ACWWA's partner in the plant, treatment chemicals, safety expenses, ditch assessments, and staff uniforms.

15.2.8 Utilities

This item includes water, sewer, electricity, gas, telephone, and internet service.

15.2.9 Contract Services

This is the cost for hauling sludge from the wastewater treatment plant.

15.2.10 Bad Debt

This is an estimate for writing off uncollectible accounts.

15.2.11 Other Supplies and Expenses

This line includes Board of Directors expense.

15.2.12 General Contingency

This item provides for unanticipated expenses. While every effort is made to accurately predict costs for the upcoming budget year, it is possible that major water or sewer line breaks or costly equipment failures could occur, and these will be covered by contingency funds.

15.2.13 Debt Service

This line includes principal and interest payments on outstanding bond issues.

15.2.14 Capital Outlay

This item includes budgeted capital projects and equipment.

16. Budgeted 2026 Capital Outlay

2026 New Project Costs

| | |
|--|----------------------|
| ACWWA Emergency Response Plan Recertification | \$ 82,500 |
| ACWWA Flow Water Rights Adjudication Costs | 1,375,000 |
| ACWWA Risk and Resiliency Assessment Recertification | 82,500 |
| Administration Building: Berm Removal, Brick Facia, and Landscaping | 132,000 |
| All Quest Removal Study | 36,300 |
| Arapahoe Well (A-2) Redrill | 1,430,000 |
| Chambers Reservoir: Access/Entry Gate Relocation | 286,000 |
| Chambers Reservoir: Pump Station Modifications and Improvements | 148,500 |
| Cherry Creek Interceptor Condition, Capacity, and Redundancy Evaluation | 330,000 |
| Collection/Distribution Instrumentation and Controls Upgrade (Phase II Radio Network Upgrade) | 148,732 |
| Collection/Distribution Master Plan Updates | 660,000 |
| Elkhorn: Well A3 (Design) (Construction & SDC) | 2,832,500 |
| JWPP: Alluvial Supply Wells Fiber Communication Replacement | 275,000 |
| JWPP: AMP C / Chemical Dosing Upgrades | 27,500 |
| JWPP: Finished Water Pump Replacement -#2 and #3 | 165,000 |
| JWPP: Jacobs 5-Year CIP | 154,000 |
| JWPP: Phase 2 Studies | 385,000 |
| JWPP: PLC / RIO Panel Replacement | 2,200,000 |
| JWPP: SCADA Upgrade | 825,000 |
| LTCWRF AWT Roof Replacement | 275,000 |
| LTCWRF Digester Blower Airline Leak Investigation and Repair | 110,000 |
| LTCWRF Electrical Room / Generator (Design, Construction & SDC) | 1,375,000 |
| LTCWRF: AWT Upgrades (Design, Construction & Engineering SDC) | 7,260,109 |
| VCC LS Wet Wells Structural Rehabilitation (Design, Construction & SDC) | 495,109 |
| LTCWRF: HVAC Replacement at Headworks | 110,000 |
| LTCWRF: Levee Improvements (Design, Construction & SDC) | 110,000 |
| LTCWRF: Parallel Interceptor and New Parshall Flume Structure (Design) (Construction) (Engineering Services During Construction) | 1,936,109 |
| LTCWRF: PD Blower Replacement for Digester | 220,000 |
| Municipal Water Efficiency Plan Update | 165,000 |
| NWTP: Deep Injection Well-4 (Land/Design/Construction) | 4,653,000 |
| NWTP: Miscellaneous Projects | 895,125 |
| Reliable Collection Flow Measurement Devices | 132,000 |
| Site Improvements: 1-MG Tank and 4-MG Tank Sites (Design, SDC & Construction) | 462,000 |
| Site Improvements: VCC LS Site (Design, SDC & Construction) | 198,000 |
| VCC LS Improvements (Evaluation, Preliminary Design, Design, Construction & | 1,650,000 |
| LTCWRF: Biosolids Trailer Pad - Cover / Roof (Design) (Construction & SDC) | 302,609 |
| Total 2026 New Project Costs | \$ 31,924,593 |

2026 Capital Purchases

| | |
|-------------------------------------|-------------------|
| Crane Truck | \$ 220,000 |
| Fleet Replacement # 516 | 49,500 |
| Fleet Replacement #222 | 49,500 |
| Fleet Replacement #518 | 49,500 |
| Total 2026 Capital Purchases | \$ 368,500 |

2026 Carryover Project Costs

| | |
|--|----------------------|
| Chambers Reservoir: Pump Station Modifications and Improvements | \$ 159,500 |
| Collection/Distribution Instrumentation and Controls Upgrade (Phase II Radio Network Upgrade) | 53,007 |
| JWPP: Finished Water Pump Replacement -#2 and #3 | 275,000 |
| LTCWRF: AWT Upgrades (Design, Construction & Engineering SDC) | 110,000 |
| LTCWRF: Parallel Interceptor and New Parshall Flume Structure (Design) (Construction) (Engineering Services During Construction) | 11,000 |
| NWTP: Phase 2B - 5th Skid/Cartridge Filters/UV/HSPS/check valves | 1,155,000 |
| Site Improvements: 1-MG Tank and 4-MG Tank Sites (Design, SDC &Constructic | 44,000 |
| Site Improvements: VCC LS Site (Design, SDC &Construction) | 22,000 |
| Total 2026 Carryover Project Costs | \$ 1,829,507 |
| Total 2026 Capital Expense Budget | \$ 34,122,599 |

17. Schedule of Debt Service Requirements to Maturity

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2026

| \$16,475,000 Variable Rate Revenue Refunding Bonds, Series 2016 Dated October 4, 2016 Variable Interest Rate Principal And Interest Due December 1 | | | | \$12,720,000 Variable Rate Revenue Refunding Bonds, Series 2017 Dated September 7, 2017 Variable Interest Rate Principal And Interest Due December 1 | | | | \$71,485,000 Variable Rate Taxable Water And Wastewater Revenue Refunding Bonds, Series 2019 Dated October 22,2019 Variable Interest Rate Principal And Interest Due December 1 | | | | CWCB Loan Dated August 11, 2020 1.9% Interest Rate Principal And Interest Due March 1 | | | | Total Debt Service Requirements | | | |
|--|---------------|--------------|--|--|--------------|---------------|---------------|--|------------|---------------|---------------|---|----------------|-----------|----------|---------------------------------|--|-------|--|
| | Principal | Interest | | | Principal | Interest | | | Principal | Interest | | | | Principal | Interest | | | Total | |
| 2026 | \$ 1,100,000 | \$ 404,600 | | \$ 950,000 | \$ 330,850 | \$ 2,215,000 | \$ 2,503,950 | \$ 174,377 | \$ 70,318 | \$ 4,439,377 | \$ 3,309,718 | | \$ 7,749,095 | | | | | | |
| 2027 | 1,140,000 | 360,600 | | 1,000,000 | 292,850 | 2,325,000 | 2,393,200 | 177,691 | 67,005 | 4,642,691 | 3,113,655 | | 7,756,346 | | | | | | |
| 2028 | 1,190,000 | 315,000 | | 1,035,000 | 252,850 | 2,440,000 | 2,276,950 | 181,067 | 63,629 | 4,846,067 | 2,908,429 | | 7,754,496 | | | | | | |
| 2029 | 1,235,000 | 267,400 | | 1,085,000 | 211,450 | 2,555,000 | 2,154,950 | 184,507 | 60,188 | 5,059,507 | 2,693,988 | | 7,753,495 | | | | | | |
| 2030 | 1,285,000 | 218,000 | | 1,135,000 | 168,050 | 2,680,000 | 2,027,200 | 188,013 | 56,683 | 5,288,013 | 2,469,933 | | 7,757,946 | | | | | | |
| 2031 | 1,335,000 | 166,600 | | 1,180,000 | 122,650 | 2,785,000 | 1,920,000 | 191,585 | 53,110 | 5,491,585 | 2,262,360 | | 7,753,945 | | | | | | |
| 2032 | 1,385,000 | 113,200 | | 1,235,000 | 75,450 | 2,895,000 | 1,808,600 | 195,225 | 49,470 | 5,710,225 | 2,046,720 | | 7,756,945 | | | | | | |
| 2033 | 1,445,000 | 57,800 | | 1,280,000 | 38,400 | 3,000,000 | 1,692,800 | 198,934 | 45,761 | 5,923,934 | 1,834,761 | | 7,758,695 | | | | | | |
| 2034 | - | - | | - | - | 5,930,000 | 1,572,800 | 202,714 | 41,981 | 6,132,714 | 1,614,781 | | 7,747,495 | | | | | | |
| 2035 | - | - | | - | - | 6,160,000 | 1,335,600 | 206,566 | 38,130 | 6,366,566 | 1,373,730 | | 7,740,296 | | | | | | |
| 2036 | - | - | | - | - | 6,395,000 | 1,089,200 | 210,490 | 34,205 | 6,605,490 | 1,123,405 | | 7,728,895 | | | | | | |
| 2037 | - | - | | - | - | 6,640,000 | 833,400 | 214,490 | 30,206 | 6,854,490 | 863,606 | | 7,718,096 | | | | | | |
| 2038 | - | - | | - | - | 6,895,000 | 567,800 | 218,565 | 26,130 | 7,113,565 | 593,930 | | 7,707,495 | | | | | | |
| 2039 | - | - | | - | - | 7,300,000 | 292,000 | 222,718 | 21,978 | 7,522,718 | 313,978 | | 7,836,696 | | | | | | |
| 2040 | - | - | | - | - | - | - | 226,949 | 17,746 | 226,949 | 17,746 | | 244,695 | | | | | | |
| 2041 | - | - | | - | - | - | - | 231,261 | 13,434 | 231,261 | 13,434 | | 244,695 | | | | | | |
| 2042 | - | - | | - | - | - | - | 235,655 | 9,040 | 235,655 | 9,040 | | 244,695 | | | | | | |
| 2043 | - | - | | - | - | - | - | 240,133 | 4,563 | 240,133 | 4,563 | | 244,696 | | | | | | |
| Total | \$ 10,115,000 | \$ 1,903,200 | | \$ 8,900,000 | \$ 1,492,550 | \$ 60,215,000 | \$ 22,468,450 | \$ 3,700,940 | \$ 703,577 | \$ 82,930,940 | \$ 26,567,777 | | \$ 109,498,717 | | | | | | |

GLOSSARY AND ACRONYMS



Chamber's Reservoir Pumpstation

18. Glossary of Terms and Acronyms

- 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 received.
- ACWWA – Arapahoe County Water and Wastewater Authority
- ACWWA Flow Project – A renewable water source project.
- Adopted Budget – ACWWA’s adopted budget is the fiscal year’s financial plan that details the Governing Board approved revenues and expenditures.
- Alternate Water Supply – The Alternate Water Supply is a search for new methods to meet current and projected 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 surplus 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, reports, 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.
- Balances budget - one in which the budget has sufficient projected revenues and available resources to equal anticipated expenditures.
- 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. These generally consist of machinery and equipment, furniture and fixtures costing more than \$5,000 with a useful life of 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.
- CRS – Colorado Revised Statutes
- CWS – 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 fewer than 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.
- IGA – Intergovernmental Agreement
- 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.
- JWPP – Joint Water Purification Plant
- 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 outside of ACWWA's boundaries.
- TBD – To be determined
- Tap fees – the cost of connecting a home or business to the water and/or wastewater systems.
- Tap equivalent – a mathematical calculation to convert disparate numbers of water and wastewater taps into a single unit of measurement.
- 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.

FPP.1. APPENDIX



BNR's at LTCRF

FPP.2. Financial Policies and Procedures

FPP.2.1 Basis of Budgeting/Accounting

For budgetary reporting purposes, ACWWA uses the modified accrual basis of accounting and budgeting for its one general fund. For financial reporting purposes, ACWWA utilizes the full accrual basis of accounting.

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 departments are categorized in service lines – water and wastewater – for budgetary and financial reporting purposes.

The costs of vacation and sick leave benefits (accrued compensated absences) are expended when payments are made to employees. The liability for all accrued and vested vacation and sick pay benefits is recorded on the balance sheet.

FPP.2.2 Revenue Policies

ACWWA estimates revenues conservatively using an objective and analytical approach employing techniques such as reviewing historical trends, current information, and economic indicators to ensure consistency, reliability and reasonableness. ACWWA utilizes a financial model that allows future revenue projections and that can be updated annually to reflect changing conditions. ACWWA’s long-term financial plan assesses long-term financial implications of current and proposed policies and programs. It also serves as a tool to allow staff to deal with financial 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.

FPP.2.3 Rates and Charges

Rates and charges are the primary component of ACWWA's revenue. User fees fund the services provided to ACWWA's customers. ACWWA utilizes a cost recovery concept to determine how costs are allocated to classes of customers. The full cost of providing various services is used as the basis for setting rates and fees. The full cost method incorporates both direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities. Examples of ACWWA's overhead include billing, 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 defendable using the following approaches: revenue requirement analysis cost of service analysis, and rate design analysis. ACWWA conducted a rate study in the third quarter of 2024, which is the basis for 2026 rates.
- Rate design shall be reflective of ACWWA's Board of Directors' rate setting objectives.
- Rates shall be set at a level to collect more reliable revenues through a combination of system access charges and low to medium users' commodity rates to meet ACWWA's revenue requirements.
- 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.
- ACWWA must produce revenues sufficient to pay:
 - a minimum of 1.25 times the Annual Debt Service Requirements as required to meet debt coverage covenants of ACWWA's bonds; and
 - the amounts required to be deposited in any reserve or contingency fund created for the payment and security of obligations.
- ACWWA will adjust rates and charges as the Board deems necessary so that net system revenues from such adjusted rates and charges will be sufficient at all times to meet the requirements.

FPP.2.4 Recognition of Revenues

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

FPP.2.5 Expenditure Policy

ACWWA's expenditures reflect the commitment of the Board of Directors and staff to serve present and future customers reliably. 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 and employing certain techniques such as the review of historical trends, current information, and economic indicators to ensure consistency, reliability, and reasonableness. ACWWA's financial model allows for future projections of capital and operating expenditures.

FPP.2.6 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 receipt or acceptance of the specific deliverables.

FPP.2.7 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 critical to an effective capital improvement program. ACWWA uses a combination of debt financing and "pay as you go" to fund the capital improvement program and maintenance of capital assets. The annual capital improvements cost is estimated by staff and is included in the amount to be funded from rates and charges.

Within the resources available each fiscal year, ACWWA will strive to maintain capital assets and infrastructure at a satisfactory level to protect its investment, to minimize future replacement and maintenance costs, and to maintain service levels.

FPP.2.8 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 policy is designed to accomplish the following:

- Encourage greater efficiency and effectiveness of the delivery of services by sharing resources and coordinating with other public and private organization through partnerships;
- Where possible, utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs;
- Control personnel costs as a proportion of total budget by the more effective use of resources.

FPP.2.9 Cash Management Policies and Practices

ACWWA's cash management policies strive to:

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

FPP.2.10 Debt Financing

ACWWA will use debt financing when it is judged to be appropriate based on the long-term capital needs of ACWWA, and the capacity 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 relatively small scale or are for short-lived improvements, the costs of these improvements will be paid from current revenues.

FPP.2.11 Reserve Funds

ACWWA maintains several reserve funds. In partnership with Inverness Water and Sanitation District (IWSD), maintains a Repair and Replacement Reserve for the Wastewater Treatment Plant of which ACWWA contributes 69.44% and IWSD contributes 30.55%. ACWWA currently contributes \$300,924 to this reserve annually. ACWWA and CWSD maintain a reserve fund for the JWPP to which ACWWA contributes \$12,667 annually. ACWWA is also required by bond covenants to maintain debt service reserves of \$550,000. Additionally, ACWWA established board-designated reserve funds in 2018, including an operating, rate stabilization, and emergency capital reserve funds.

FPP.2.12 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.

There may be an additional test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after additional bonds are issued. ACWWA will strive to exceed the coverage ratio required by the debt covenants. Annual adjustments to ACWWA's rate structure may be necessary to maintain these coverage ratios.

The credit rating of Revenue Bonds is based on the ability of ACWWA's existing rates to provide sufficient net income to pay debt service, as well as the perceived willingness of ACWWA's Board of Directors to raise rates and fees in accordance with its bond covenants. Past performance also plays a role in evaluating the credit quality of Revenue Bonds, as does the diversity of the customer base.

FPP.2.13 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.

FPP.2.14 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, to 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 principal and interest payments so as to avoid fluctuations in debt service requirements and related fluctuations in user fees. Because debt financing involves long-term commitments, the projects that are financed through debt financing will only be those that have a useful 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.

FPP.2.15 Short-Term Debt

User fees and tap 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 (less than ten years) method of borrowing. This financing may be used for costs such as the purchase of fleet equipment, the 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.

All proposals for short-term financing will 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.

FPP.2.16 Debt Authorizations

All long and short-term debt shall require Board authorization prior to issuance. ACWWA has no plans to issue new debt in 2026.

FPP.2.16.1 Current Debt Outstanding

In 2006, ACWWA issued \$22,940,000 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. The 2006 Series Bonds were refunded on October 4, 2016 by the Series 2016 Water and Wastewater Revenue Refunding Bonds in the amount of \$16,475,000 to take advantage of lower interest rates.

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. The 2007 bonds were refunded on September 7, 2017, in the amount of \$12,720,000.

In 2010, 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 2010 Series Bonds were used to purchase a renewable water source, infrastructure, and water storage. This project is identified as the ACWWA Flow Project. In 2013, ACWWA refunded the 2010 Series B Bonds. The 2010 Series A bonds were refunded on October 22, 2019 in the amount of \$71,485,000.

A summary of outstanding debt is as follows:

- Water and Wastewater Revenue Refunding Bonds, Series 2016 Bonds, original amount \$16,475,000; amount outstanding January 1, 2026 - \$10,115,000.
- Water and Wastewater Revenue Refunding Bonds, Series 2017 Bonds, original amount \$12,720,000; amount outstanding January 1, 2026 - \$8,900,000.
- Taxable Water and Wastewater Revenue Direct Pay Build America Bonds, Series 2019 Bonds, original amount \$71,485,000; amount outstanding January 1, 2026 - \$60,215,000.

FPP.2.16.2 Debt Limits

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

FPP.2.17 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 has 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.

FPP.2.18 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.

FPP.2.18.1 Funds Available

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

FPP.2.18.2 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. ACWWA maintains a debt service reserve fund required by bond covenants, and asset replacement reserves for the LTCWRF and the JWPP. In 2019, ACWWA funded two additional restricted project funds for the ECCV Northern Plant Expansion and the JWPP RO Plant reconversion, and one these funds remain open.

FPP.2.18.3 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 an operating reserve, a rate stabilization reserve, an emergency capital reserve, an unrestricted debt reserve, and an asset replacement reserve.

FPP.2.18.4 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 operations, debt service, and capital improvements.

FPP.2.18.5 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.



Clarifier 3 at LTCRF

Budget Resolution 2025-02

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 2026, AND ENDING ON THE LAST DAY OF DECEMBER 2026.

WHEREAS, the proposed 2026 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 was held on December 10, 2025 and interested persons were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues 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, ARAPAHOE COUNTY, COLORADO:

Section 1: 2026 Budget Revenues. That the estimated revenues for each fund set out in the budget are accepted and approved.

Section 2: 2026 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, 2025, ending fund balance of the Operating Fund, the exact amount to be determined as part of the audit of the December 31, 2025 financial statements, is designated as a general reserve for future contingencies.

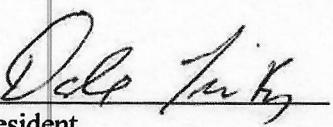
Section 4: Adoption of Budget for 2026. That the budget as submitted and if amended, then as amended, is hereby approved and adopted as the budget of the Arapahoe County Water and Wastewater Authority for calendar year 2026.

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.

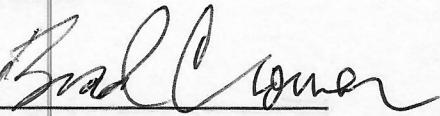
Section 6: Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

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 \$75,000 receives approval by the Board.

ADOPTED AND APPROVED this 10th day of December 2025.


President

ATTEST:


Secretary