

**EAST DILLON WATER DISTRICT
2005 Bond Fund Budget**

	<u>2003 Actual</u>	<u>2004 Budget</u>	<u>2004 9 mo YTD</u>	<u>2004 3 mo Estimate</u>	<u>2004 Projected</u>	<u>2005 Budget</u>
BEGINNING FUND BALANCE	17,862	36,654			36,654	56,875
OPERATING REVENUES						
Property Taxes	168,707	170,422	169,374	1,048	170,422	174,489
Specific Ownership Taxes	10,515	9,000	8,044	2,250	10,294	10,000
TOTAL REVENUES	179,222	179,422	177,418	3,298	180,716	184,489
BOND EXPENDITURES						
Bond / CWCB interest	108,375	106,522	0	106,522	106,522	104,590
Bond / CWCB principal	43,601	45,454	0	45,452	45,452	47,385
Treasurer fees	8,454	8,521	8,485	36	8,521	8,724
Transfer to capital fund	0	0	0	0	0	0
SUBTOTAL	160,430	160,497	8,485	152,010	160,495	160,699
INCREASE (DECREASE) RESERVES	18,792	18,925			20,221	23,790
INCREASE (DECREASE) EMERGENCY	0	0			0	0
TOTAL EXPENSES	179,222	179,422	8,485	152,010	180,716	184,489
REFUND REQUIRED						0
ACCUMULATED RESERVES	18,014	36,939			38,235	62,025
ACCUMULATED EMERGENCY	18,640	0			18,640	18,640
ENDING FUND BALANCE	36,654	55,579			56,875	80,665

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2005 by the Board of Directors on December 6, 2004.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, Presiden

EAST DILLON WATER DISTRICT 2005 Water Activity Fund Budget

	2003 <u>Actual</u>	2004 <u>Budget</u>	2004 9 mo <u>YTD</u>	2004 3 mo <u>Estimate</u>	2004 <u>Projected</u>	2005 <u>Budget</u>
BEGINNING FUND BALANCE	98,012	244,835	244,835		244,835	379,233
OPERATING REVENUES						
Water sales	343,274	350,000	280,729	78,000	358,729	385,000
Interest income	2,055	2,500	2,840	1,100	3,940	3,000
Miscellaneous	3,569	750	1,831	185	2,016	750
Tap fees	196,000	70,000	234,500	14,000	248,500	75,000
Transfer from bond fund	0	0	0	0	0	0
TOTAL OPERATING REVENUES	544,898	423,250	519,900	93,285	613,185	463,750
OPERATING EXPENSES						
Water purchases	0	0	17,472	0	17,472	15,000
Repairs & maintenance	9,945	30,000	20,240	3,000	23,240	30,000
Utilities - water pumping	18,764	20,000	13,729	3,750	17,479	20,000
Operating supplies & testing	6,929	5,000	4,944	1,000	5,944	6,500
OPERATING EXPENSES	35,638	55,000	56,385	7,750	64,135	71,500
REVENUE NOTE PAYABLE						
Principal	81,792	86,142	42,513	43,629	86,142	90,724
Interest	50,294	45,944	23,530	22,414	45,944	41,362
Fees	0	0	5,000	0	5,000	0
REVENUE NOTE EXPENSES	132,086	132,086	71,043	66,043	137,086	132,086
ADMINISTRATIVE EXPENSES						
Accounting & auditing	4,200	4,000	3,900	0	3,900	4,000
Billing & administration	46,200	47,500	35,624	11,876	47,500	49,200
Meter reading	1,200	1,200	900	300	1,200	1,200
Director's fee	1,425	1,875	1,350	375	1,725	1,875
Engineering	635	2,500	4,180	1,500	5,680	5,000
Insurance and bonds	11,945	15,000	15,840	1,500	17,340	18,000
Legal fees	7,239	10,000	5,414	2,500	7,914	10,000
Operations manager	90,000	96,000	72,000	24,000	96,000	114,000
Miscellaneous	1,397	1,000	(11)	250	239	1,000
Office supplies	5,835	6,000	4,246	1,400	5,646	6,000
Telephone	2,206	2,600	1,754	650	2,404	2,600
Dues	1,910	2,250	1,929	0	1,929	2,250
Contingency	0	6,000	0	1,500	1,500	0
ADMINISTRATIVE EXPENSES	174,192	195,925	147,126	45,851	192,977	215,125
CAPITAL IMPROVEMENTS						
Computer / equipment	0	10,000	12,901	0	12,901	0
Medians	0	20,000	42,496	0	42,496	250,000
Meters	11,206	5,000	13,355	0	13,355	5,000
Storage tanks	0	0	0	0	0	0
Well field / pumps	44,953	2,500	17,540	0	17,540	0
Water lines	0	0	0	0	0	0
Water rights	0	10,000	0	0	0	10,000
CAPITAL EXPENSES	56,159	47,500	86,292	0	86,292	265,000
TOTAL EXPENSES	398,075	430,511	360,846	119,644	480,490	683,711
NET CASH CHANGE	146,823	(7,261)	159,054	(26,359)	132,695	(219,961)
Median contributions	0	0	1,703	0	1,703	75,000
ENDING FUND BALANCE	244,835	237,574	405,592		379,233	234,272

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2005 by the Board of Directors on December 6, 2004.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

Budget Message for 2005

1. The East Dillon Water District is organized as a special district for the sole purpose of providing water service to the Summit Cove area of Summit County, Colorado.
2. The 2005 budget is prepared on a modified accrual accounting basis. In 1994 the District set up a separate water activity fund for water operation. The tax base budget includes property tax revenue only. Expenses include debt principal and interest, emergency reserves per Article X, Section 20, capital funding, and reserves for an early loan payoff. Income from rates, operation charges, operation expenses, capital expenditure and capital reserves are included within the water activity fund budget.
3. The District utilizes a rate structure designed to encourage water conservation. There is a base rate of \$34 per quarter (\$64 per quarter for users above the Summerwood Pump Station). Water usage to 23,000 gallons per quarter is billed at \$1.75 per 1,000 gallons. Over 80% of the users served by the District utilize 23,000 gallons or less per quarter. Water usage from 23,000 gallons through 50,000 gallons in a quarter is billed at \$5.00 per 1,000 gallons. Water usage above 50,000 gallons in a quarter is billed at \$10.00 per 1,000 gallons. Water income will fluctuate based on weather patterns during the summer.
4. The tap fee for 2005 is \$7,500. \$500 of the tap fee is designated to a conservation fund used for education and demonstrations of water conservation. An additional tap fee of \$4,000 is payable for construction above the pressure zone in Summerwood served by the booster pump station. The District currently projects 220 units (with a tap fee payable) remaining in the District service area. The District is at 81% build out based on projected units to serve. The build out projection is based on the existing service area and zoning regulations in effect this year. The required meter with transponder and inspection fee is included within the tap fee.
5. Property taxes are calculated to be within the allowable range under Article X, Section 20 guidelines as interpreted by the East Dillon Water District. The mil levy is 4.131 on an assessed valuation of \$42,239,000 for loan and interest payments. Voters in the District approved a new debt of \$2,550,000 at a May 7, 2002 election with repayment over a period not to exceed 30 years from a mill levy not to exceed 4.131 mills. The District received a \$2,550,000 loan from the Colorado Water Conservation Board in November 2002 that was used for the purchase of water rights. The loan is repaid annually over 30 years with interest at a fixed rate of 4.25%.
6. The District obtained a 10-year revenue note from Wells Fargo in May 2002 in the amount of \$1,017,500. Payments are semi-annual with interest at 5%. Proceeds from the loan were utilized to complete the Snowberry Water Tank project, well field improvements including two new production wells, and funding for the water rights purchase. Principal and interest payments on the note are from operating revenues of the District including, but not limited to, user fees and tap fees.
7. The District owns 106 acre-feet of water / storage rights. Historically, the District has reported annual usage of less than 35 acre-feet of water per the Water Court Decrees associated with the rights. The water rights were acquired in 2001 and 2002 from the City of Golden and the Vidler Water Company for \$3.4 million. The combination of favorable decrees, high quality source water and senior rights enhance the value of the rights to the District. The District believes the existing rights are adequate to provide service to the build out of the area. The District believes

the paper excess of rights compared to historic usage is required due to the over allocation of source water in the Snake River Basin that is a concern during the periods of severe drought, flexibility in water usage patterns, and to support population changes in the future. The District utilized its interconnection with the Snake River Water District to supplement the available water during peak usage periods of 2004.

8. Cash reserves for the District are deposited in interest bearing accounts with a high level of investment security per Colorado Statutes. The District allocates all interest income to long-term capital reserves. All of the major components of the water delivery infrastructure of the District necessary to serve build out have been completed. Reserves will be utilized in the future for upgrades and replacement of the infrastructure and retirement of debt.
9. Tap fee income is dependent on the general economy and housing needs in Summit County. Tap fee revenue is based on the start of 10 single-family units in the District in 2005. A total of 34 single-family unit taps were sold in 2004. All tap fee income is allocated to capital reserves.
10. The District has adopted voluntary outside water usage guidelines effective annually from May 1st through October 1st. The escalating rate structure of the District is designed to encourage water conservation and to allow water revenues to cover operating expenses. The policy of the District allows mandatory water restrictions to be imposed in the event of water shortages.
11. Operating expenses for the District are fully funded by user fees. The District conservatively budgets operations income and expenses. Historically, a combination of higher revenues or lower than budget expenses have allowed the District to contribute income above operation expenses to the capital fund.
12. The District began using two new wells with high capacity pumps in 2004. Low water levels from minimal snowfall coupled with the break in process of the wells resulted in some complications in using the wells that were resolved. The District continues to build a database of information regarding water levels and draw down from the monitoring sensors in the well field. All of the wells are located in the greenbelt area of Soda Creek directly north of the Summit Cove Elementary School soccer field.
13. The 2005 capital fund includes appropriations for meter purchases for tap fees; installation of the Cove Boulevard median project; and legal research to maximize the value and utilization of water rights of the District.
14. The District is coordinating the rebuilding of the Summit Cove entrance medians on Cove Boulevard. The completed medians will provide an example of xeriscape landscaping using a minimum amount of water applied by drip irrigation. The District installed the water lines for the irrigation system in 2004. Construction of the medians will be done as part of the reconstruction of Cove Boulevard by Summit County Road & Bridge. A portion of the median project cost of \$250,000 will be reimbursed to the District over a period of time by voluntary contributions from homeowners, homeowner associations, and other sources. The District will also utilize the conservation fund of the tap fee.
15. The budget does not anticipate any excess 2004 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2004 resulting in additional cash on hand at year-end will be transferred into the accumulated reserves for future capital projects.

EAST DILLON WATER DISTRICT
RESOLUTION TO ADOPT BUDGET AND APPROPRIATE REVENUES

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE EAST DILLON WATER DISTRICT, COLORADO, SETTING THE MILL LEVY AND APPROPRIATING SUMS OF MONEY FOR THE 2005 CALENDAR YEAR.

WHEREAS, the Board of Directors of the East Dillon Water District has appointed Robert D. Polich, District Administrator, to prepare and submit a proposed budget to the Board of Directors at the proper time; and;

WHEREAS, Mr. Polich has submitted a proposed budget to this Board on December 1, 2004, for its consideration, and;

WHEREAS, the 2004 valuation for assessment for the East Dillon Water District as certified by the County Assessor is \$42,239,060, and;

WHEREAS, upon due and proper notice, published in accordance with the law, the proposed budget was open for inspection by the public at a public place, a public hearing was held on December 6, 2004, and interested taxpayers were given the opportunity to file or register any objections to the proposed budget.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE EAST DILLON WATER DISTRICT, COLORADO:

Section 1. That the budget as submitted, amended, and attached as Exhibit A is approved and adopted as the budget of the East Dillon Water District for 2005.

Section 2. That the budget approved and adopted shall be signed by the President of the District and made a part of the public records of the District.

Section 3. That for the purpose of meeting all bond principal and interest of the East Dillon Water District during the 2005 budget year, there is levied a tax of 4.131 mills upon each dollar of the total valuation for assessment of all taxable property within the District.

Section 4. That the President is hereby authorized and directed to immediately certify to the County Commissioners of Summit County, Colorado, the above mill levies for the East Dillon Water District.

Section 5. That the sums set forth in the budget are appropriated from the revenue of each fund, to each fund, for purposes stated.

Adopted December 6, 2004.

Bruce Farrell, President

Attest:

EAST DILLON WATER DISTRICT
CERTIFICATION OF TAX LEVIES

To: County Commissioners of Summit County, Colorado

This is to certify that the tax levy to be assessed by you upon all property within the limits of the East Dillon Water District, based on a total assessed valuation of \$42,239,060 for the year 2004, as determined and fixed by the Board of Directors on December 6, 2004 is:

Colorado Water Conservation Board 30-year note November 15, 2002 with interest at 4.25%. The debt of \$2.55 million approved by District voters at the May 7, 2002 election with payment from a mill levy to not exceed 4.131 mills for no longer than 30-years.

Bonds and Interest	4.131 mills	\$ 174,489
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You are hereby authorized and directed to extend this levy upon your tax list.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the East Dillon Water District, this 6th day of December 2004.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

2005 Rate Schedule

WATER SERVICE FEE A base rate of \$34 per quarter. Summerwood users served by the Summerwood pump station have a base rate of \$64 per quarter. Water is charged per the metered usage based on the following rate schedule.

Gallons used	Rate per 1,000 gallons
0 - 23,000	\$ 1.75
23,001 – 50,000	\$ 5.00
50,001 – and above	\$ 10.00

Billing for the base rate and water usage is in arrears. Statements are mailed in April, July, October and January for the preceding quarter.

TAP FEE \$7,500 per unit as set by the EQR schedule. A surcharge of \$4,000 is added to a unit constructed that will be served by the pump station in Summerwood. Tap fees can only be purchased at the time of a building permit sign off. Tap fees cannot be purchased in advance.

IRRIGATION No base charges. Water is charged per the metered usage rate schedule used for water service fees. Special tap and shut off regulations apply.

PROPERTY TAX The mil levy is 4.131 applied to an assessed valuation of \$42,239,060.

HYDRANT FEE \$50 for up to 10,000 gallons of water used. Water above 10,000 gallons at \$3.00 per 1,000 gallons. No charge for water used by the Snake River Fire Protection District.

WATER METERS Badger transponder water meters are required by the District. The year 2005 tap fee includes the water meter and installation inspection. The District prior to sign off on the Certificate of Occupancy must inspect the meter installation. Please allow a minimum of 48 hours notice for the water meter inspection. Any re-inspection of the meter is subject to the inspection fee schedule below.

INSPECTION FEE \$50 per inspection. A minimum of 48 hours notice is required for all inspections. Inspection fees must be paid prior to scheduling the inspection.

LIEN FEE \$50. Includes filing and release charges.

INTEREST A past due account with a balance greater than \$90 is subject to an annual interest fee of 12%.

ATTORNEY FEES If the District engages an attorney to collect delinquent accounts or pursuant to the District's rules, the attorney fees incurred by the District must be paid by the respective owner.

RETURNED CHECK FEE \$5.

TURN OFF AND ON FEE \$25 each.