

**EAST DILLON WATER DISTRICT
2008 Bond Fund Budget**

	<u>2006 Actual</u>	<u>2007 Budget</u>	<u>2007 9 mo YTD</u>	<u>2007 3 mo Estimate</u>	<u>2007 Projected</u>	<u>2008 Budget</u>
BEGINNING FUND BALANCE	82,052	121,541			121,541	165,014
OPERATING REVENUES						
Property Taxes	188,187	192,156	191,092	1,064	192,156	231,149
Specific Ownership Taxes	12,702	12,901	9,901	3,000	12,901	12,000
TOTAL REVENUES	200,889	205,057	200,993	4,064	205,057	243,149
BOND EXPENDITURES						
Bond / CWCB interest	102,576	100,477	0	100,477	100,477	98,288
Bond / CWCB principal	49,399	51,499	0	51,499	51,499	53,687
Treasurer fees	9,425	9,608	9,531	77	9,608	11,557
Transfer to capital fund	0	0	0	0	0	0
SUBTOTAL	161,400	161,584	9,531	152,053	161,584	163,533
INCREASE (DECREASE) RESERVES	39,489	43,473			43,473	79,616
INCREASE (DECREASE) EMERGENCY	0	0			0	0
TOTAL EXPENSES	200,889	205,057	9,531	152,053	205,057	243,149
REFUND REQUIRED						0
ACCUMULATED RESERVES	102,901	146,374			146,374	225,990
ACCUMULATED EMERGENCY	18,640	0			18,640	18,640
ENDING FUND BALANCE	121,541	165,014			165,014	244,630

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2008 by the Board of Directors on December 10, 2007.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, Presiden

**EAST DILLON WATER DISTRICT
2008 Water Activity Fund Budget**

	<u>2006 Actual</u>	<u>2007 Budget</u>	<u>2007 9 mo YTD</u>	<u>2007 3 mo Estimate</u>	<u>2007 Projected</u>	<u>2008 Budget</u>
BEGINNING FUND BALANCE	528,722	590,495	590,495		590,495	664,118
OPERATING REVENUES						
Water sales	408,468	385,000	368,733	73,000	441,733	385,000
Interest income	33,554	24,000	29,786	7,500	37,286	30,000
Miscellaneous	2,074	1,500	1,452	375	1,827	1,500
Tap fees	150,000	75,000	71,500	0	71,500	52,500
Transfer from bond fund	0	0	0	0	0	0
TOTAL OPERATING REVENUES	594,096	485,500	471,471	80,875	552,346	469,000
OPERATING EXPENSES						
Water purchases	0	15,000	0	0	0	15,000
Repairs & maintenance	37,785	37,500	11,894	10,000	21,894	37,500
Utilities - water pumping	21,405	22,500	14,916	5,250	20,166	22,500
Operating supplies & testing	6,119	7,500	2,600	500	3,100	7,500
OPERATING EXPENSES	65,309	82,500	29,410	15,750	45,160	82,500
REVENUE NOTE PAYABLE						
Principal	95,549	100,632	49,664	50,968	100,632	105,984
Interest	36,536	31,454	16,379	15,075	31,454	26,102
Fees	0	0	0	0	0	0
REVENUE NOTE EXPENSES	132,085	132,086	66,043	66,043	132,086	132,086
ADMINISTRATIVE EXPENSES						
Accounting & auditing	4,750	5,000	5,000	0	5,000	5,500
Billing & administration	50,100	52,200	39,150	13,050	52,200	54,780
Meter reading	1,200	1,200	900	300	1,200	1,200
Director's fee	1,200	1,875	1,125	375	1,500	1,875
Engineering	6,332	5,000	953	1,250	2,203	5,000
Insurance and bonds	16,595	18,000	15,144	0	15,144	16,000
Legal fees	7,255	10,000	5,411	2,500	7,911	10,000
Operations manager	115,800	122,400	91,800	30,600	122,400	126,000
Miscellaneous	365	1,000	0	250	250	1,000
Office supplies	5,073	6,000	3,657	1,400	5,057	9,000
Telephone	3,072	3,200	2,270	790	3,060	3,200
Dues	1,139	1,600	1,650	0	1,650	1,750
ADMINISTRATIVE EXPENSES	212,881	227,475	167,060	50,515	217,575	235,305
CAPITAL IMPROVEMENTS						
Computer / equipment	0	25,000	8,215	0	8,215	35,000
Medians	110,536	100,000	54,550	0	54,550	0
Meters	7,848	50,000	10,593	0	10,593	500,000
Equipment	0	17,000	16,245	0	16,245	0
Well field / pumps	0	0	0	0	0	0
Water lines	0	0	0	0	0	0
Water rights	3,789	10,000	3,789	1,000	4,789	10,000
CAPITAL EXPENSES	122,173	202,000	93,392	1,000	94,392	545,000
TOTAL EXPENSES	532,448	644,061	355,905	133,308	489,213	994,891
NET CASH CHANGE	61,648	(158,561)	115,566	(52,433)	63,133	(525,891)
Median contributions	125	50,000	6,990	3,500	10,490	15,000
ENDING FUND BALANCE	590,495	481,934	713,051		664,118	153,227

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2008 by the Board of Directors on December 10, 2007.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

Budget Message for 2008

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 2008 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 currently is \$7,500. \$500 of the tap fee is for the promotion of water conservation and 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 163 units (with a tap fee payable) remaining in the District service area. The District is at 85% 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 mill levy is 4.131 on an assessed valuation of \$55,954,690 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. The District reported 37 acre-feet of water usage for the water year ending October 2007. The District did not utilize its interconnection with the Snake River Water District to supplement its water source in 2007.

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 7 single-family units in the District in 2007. A total of 9 single-family unit taps were sold in 2007. 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 2008 capital fund includes appropriations a replacement electronic meter reading system; completion of the District mapping system; a replacement of the water operations computer; transfer of accounting and digital data to a new computer server; and legal research to maximize the value and utilization of water rights of the District.
13. The budget does not anticipate any excess 2007 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2007 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 2008 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 10, 2007, for its consideration, and;

WHEREAS, the 2007 valuation for assessment for the East Dillon Water District as certified by the County Assessor is \$55,954,690, 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 10, 2007, 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 2008.

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 2008 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 10, 2007.

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 \$55,954,690 for the year 2007, as determined and fixed by the Board of Directors on December 10, 2007 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	\$ 231,149
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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 10th day of December 2007.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President