

EAST DILLON WATER DISTRICT

2011 Bond Fund Budget

	<u>2009 Actual</u>	<u>2010 Budget</u>	<u>2010 9 mo YTD</u>	<u>2010 3 mo Estimate</u>	<u>2010 Projected</u>	<u>2011 Budget</u>
BEGINNING FUND BALANCE	288,274	371,208			371,208	215,610
OPERATING REVENUES						
Property Taxes	235,648	197,825	195,902	1,923	197,825	197,825
Specific Ownership Taxes	11,044	12,000	5,358	3,000	8,358	9,000
TOTAL REVENUES	246,692	209,825	201,260	4,923	206,183	206,825
BOND EXPENDITURES						
Bond / CWCB interest	96,006	93,628	0	93,628	93,628	91,148
Bond / CWCB principal	55,969	58,348	0	58,348	58,348	60,828
Treasurer fees	11,783	9,891	9,805	0	9,806	9,891
Transfer to capital fund	0	200,000	200,000	0	200,000	100,000
SUBTOTAL	163,758	361,867	209,805	151,976	361,781	261,867
INCREASE (DECREASE) RESERVES	82,934	(152,042)			(155,598)	(55,042)
INCREASE (DECREASE) EMERGENC'	0	0			0	0
TOTAL EXPENSES	246,692	209,825	209,805	151,976	206,183	206,825
REFUND REQUIRED						0
ACCUMULATED RESERVES	352,568	200,526			196,970	141,928
ACCUMULATED EMERGENCY	18,640	0			18,640	18,640
ENDING FUND BALANCE	371,208	219,166			215,610	160,568

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2011 by the Board of Directors on December 6, 2010.

EAST DILLON WATER DISTRICT

SEAL

Donal Wayne Clark, President

EAST DILLON WATER DISTRICT 2011 Water Activity Fund Budget

	2009 <u>Actual</u>	2010 <u>Budget</u>	2010 9 mo <u>YTD</u>	2010 3 mo <u>Estimate</u>	2010 <u>Projected</u>	2011 <u>Budget</u>
BEGINNING FUND BALANCE	703,233	320,339	320,339		320,339	207,151
OPERATING REVENUES						
Water sales	406,874	405,000	326,101	83,000	409,101	410,000
Interest income	3,011	5,000	1,557	1,000	2,557	2,400
Miscellaneous	3,228	1,500	2,556	375	2,931	1,500
Tap fees	22,750	22,500	19,000	0	19,000	22,500
Meter lease	0	0	0	0	0	0
Transfer from Fund	0	200,000	200,000	0	200,000	100,000
TOTAL OPERATING REVENUES	435,864	634,000	549,215	84,375	633,590	536,400
OPERATING EXPENSES						
Water purchases	0	0	0	0	0	0
Repairs & maintenance	57,362	42,000	48,985	6,000	54,985	50,000
Utilities - water pumping	20,076	22,000	18,165	6,000	24,165	25,000
Operating supplies & testing	8,902	5,000	2,065	1,200	3,265	5,000
OPERATING EXPENSES	86,340	69,000	69,214	13,200	82,414	80,000
REVENUE NOTE PAYABLE						
Principal	111,621	117,558	48,018	69,540	117,558	123,811
Interest	20,465	14,527	8,025	6,502	14,528	8,275
Meter replacement lease	107,289	107,289	53,645	53,644	107,289	107,290
REVENUE NOTE EXPENSES	239,375	239,375	109,688	129,687	239,375	239,375
ADMINISTRATIVE EXPENSES						
Audit	11,550	7,000	0	6,000	6,000	7,000
Billing & administration	57,600	69,600	52,200	17,400	69,600	70,800
Meter reading	600	0	0	0	0	0
Director's fee	1,425	1,875	1,300	750	2,050	2,500
Engineering	7,659	9,000	1,184	2,250	3,434	6,000
Insurance and bonds	16,332	17,000	15,201	0	15,201	16,000
Legal fees	15,573	20,000	20,126	4,500	24,626	20,000
Operations manager	132,000	135,000	101,250	33,750	135,000	137,400
Miscellaneous	106	1,000	415	250	665	1,000
Office supplies	7,752	6,000	4,285	1,500	5,785	6,600
Telephone	4,883	5,100	4,025	1,275	5,300	6,000
Dues	1,851	1,800	1,841	0	1,841	2,000
ADMINISTRATIVE EXPENSES	257,331	273,375	201,827	67,675	269,502	275,300
CAPITAL IMPROVEMENTS						
Computer / equipment / mapping	0	5,000	0	5,000	5,000	10,000
Medians	0	0	0	0	0	0
Meters	113,837	5,000	(4,288)	1,000	(3,288)	5,000
Equipment	0	0	0	0	0	0
Well field / pumps / tanks	0	0	0	0	0	0
Water lines	124,099	150,000	153,774	0	153,774	0
Water rights	0	0	0	0	0	100,000
CAPITAL EXPENSES	237,936	160,000	149,487	6,000	155,487	115,000
TOTAL EXPENSES	820,982	741,750	530,216	216,562	746,778	709,675
NET CASH CHANGE	(385,119)	(107,750)	18,999	(132,187)	(113,188)	(173,275)
Median contributions	2,225	0	0	0	0	0
ENDING FUND BALANCE	320,339	212,589	339,338		207,151	33,876

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EAST DILLON WATER DISTRICT

SEAL

Donald Wayne Clark, President

EAST DILLON WATER DISTRICT

Budget Message for 2011

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 2011 budget is prepared on a modified accrual accounting basis. In 1994 the District set up a separate water activity fund for water operations, which is an enterprise under TABOR, Article X, Section 20 of the Colorado Constitution. Income from rates, operation charges, operation expenses, capital reserves and expenditures are included in the water activity fund budget. The District has also created a bond fund budget to pay the voter approved debt to purchase water rights and wells referenced below in note 5. The bond fund includes all property tax revenues levied by the District. This year the bond fund is reimbursing the water activity fund in the amount of \$100,000 for purchase costs of water rights and wells, which the expenses were approved by the voters.
3. The District utilizes a rate structure designed to encourage water conservation. There is a base rate of \$35 per quarter (\$65 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. The quarterly base rate reflects a \$1 increase that is 2.9%. The base change is the first increase in 10 years. The District is projected a nominal increase of the base rate in future years to adequately fund the replacement of water infrastructure as necessary.
4. The tap fee 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 145 units (with a tap fee payable) remaining in the District service area. The District is at 86.4% 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 2.811 on an assessed valuation of \$70,382,610 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 35.16 acre-feet of water usage for the water year ending October 2010. The District did not utilize its interconnection with the Snake River Water District to supplement its water source in 2010.
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 3 single-family units in the District in 2011. A total of 2 single-family unit taps were sold in 2010. 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 entered into a five year lease purchase in June 2008 to replace the electronic meter reading system. The lease allowed the retention of capital reserves for projects in the next few years. The amount of the lease was \$484,399 with semi-annual payments beginning in December 2008 of \$53,645 each.
13. The 2011 capital fund includes completion of a replacement electronic meter reading system; improvement of system controls; and funding to enhance the wet water delivery through Soda Creek into the District. The District completed the replacement of 2,300 feet of main line on Royal Coachman Blvd in 2010.
14. The budget does not anticipate any excess 2010 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2010 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 2011 CALENDAR YEAR.

WHEREAS, the Board of Directors of the East Dillon Water District has appointed Bob 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 6, 2010, for its consideration, and;

WHEREAS, the 2010 valuation for assessment for the East Dillon Water District as certified by the County Assessor is \$70,382,610, 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, 2010, 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 2011.

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 2011 budget year, there is levied a tax of 2.811 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, 2010.

Donald Wayne Clark, 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 \$70,382,610 for the year 2010, as determined and fixed by the Board of Directors on December 6, 2010 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	2.811 mills	\$ 197,825
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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 2010.

EAST DILLON WATER DISTRICT

SEAL

Donald Wayne Clark, President