

EAST DILLON WATER DISTRICT

2012 Bond Fund Budget

	2010 <u>Actual</u>	2011 <u>Budget</u>	2011 9 mo <u>YTD</u>	2011 3 mo <u>Estimate</u>	2011 <u>Projected</u>	2012 <u>Budget</u>
BEGINNING FUND BALANCE	200,000	242,478			242,478	85,932
OPERATING REVENUES						
Property Taxes	197,371	197,825	196,653	1,172	197,825	197,825
Specific Ownership Taxes	6,966	9,000	5,245	2,250	7,495	6,000
TOTAL REVENUES	204,337	206,825	201,898	3,422	205,320	203,825
BOND EXPENDITURES						
Bond / CWCB interest	93,628	91,148	0	91,148	91,148	88,563
Bond / CWCB principal	58,348	60,828	0	60,828	60,828	63,413
Treasurer fees	9,883	9,891	9,845	46	9,891	9,891
Transfer to capital fund	0	200,000	200,000	0	200,000	100,000
SUBTOTAL	161,859	361,867	209,845	152,022	361,867	261,867
INCREASE (DECREASE) RESERVE	42,478	(155,042)			(156,547)	(58,042)
INCREASE (DECREASE) EMERGENCY	0	0			0	0
TOTAL EXPENSES	204,337	206,825	209,845	152,022	205,320	203,825
REFUND REQUIRED						0
ACCUMULATED RESERVES	223,838	68,797			67,292	9,250
ACCUMULATED EMERGENCY	18,640	0			18,640	18,640
ENDING FUND BALANCE	242,478	87,437			85,932	27,890

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2012 by the Board of Directors on December 5, 2011.

EAST DILLON WATER DISTRICT

SEAL

Donal Wayne Clark, President

**EAST DILLON WATER DISTRICT
2012 Water Activity Fund Budget**

	2010	2011	2011	2011	2011	2012
	<u>Actual</u>	<u>Budget</u>	9 mo <u>YTD</u>	3 mo <u>Estimate</u>	<u>Projected</u>	<u>Budget</u>
BEGINNING FUND BALANCE	540,162	235,379	235,379		235,379	282,637
OPERATING REVENUES						
Water sales	413,752	410,000	306,485	87,000	393,485	410,000
Interest income	1,730	2,400	415	150	565	500
Miscellaneous	6,418	1,500	1,595	375	1,970	1,500
Tap fees	19,000	22,500	7,500	7,500	15,000	16,000
Meter lease	0	0	0	0	0	0
Transfer from Fund	0	200,000	200,000	0	200,000	100,000
TOTAL OPERATING REVENUE	440,900	636,400	515,995	95,025	611,020	528,000
OPERATING EXPENSES						
Water purchases	0	0	0	0	0	0
Repairs & maintenance	57,985	50,000	31,633	9,000	40,633	50,000
Utilities - water pumping	23,622	25,000	17,740	6,000	23,740	25,000
Operating supplies & testing	2,794	5,000	2,641	1,200	3,841	5,000
OPERATING EXPENSES	84,400	80,000	52,014	16,200	68,214	80,000
REVENUE NOTE PAYABLE						
Principal	117,558	123,811	61,104	62,708	123,811	64,354
Interest	14,527	8,275	4,939	3,336	8,275	1,689
Meter replacement lease	107,289	107,290	53,645	53,645	107,290	107,289
REVENUE NOTE EXPENSES	239,375	239,375	119,688	119,688	239,376	173,332
ADMINISTRATIVE EXPENSES						
Audit	6,000	7,000	6,500	0	6,500	7,000
Billing & administration	69,600	70,800	53,100	17,700	70,800	73,200
Meter reading	0	0	0	0	0	0
Director's fee	1,700	2,500	1,300	500	1,800	2,500
Engineering	5,765	6,000	2,103	1,500	3,603	6,000
Insurance and bonds	15,201	16,000	14,540	0	14,540	16,000
Legal fees	24,317	20,000	10,575	4,500	15,075	25,000
Operations manager	135,000	137,400	103,050	34,350	137,400	141,600
Miscellaneous	410	1,000	806	250	1,056	1,000
Office supplies	6,744	6,600	4,200	1,650	5,850	6,600
Telephone	5,394	6,000	3,959	1,500	5,459	6,000
Dues	1,841	2,000	1,819	0	1,819	2,000
ADMINISTRATIVE EXPENSES	271,971	275,300	201,953	61,950	263,903	286,900
CAPITAL IMPROVEMENTS						
Computer / equipment / mapping	0	10,000	0	0	0	25,000
Medians	0	0	0	0	0	0
Meters	(3,838)	5,000	769	(8,500)	(7,731)	1,000
Equipment	0	0	0	0	0	0
Well field / pumps / tanks	0	0	0	0	0	0
Water lines	153,774	0	0	0	0	0
Water rights	0	100,000	0	0	0	50,000
CAPITAL EXPENSES	149,937	115,000	769	(8,500)	(7,731)	76,000
TOTAL EXPENSES	745,684	709,675	374,423	189,338	563,762	616,232
NET CASH CHANGE	(304,783)	(73,275)	141,571	(94,313)	47,258	(88,232)
Median contributions	0	0	0	0	0	0
ENDING FUND BALANCE	235,379	162,104	376,950		282,637	194,405

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EAST DILLON WATER DISTRICT

SEAL

Donald Wayne Clark, President

EAST DILLON WATER DISTRICT

Budget Message for 2012

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 2012 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 \$200,000 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 \$36 per quarter (\$66 per quarter for users above the Summerwood Pump Station). Water usage to 23,000 gallons per quarter is billed at \$1.80 per 1,000 gallons. Over 80% of the users served by the District utilize 23,000 gallons or less per quarter. Water usage from 23,001 gallons through 50,000 gallons in a quarter is billed at \$5.00 per 1,000 gallons. Water usage above 50,001 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 rate for water usage under 23,000 gallons was increased by \$0.05 per 1,000 gallons. The District is projecting a nominal increase of the base and usage rates in future years to adequately fund the replacement of water infrastructure as necessary.
4. The tap fee is \$8,000. \$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 \$4,500 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 87.1% of 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 3.525 on an assessed valuation of \$56,114,130 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 35.77 acre-feet of water usage for the water year ending October 2011. The District did not utilize its interconnection with the Snake River Water District to supplement its water source in 2011.
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 2 single-family units in the District in 2012. A total of 2 single-family unit taps were sold in 2011. 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 2012 capital fund includes upgrading of the computer, system controls, and data communication system for water production; and funding to enhance the wet water delivery through Soda Creek into the District.
14. The budget does not anticipate any excess 2011 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2011 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 2012 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 5, 2011, for its consideration, and;

WHEREAS, the 2011 valuation for assessment for the East Dillon Water District as certified by the County Assessor is \$56,114,130, 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 5, 2011, 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 2012.

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 2012 budget year, there is levied a tax of 3.525 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 5, 2011.

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 \$56,114,130 for the year 2011, as determined and fixed by the Board of Directors on December 5, 2011 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	3.525 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 5th day of December 2011.

EAST DILLON WATER DISTRICT

SEAL

Donald Wayne Clark, President