

EAST DILLON WATER DISTRICT

Budget Message for 2021

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 2021 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/capital fund budget to pay the voter approved debt to purchase water rights and wells and capital improvements referenced below in note 6. The bond/capital fund includes all property tax revenues levied by the District.
3. The District utilizes a rate structure designed to encourage water conservation. For 2021 there is a base rate of \$46 per quarter (\$76 per quarter for users above the Summerwood Pump Station). Water usage to 23,000 gallons per quarter is billed at \$2.00 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 \$5.60 per 1,000 gallons. Water usage above 50,001 gallons in a quarter is billed at \$11.20 per 1,000 gallons. Water income will fluctuate based on weather patterns during the summer.
4. The tap fee is \$10,000. \$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 \$5,000 is payable for construction above the pressure zone in Summerwood served by the booster pump station. The District currently projects 131 units (with a tap fee payable) remaining in the District service area. The District is at 88.6% of build out based on projected units to serve. The required meter with transmitter unit 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 2.732, on an assessed valuation of \$72,403,040, not to exceed \$197,825 per year. Voters in the District approved a ballot measure at a November 6, 2018 election which extends the use of property taxes to be used to pay all outstanding debts and to fund capital reserves.
6. 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. 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. In 2018, the District refinanced this debt, decreasing the fixed interest rate from 4.25% to 3.45%. The loan is repaid annually over 30 years and will be paid off in 2032.
7. The District entered into a Lease-Purchase Agreement with Alpine Bank in 2018 to fund the Ground Water Under the Direct Influence (GWUDI) Compliance Project. The Colorado Department of Health and Environment required the project after re-classifying the District's wells as surface water. The loan amount is \$900,000 to be paid back over 20 years at a fixed interest rate of 3.6%.
8. The District owns 106 acre-feet of water / storage rights. The District reported 35.05 acre-feet of water depletion for the water year ending October, 2020.

9. 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 2021 for capital projects and retirement of debt.
10. Tap fee income is dependent on the general economy and housing needs in Summit County. Tap fee revenue projection is based on the start of 1 single-family unit in the District in 2021. A total of zero single-family unit taps were sold in 2019. All tap fee income is allocated to capital reserves.
11. 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.
12. 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 budgeted expenses have allowed the District to contribute income above operation expenses to capital reserves.
13. The 2021 capital improvements include fire pump replacement/repairs in Summerwood, replacing old fire hydrants and distribution valves, and updating the District's mapping data.
14. The budget does not anticipate any excess 2021 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2021 resulting in additional cash on hand at year-end will be transferred into the accumulated reserves for future capital projects.

EAST DILLON WATER DISTRICT
2021 BUDGET

EXHIBIT A

	2019 Actual	2020 Budget	2020 January- October	2020 Nov-Dec Estimate	2020 Projected	2020 Projected		2021 Budget	Budget Comments
						to Budget Variance	Favorable (Unfavorable)		
WATER ACTIVITY FUND									
OPERATING REVENUES									
Water Sales	199,035	200,000	208,395	35,000	243,395	43,395	200,000		
Base Rate Fee	290,778	287,000	217,784	72,872	290,456	3,456	290,000		
Specific Ownership Tax	11,142	10,000	7,134	1,815	8,949	(1,051)	10,000		
Miscellaneous Income	2,575	0	1,085	0	1,085	1,085	0		
Finance Charges	8,827	0	4,892	2,171	7,063	7,063	0		
ESRI IGA	2,000	2,000	0	2,000	2,000	0	2,000		
Aclara IGA	3,641	13,000	3,697	8,000	11,697	(1,303)	5,000		estimated costs to HCMD, DVD and Mesa Cortina paid back to EDWD
SMV	175	0	675	0	675	675	0		
Tap Fees	28,500	9,500	62,700	0	62,700	53,200	9,500		conservatively anticipate one tap fee for 2021
Conservation Fund	1,500	500	3,300	0	3,300	2,800	500		
Interest Income	16,917	10,000	3,714	3,000	6,714	(3,286)	5,000		daily rates have steadily declined from 2.31% in 09/19 to 0.18% in 7/20
TOTAL OPERATING REVENUES	565,090	532,000	513,376	124,658	638,034	106,034	522,000		
OPERATING EXPENDITURES									
Administration	96,223	98,821	82,350	16,471	98,821	0	101,885		3.1% increase per CPI for Denver Boulder
Audit	6,400	7,000	6,900	0	6,900	100	7,000		
Director Fees	1,800	2,500	1,400	1,000	2,400	100	2,500		assumes 4 regular meetings and one special meeting
Dues	1,487	2,500	1,718	0	1,718	782	2,500		
Engineering	3,754	5,000	0	3,000	3,000	2,000	10,000		increased \$5,000 for additional water rights accounting
Aclara IGA	6,535	33,000	6,712	20,750	27,462	5,538	15,000		anticipated 2021 AclaraOne hosting costs
ESRI IGA	2,500	2,500	2,500	0	2,500	0	2,500		
SMV	175	0	675	1,000	1,675	(1,675)	0		
Insurance Expense	15,486	16,000	15,880	0	15,880	120	16,000		
Legal	4,589	5,000	1,575	3,000	4,575	425	5,000		
Miscellaneous Expense	0	1,000	0	0	0	1,000	1,000		
Office Supplies/Expenses	9,728	12,000	7,410	1,100	8,510	3,490	12,000		
Operations Manager	176,196	180,953	150,794	30,159	180,953	0	186,563		3.1% increase per CPI for Denver Boulder
Operating Supplies/Expenses	24,052	30,000	25,628	4,172	30,000	0	30,000		
Repairs and Maintenance	45,310	75,000	40,827	34,173	75,000	0	92,552		increased from \$75,000 for meter repair costs, but avoiding negative operating in
Telephone/Internet Expense	4,667	5,500	4,145	1,355	5,500	0	5,500		
Utilities	30,685	32,000	24,824	4,000	28,824	3,176	32,000		
TOTAL OPERATING EXPENDITURES	429,587	508,774	373,538	120,180	493,718	15,056	522,000		
NET OPERATING INCOME	135,503	23,226	139,838	4,478	144,316	121,090	0		
CAPITAL IMPROVEMENTS									
Computer/Electronics/Mapping	0	3,000	7,504	3,000	10,504	(7,504)	0		moving capital improvements to bond/capital fund
Water Lines	15,568	30,000	15,871	0	15,871	14,129	0		
Pump Stations	0	150,000	4,747	10,000	14,747	135,253	0		
Wells	0	20,000	0	0	0	20,000	0		
TOTAL CAPITAL IMPROVEMENTS	15,568	203,000	28,122	13,000	41,122	161,878	0		moving other funds to bond/capital fund

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	2019 Actual	2020 Budget	2020 January-December		2020 Projected (Unfavorable)	2021 Budget	2020 Projected to Budget Variance Favorable
			October	Estimate			
WATER ACTIVITY FUND							
(continued)							
Transfer from Bond Fund	0	39,966	0	0	0	39,966	0
Property Lease							
Principal	(32,169)	(33,337)	(27,705)	(5,632)	(33,337)	0	0
Interest + Fees	(31,023)	(29,855)	(24,955)	(4,900)	(29,855)	0	0
TOTAL OTHER FUNDS (COSTS)	(63,192)	(63,192)	(52,660)	(10,532)	(63,192)	0	0
TOTAL EXPENDITURES	508,347	774,866	454,320	143,712	598,032	176,934	522,000
OTHER SOURCES AND USES							
Transfer to Bond/Capital Fund	0	0	0	0	0	0	0
transfer to Bond/Capital Fund to cover capital improvements							
CHANGE IN FUND BALANCE	56,743	(203,000)	59,056	(19,054)	40,002	243,002	0
BEGINNING FUND BALANCE	900,903	966,369	957,646	1,016,702	957,646	(8,723)	997,648
ENDING FUND BALANCE	957,646	763,369	1,016,702	997,648	997,648	234,279	997,648
BOND/CAPITAL FUND							
REVENUES	197,133	197,825	197,129	3,586	200,715	2,890	197,825
Property Taxes							
TOTAL REVENUES	197,133	197,825	197,129	3,586	200,715	2,890	197,825
EXPENDITURES							
BOND							
Bond / Alpine Bank interest	48,850	46,078	0	46,078	46,078	0	43,209
Bond / Alpine Bank principal	80,377	83,149	0	83,149	83,149	0	86,018
Treasurer fees	9,866	9,891	0	9,891	9,891	0	9,891
TOTAL BOND	139,093	139,118	0	139,118	139,118	0	139,118
LEASE PURCHASE							
Principal	0	0	0	0	0	0	34,557
Interest	0	0	0	0	0	0	28,635
TOTAL LEASE PURCHASE	0	0	0	0	0	0	63,192
TOTAL DEBT SERVICE	139,093	139,118	0	139,118	139,118	0	202,310

Budget Comments

43,209 per amortization schedule
86,018 per amortization schedule
9,891 5% of taxes levied
34,557 moved from water activity fund
28,635 per amortization schedule
63,192 per amortization schedule

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			October	Estimate		Favorable	Variance		
BOND/CAPITAL FUND (Continued)									
CAPITAL									
Computer/Electronics/Mapping	0	0	0	0	0	0	0	3,000	moved from water activity fund
Water Lines	0	0	0	0	0	0	0	60,000	2 hydrant replacements, West Ranch gate valve,
Pump Stations	0	0	0	0	0	0	0	50,000	10K phase fall alarm, 10K chlorine intrusion alarm, 30 k for summerwood
Wells	0	0	0	0	0	0	0	20,000	
TOTAL CAPITAL	0	0	0	0	0	0	0	133,000	
TOTAL EXPENDITURES	139,093	139,118	0	139,118	139,118	139,118	0	335,310	
OTHER SOURCES AND USES									
Transfer (to) from Water Activity Fund		(39,966)	0	0	0	0	0	0	
CHANGE IN FUND BALANCE	58,040	18,741	197,129	(135,532)	61,597	42,856	(137,485)		
BEGINNING FUND BALANCE	51,286	109,993	109,993	307,122	109,326	(667)	170,923		
ENDING FUND BALANCE	109,326	128,734	307,122	171,590	170,923	42,189	33,438		

This document is a true and accurate copy of the Final 2021 Budget for the East Dillon Water District presented to the Board of Directors on December 7, 2020

EAST DILLON WATER DISTRICT


Joseph O'Malley, President

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