

EAST DILLON WATER DISTRICT

Budget Message for 2022

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 2022 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 in the upper pressure zone in Summerwood served by the booster pump station. The District currently projects 125 units (with a tap fee payable) remaining in the District service area. The District is 90% 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 2.447, on an assessed valuation of \$80,824,840, 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 36.36 acre-feet of water depletion for the water year ending October, 2021.

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 2022 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 2022. A total of 8 single-family unit taps were sold in 2021. 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 2022 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
2022 BUDGET**

EXHIBIT A

	2020 Actual	2021 Budget	2021 January- October Actual	2021 Nov-Dec Estimate	2021 Projected	2021 Projected to Budget Variance Favorable (Unfavorable)	2022 DRAFT Budget
WATER ACTIVITY FUND							
OPERATING REVENUES							
Water Sales	239,174	200,000	183,336	30,800	214,136	14,136	200,000
Base Rate Fee	290,440	290,000	217,922	72,656	290,578	578	290,000
Specific Ownership Tax	10,060	10,000	8,808	2,926	11,734	1,734	10,000
Miscellaneous Income	2,485	0	62,185	0	62,185	62,185	0
Finance Charges	7,479	0	6,699	2,587	9,286	9,286	0
ESRI IGA	2,000	2,000	2,000	0	2,000	0	2,000
Aclara IGA	9,209	5,000	0	5,980	5,980	980	6,000
SMV	675	0	0	0	0	0	0
Tap Fees	62,700	9,500	66,500	14,500	81,000	71,500	9,500
Conservation Fund	3,300	500	3,500	500	4,000	3,500	500
Interest Income	3,797	5,000	351	82	433	(4,567)	1,000
TOTAL OPERATING REVENUES	631,319	522,000	551,301	130,031	681,332	159,332	519,000
OPERATING EXPENDITURES							
Administration	98,820	101,885	84,904	16,981	101,885	0	106,467
Audit	6,900	7,000	7,100	0	7,100	(100)	7,300
Director Fees	1,700	2,500	1,200	500	1,700	800	2,500
Dues	1,718	2,500	1,464	0	1,464	1,036	2,500
Engineering	4,910	10,000	5,640	4,000	9,640	360	10,000
Aclara IGA	23,889	15,000	15,801	0	15,801	(801)	16,000
ESRI IGA	2,500	2,500	2,500	0	2,500	0	2,500
SMV	675	0	0	0	0	0	0
Insurance Expense	15,880	16,000	16,836	0	16,836	(836)	17,000
Legal	1,900	5,000	2,917	2,083	5,000	0	5,000
Miscellaneous Expense	0	1,000	0	0	0	1,000	1,000
Office Supplies/Expenses	8,149	12,000	7,790	800	8,590	3,410	12,000
Operations Manager	180,953	186,563	155,469	31,094	186,563	(0)	194,958
Operating Supplies/Expenses	26,930	30,000	17,957	1,102	19,059	10,941	30,000
Repairs and Maintenance	65,198	92,552	85,553	6,999	92,552	0	74,275
Telephone/Internet Expense	4,647	5,500	4,427	2,000	6,427	(927)	5,500
Utilities	30,028	32,000	32,154	5,200	37,354	(5,354)	39,000
TOTAL OPERATING EXPENDITURES	474,796	522,000	441,713	70,759	512,472	9,528	526,000
NET OPERATING INCOME	156,523	0	109,588	59,272	168,860	168,860	(7,000)
CAPITAL IMPROVEMENTS							
Computer/Electronics/Mapping	7,504	0	0	0	0	0	0
Water Lines	15,871	0	0	0	0	0	0
Pump Stations	17,387	0	0	0	0	0	0
Wells	0	0	0	0	0	0	0
TOTAL CAPITAL IMPROVEMENTS	40,762	0	0	0	0	0	0
OTHER FUNDS (COSTS)							

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WATER ACTIVITY FUND							
(continued)							
Property Lease							
Principal	(33,346)	0	0	0	0	0	0
Interest + Fees	(29,846)	0	0	0	0	0	0
TOTAL OTHER FUNDS (COSTS)	(63,192)	0	0	0	0	0	0
TOTAL EXPENDITURES	578,750	522,000	441,713	70,759	512,472	9,528	526,000
OTHER SOURCES AND USES							
Transfer to Bond/Capital Fund	(39,966)	0	0	0	0	0	196,485
CHANGE IN FUND BALANCE	92,535	0	109,588	59,272	168,860	168,860	(203,485)
BEGINNING FUND BALANCE	957,646	1,050,181	1,050,181	1,159,769	1,050,181	0	1,219,041
ENDING FUND BALANCE	1,050,181	1,050,181	1,159,769	1,219,041	1,219,041	168,860	1,015,556

	2020 Actual	2021 Budget	2021 January- October	2021 Nov-Dec Estimate	2021 Projected	2021 Projected to Budget Variance Favorable (Unfavorable)	2022 DRAFT Budget
BOND/CAPITAL FUND							
REVENUES							
Property Taxes	197,179	197,825	197,026	3,586	200,612	2,787	197,825
TOTAL REVENUES	197,179	197,825	197,026	3,586	200,612	2,787	197,825
EXPENDITURES							
BOND							
Bond / Alpine Bank interest	45,830	43,209	0	43,209	43,209	0	40,242
Bond / Alpine Bank principal	83,397	86,018	0	86,018	86,018	0	88,985
Treasurer fees	9,865	9,891	9,773	118	9,891	0	9,891
TOTAL BOND	139,092	139,118	9,773	129,345	139,118	0	139,118
LEASE PURCHASE							
Principal	0	34,557	28,719	5,838	34,557	0	35,822
Interest	0	28,635	23,941	4,694	28,635	(0)	27,370
TOTAL LEASE PURCHASE	0	63,192	52,660	10,532	63,192	0	63,192
TOTAL DEBT SERVICE	139,092	202,310	62,433	139,877	202,310	0	202,310

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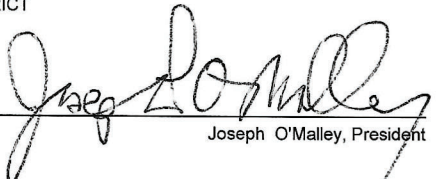
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BOND/CAPITAL FUND (Continued)							
CAPITAL							
Computer/Electronics/Mapping	0	3,000	0	3,000	3,000	0	35,000
Water Lines	0	60,000	28,331	20,000	48,331	11,669	42,000
Pump Stations	0	50,000	5,970	0	5,970	44,030	40,000
Wells	0	20,000	0	0	0	20,000	25,000
Master Plan	0	0	0	0	0	0	50,000
TOTAL CAPITAL	0	133,000	34,301	23,000	57,301	75,699	192,000
TOTAL EXPENDITURES	139,092	335,310	96,734	162,877	259,611	75,699	394,310
OTHER SOURCES AND USES							
Transfer (to) from Water Activity Fund	(39,966)	0	0	0	0	0	196,485
CHANGE IN FUND BALANCE	18,121	(137,485)	100,292	(159,291)	(58,999)	78,486	0
BEGINNING FUND BALANCE	109,326	170,923	109,993	210,285	127,447	(43,476)	68,448
ENDING FUND BALANCE	127,447	33,438	210,285	50,994	68,448	35,010	68,448

This document is a true and accurate copy of the Final 2022 Budget for the East Dillon Water District presented to the Board of Directors on December 6, 2021

SEAL

EAST DILLON WATER DISTRICT



Joseph O'Malley, President