

EAST DILLON WATER DISTRICT

Budget Message for 2020

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 2020 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 6. The bond fund includes all property tax revenues levied by the District.
3. The District utilizes a rate structure designed to encourage water conservation. For 2020 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 2020 mill levy is 2.733, on an assessed valuation of \$72,372,420, 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 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 34.83 acre-feet of consumptive use for the water year ending October 2019. The District did not use the District interconnection with Snake River during the 2019 water year.

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 2020 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 2020. A total of three (3) single-family unit taps were sold in 2019. All tap fee income is allocated to accumulated 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 accumulated reserves.
13. The 2020 capital improvements include fire pump replacement/repairs in Summerwood, replacement of 2 fire hydrants, well maintenance, and updating the District's mapping data.
14. The budget does not anticipate any excess 2020 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2020 resulting in additional cash on hand at year-end will be transferred into the accumulated reserves for future capital projects.

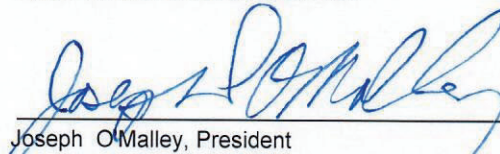
EXHIBIT A

**EAST DILLON WATER DISTRICT
2020 BOND FUND BUDGET**

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>7 mo</u> <u>YTD</u>	<u>2019</u> <u>5 mo</u> <u>Estimate</u>	<u>2019</u> <u>Projected</u>	<u>2020</u> <u>Budget</u>
BEGINNING FUND BALANCE	208,106	60,025	51,286		51,286	109,993
OPERATING REVENUES						
Property Taxes	197,962	197,825	195,706	2,119	197,825	197,825
Specific Ownership Taxes	0	0	0	0	0	0
Refunding proceeds	1,507,319	0				
TOTAL REVENUES	1,705,281	197,825	195,706	2,119	197,825	197,825
BOND EXPENDITURES						
Bond / CWCB interest	6,993	0	0	0	0	0
Bond / CWCB principal	23,340	0	0	0	0	0
Refunding payment	1,660,564	0	0	0	0	0
Bond / Cost of issuance on Refunding	28,000	0	0	0	0	0
Bond / Alpine Bank interest	41,950	48,851		48,851	48,851	46,078
Bond / Alpine Bank principal	91,348	80,376	0	80,376	80,376	83,149
Treasurer fees	9,906	9,891	9,791	100	9,891	9,891
Transfer to water activity fund	0	88,732	0	0	0	39,966
SUBTOTAL	1,862,101	227,850	9,791	129,327	139,118	179,084
INCREASE (DECREASE) RESERVES	(156,820)	(30,025)	185,915	(127,208)	58,707	18,741
INCREASE (DECREASE) EMERGENCY	0	0	0	0	0	0
TOTAL EXPENSES	1,705,281	197,825	195,706	2,119	197,825	197,825
REFUND REQUIRED	0	0	0	0	0	0
ACCUMULATED RESERVES	32,646	11,360			91,353	110,094
ACCUMULATED EMERGENCY	18,640	18,640			18,640	18,640
ENDING FUND BALANCE	51,286	30,000			109,993	128,734

This document is a true and accurate copy of the 2020 Bond Fund budget for the East Dillon Water District presented to the Board of Directors on December 2, 2019

EAST DILLON WATER DISTRICT



 Joseph O'Malley, President

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**EAST DILLON WATER DISTRICT
DRAFT 2019 WATER ACTIVITY FUND BUDGET**

EXHIBIT A

	2018 Actual	2019 Budget	2019 January- October	2019 Nov-Dec Estimate	2019 Projected	2019 Actual to Budget Variance Favorable (Unfavorable)	2020 Budget
BEGINNING FUND BALANCE	869,249	842,904			900,903		966,369
OPERATING REVENUES							
Water Sales	240,331	200,000	173,105	32,000	205,105	5,105	200,000
Base Rate Fee	290,854	287,000	218,106	72,000	290,106	3,106	287,000
Specific Ownership Tax	11,728	10,000	9,327	3,000	12,327	2,327	10,000
Miscellaneous Income	1,400	0	2,575	0	2,575	2,575	0
Finance Charges	9,085	0	6,655	2,000	8,655	8,655	0
ESRI IGA	2,000	2,000	2,000	0	2,000	0	2,000
Aclara IGA	3,588	3,100	0	3,100	3,100	0	13,000
SMV	1,679	0	175	0	175	175	0
Tap Fees	47,500	9,500	28,500	0	28,500	19,000	9,500
Conservation Fund	2,500	500	1,500	0	1,500	1,000	500
Interest Income	11,741	2,000	14,657	3,000	17,657	15,657	10,000
TOTAL OPERATING REVENUES	622,406	514,100	456,600	115,100	571,700	57,600	532,000
OPERATING EXPENSES							
Administration	92,790	96,223	80,186	16,037	96,223	0	98,821
Audit	6,200	6,750	6,400	0	6,400	350	7,000
Director Fees	2,000	2,500	1,300	500	1,800	700	2,500
Dues	1,255	2,000	1,487	725	2,212	(212)	2,500
Engineering	698	5,000	2,579	0	2,579	2,421	5,000
Aclara IGA	6,466	7,000	6,535	0	6,535	465	33,000
ESRI IGA	2,000	2,500	2,500	0	2,500	0	2,500
SMV	1,679	0	175	0	175	(175)	0
Insurance Expense	14,596	16,000	15,486	0	15,486	514	16,000
Legal	29,941	16,000	3,214	1,000	4,214	11,786	5,000
Miscellaneous Expense	1,423	1,000	0	0	0	1,000	1,000
Office Supplies/Expenses	9,723	10,000	8,624	1,500	10,124	(124)	12,000
Operations Manager	169,909	176,196	146,830	29,366	176,196	0	180,953
Operating Supplies/Expenses	17,991	30,000	23,092	5,000	28,092	1,908	30,000
Repairs and Maintenance	180,439	55,000	45,672	5,000	50,672	4,328	75,000
Telephone/Internet Expense	4,413	5,000	4,362	850	5,212	(212)	5,500
Utilities	26,408	29,000	26,622	5,000	31,622	(2,622)	32,000
TOTAL OPERATING EXPENSES	567,931	460,169	375,064	64,978	440,042	20,127	508,774
NET OPERATING INCOME	54,475	53,931	81,536	50,122	131,658	37,473	23,226
CAPITAL IMPROVEMENTS							
Computer/Electronics/Mapping	0	3,000	0	3,000	3,000	0	3,000
Water Lines	172,142	30,000	0	0	0	30,000	30,000
Pump Stations	750,679	200,000	0	0	0	200,000	150,000
Wells	0	0	0	0	0	0	20,000
TOTAL CAPITAL IMPROVEMENTS	922,821	233,000	0	3,000	3,000	230,000	203,000
OTHER FUNDS (COSTS)							
GWUDI Project Loan	900,000	0	0	0	0	0	0
Transfer from Bond Fund	0	88,732	0	0	0	88,732	39,966
Property Lease							
Principal	23,373	(32,160)	(26,728)	(5,432)	(32,160)	(0)	(33,337)
Interest + Fees	56,611	(31,032)	(25,932)	(5,100)	(31,032)	0	(29,855)
TOTAL EXPENSES	1,490,752	756,361	427,724	78,510	506,234	250,127	774,966
NET CASH CHANGE	31,654	(153,529)	28,876	36,590	65,466	218,995	(203,000)
ENDING FUND BALANCE	900,903	689,375			966,369		763,369

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EAST DILLON WATER DISTRICT

Joseph O'Malley
Joseph O'Malley, President