

**EAST DILLON WATER DISTRICT
2001 Bond Fund Budget**

| | 1999 Actual | 2000 Budget | 2000 10 mo YTD | 2000 2 mo Estimate | 2000 Projected | 2001 Budget |
|--------------------------------------|------------------------|------------------------|---------------------------|-------------------------------|---------------------------|------------------------|
| BEGINNING FUND BALANCE | 205,373 | 250,563 | | | 250,563 | 303,188 |
| OPERATING REVENUES | | | | | | |
| Property Taxes | 142,958 | 150,360 | 148,587 | 1,773 | 150,360 | 157,885 |
| Specific Ownership Taxes | 13,963 | 14,000 | 11,398 | 2,500 | 13,898 | 14,000 |
| TOTAL REVENUES | 156,921 | 164,360 | 159,985 | 4,273 | 164,258 | 171,885 |
| BOND EXPENDITURES | | | | | | |
| Bond interest | 24,560 | 19,040 | 9,520 | 9,520 | 19,040 | 13,090 |
| Bond principal | 80,000 | 85,000 | 0 | 85,000 | 85,000 | 90,000 |
| Bond fees | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasurer fees | 7,171 | 7,518 | 7,448 | 145 | 7,593 | 7,894 |
| SUBTOTAL | 111,731 | 111,558 | 16,968 | 94,665 | 111,633 | 110,984 |
| BOND PAYOFF | | | | | 0 | 0 |
| INCREASE (DECREASE) RESERVES | 45,190 | 52,802 | | | 52,625 | 60,901 |
| INCREASE (DECREASE) EMERGENCY | 0 | 0 | | | 0 | 0 |
| TOTAL EXPENSES | 156,921 | 164,360 | 16,968 | 94,665 | 164,258 | 171,885 |
| REFUND REQUIRED | | | | | | 0 |
| ACCUMULATED RESERVES | 234,073 | 286,875 | | | 286,698 | 347,599 |
| ACCUMULATED EMERGENCY | 16,490 | 0 | | | 16,490 | 16,490 |
| ENDING FUND BALANCE | 250,563 | 303,365 | | | 303,188 | 364,089 |

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2001 by the Board of Directors on December 4, 2000.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

2001 Water Activity Fund Budget

| | <u>1999 Actual</u> | <u>2000 Budget</u> | <u>2000 10 mo YTD</u> | <u>2000 2 mo Estimate</u> | <u>2000 Projected</u> | <u>2001 Budget</u> |
|--------------------------------|------------------------|------------------------|---------------------------|-------------------------------|---------------------------|------------------------|
| BEGINNING FUND BALANCE | 1,393,407 | 1,625,276 | 1,625,276 | | 1,625,276 | 1,553,845 |
| OPERATING REVENUES | | | | | | |
| Water sales | 297,945 | 310,000 | 264,988 | 72,000 | 336,988 | 325,000 |
| Interest income | 76,027 | 65,000 | 81,005 | 15,000 | 96,005 | 60,000 |
| Miscellaneous | 803 | 750 | 12,127 | (11,500) | 627 | 750 |
| Tap fees | 380,000 | 96,000 | 220,000 | 6,000 | 226,000 | 280,000 |
| TOTAL REVENUES | 754,775 | 471,750 | 578,120 | 81,500 | 659,620 | 665,750 |
| OPERATING EXPENSES | | | | | | |
| Water purchases | 112,270 | 125,000 | 110,154 | 17,000 | 127,154 | 135,000 |
| Repairs & maintenance | 49,131 | 40,000 | 41,563 | 7,500 | 49,063 | 35,000 |
| Utilities - water pumping | 14,743 | 16,000 | 13,566 | 2,500 | 16,066 | 17,000 |
| Operating supplies & testing | 2,420 | 3,500 | 3,686 | 750 | 4,436 | 3,500 |
| SUBTOTAL | 178,564 | 184,500 | 168,969 | 27,750 | 196,719 | 190,500 |
| ADMINISTRATIVE EXPENSES | | | | | | |
| Accounting & auditing | 3,300 | 3,400 | 3,400 | 0 | 3,400 | 3,500 |
| Billing & administration | 31,500 | 33,000 | 27,500 | 5,500 | 33,000 | 39,000 |
| Meter reading | 2,600 | 2,600 | 1,950 | 350 | 2,300 | 1,200 |
| Director's fee | 1,650 | 1,875 | 1,125 | 375 | 750 | 1,875 |
| Engineering | 3,243 | 5,000 | 1,330 | 1,000 | 2,330 | 2,500 |
| Insurance and bonds | 7,430 | 8,900 | 1,712 | 0 | 1,712 | 10,000 |
| Legal fees | 9,829 | 12,000 | 8,392 | 4,000 | 12,392 | 12,000 |
| Operations manager | 60,000 | 66,000 | 55,000 | 11,000 | 66,000 | 72,000 |
| Miscellaneous | 132 | 500 | 137 | 100 | 237 | 500 |
| Office supplies | 2,946 | 3,500 | 3,262 | 200 | 3,462 | 3,500 |
| Telephone | 2,209 | 2,400 | 2,064 | 450 | 2,514 | 2,600 |
| Dues | 942 | 1,250 | 1,039 | 0 | 1,039 | 1,250 |
| Contingency | 0 | 10,000 | 0 | 0 | 0 | 12,000 |
| SUBTOTAL | 125,781 | 150,425 | 106,911 | 22,975 | 129,136 | 161,925 |
| CAPITAL IMPROVEMENTS | | | | | | |
| Computer / equipment | 35,240 | 0 | 0 | 0 | 0 | 0 |
| Pump stations | 151,722 | 25,000 | 13,692 | 0 | 13,692 | 0 |
| Meters | 0 | 220,000 | 194,896 | 7,500 | 202,396 | 15,000 |
| Storage tanks | 29,033 | 100,000 | 41,987 | 85,000 | 126,987 | 2,250,000 |
| Well field / pumps | 2,566 | 155,000 | 37,121 | 10,000 | 47,121 | 100,000 |
| Water lines | 0 | 0 | 0 | 0 | 0 | 100,000 |
| Water rights | 0 | 0 | 0 | 15,000 | 15,000 | 350,000 |
| SUBTOTAL | 218,561 | 500,000 | 287,696 | 117,500 | 405,196 | 2,815,000 |
| TOTAL EXPENSES | 522,906 | 834,925 | 563,576 | 168,225 | 731,051 | 3,167,425 |
| NET CASH CHANGE | 231,869 | (363,175) | 14,544 | (86,725) | (71,431) | (2,501,675) |
| New funding / bonds / loans | 0 | 0 | 0 | | 0 | 1,000,000 |
| ENDING FUND BALANCE | 1,625,276 | 1,262,101 | 1,639,820 | | 1,553,845 | 52,170 |

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EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

Budget Message for 2001

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 2001 budget is prepared on a modified accrual accounting basis. In 1994 the District set up a separate water activity fund for water operation. The tax base budget includes property tax revenue only. Expenses include bond principal and interest, emergency reserves per Article X, Section 20, and reserves for an early bond payoff. Income from rates, operation charges, operation expenses, capital expenditure and capital reserves are included within the water activity fund budget.
3. The District utilizes a rate structure designed to encourage water conservation. There is a based rate of \$34 per quarter (\$64 per quarter for users above the Summerwood Pump Station). Water usage to 20,000 gallons per quarter is billed at \$1.75 per 1,000 gallons. Water usage above 20,000 gallons in a quarter is billed at \$3.00 per 1,000 gallons. Water income will fluctuate based on weather patterns during the summer. The base rate was increased \$1 per quarter for 2001 and is projected to increase an additional \$1 per quarter in 2002.
4. Tap fees for the District for 2001 will be \$7,000. 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 366 units (with a tap fee payable) remaining in the District service area. The District is at 73% 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 2001 tap fee is an increase of \$1,000 for 2000. However, the required meter with transponder and inspection fee previously billed separately is included within the new 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 4.878 on an assessed valuation of \$32,366,650 for bond and interest payments.
6. The District has placed most of its reserves in funds bearing interest between 5% and 6.5%. The District allocates all interest income to long-term capital reserves.
7. Tap fee income is dependent on the general economy and approval of various proposed developments. Tap fee revenue is based on the start of 40 single-family units in the District in 2001. A total of 20 tap fees are anticipated from a Key West Farms development of approximately 80 units that has not been approved by Summit County, but \$100,000 of the capital expense for 2001 is allocated to a water line that would only be constructed if the project was started. All tap fee income is allocated to capital reserves.

8. The water purchases (under a 1983 agreement with Vidler Tunnel Water) are anticipated to increase from the 2000 level. The water usage in 2000 was higher than the prior year due to dry summer conditions normal to the area. The budget amount includes an estimated cost increase of the Denver CPI index as allowed by the lease agreement. The District is currently in negotiation to purchase the water rights. The purchase would terminate the lease contract, but the purchase contract would allow the District to operate under the existing contract through 2002 while developing funding methods to close on the purchase agreement.
9. Operating expenses for the District are fully funded by user fees. Slightly higher than budgeted expenses for water purchases and maintenance expenses were offset by increased revenues.
10. Bond and interest payments are the scheduled payments for the Colorado Water Resources and Power Development Authority Small Water Resources Bonds, 1990 Series A. This bond will be repaid in full in 2002.
11. The District 2001 capital fund anticipates several major expenditures. The potential cost of the expenditures may require the District to short-term borrow against projected future years tap fees to complete construction this year. Completion of construction in 2001 would benefit the District in avoiding construction cost increases generally anticipated in future years. The proposed construction of the Snowberry Water Tank would complete the storage requirements of the District for build out. The proposed tank would also replace a smaller existing tank that currently requires a complete replacement of the tank roof. In 2000 the District completed studies of its well field aquifer that confirmed the installation of two new wells (two older wells would be taken out of service) would substantially increase the pumping capacity of the District. One main line remains to be constructed in the Key West area; the main line needs only to be constructed should a proposed multi-unit project be approved and construction begun in the same area. Should the District finalize a contract to purchase water rights from Vidler Water, the District would incur legal costs involved in the augmentation of the water rights acquired. Additionally, to supplement the District supply for build out, the District anticipates a separate agreement to purchase water rights from the Town of Golden. While the Vidler purchase most likely will not require purchase funding until 2002, the Golden contract may require funding in 2001 and is part of the capital budget.
12. The budget does not anticipate any excess 2001 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2001 resulting in additional cash on hand at year-end will be transferred into the accumulated reserves for future capital projects.