

**EAST DILLON WATER DISTRICT
2002 Bond Fund Budget**

	2000 Actual	2001 Budget	2001 10 mo YTD	2001 2 mo Estimate	2001 Projected	2002 Budget
BEGINNING FUND BALANCE	0	50,716			50,716	105,872
OPERATING REVENUES						
Property Taxes	148,578	157,885	155,214	2,671	157,885	165,756
Specific Ownership Taxes	13,626	14,000	12,105	2,400	14,505	15,000
TOTAL REVENUES	162,204	171,885	167,319	5,071	172,390	180,756
BOND EXPENDITURES						
Bond interest	19,040	13,090	6,545	6,545	13,090	6,745
Bond principal	85,000	90,000	0	90,000	90,000	95,000
Water rights loan	0	0	0	0	0	75,988
Capital expenditure interest	0	0	0	6,250	6,250	35,000
Treasurer fees	7,448	7,518	7,779	115	7,894	8,247
Transfer to capital fund	0	0	0	0	0	30,000
SUBTOTAL	111,488	110,608	14,324	102,910	117,234	250,980
INCREASE (DECREASE) RESERVES	50,716	61,277			55,156	(70,224)
INCREASE (DECREASE) EMERGENCY	0	0			0	0
TOTAL EXPENSES	162,204	171,885	14,324	102,910	172,390	180,756
REFUND REQUIRED						0
ACCUMULATED RESERVES	32,076	93,353			87,232	17,008
ACCUMULATED EMERGENCY	18,640	0			18,640	18,640
ENDING FUND BALANCE	50,716	111,993			105,872	35,648

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2002 by the Board of Directors on December 3, 2001.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

**EAST DILLON WATER DISTRICT
2002 Water Activity Fund Budget**

	<u>2000 Actual</u>	<u>2001 Budget</u>	<u>2001 10 mo YTD</u>	<u>2001 2 mo Estimate</u>	<u>2001 Projected</u>	<u>2002 Budget</u>
BEGINNING FUND BALANCE	1,677,867	1,398,218	1,398,218		1,398,218	19,458
OPERATING REVENUES						
Water sales	343,047	325,000	291,628	85,000	376,628	350,000
Interest income	99,760	60,000	55,681	500	56,181	5,000
Miscellaneous	15,435	10,750	11,437	(3,000)	8,437	750
Tap fees	226,000	280,000	245,000	28,000	273,000	70,000
Transfer from bond fund	0	0	0	0	0	30,000
TOTAL REVENUES	684,242	675,750	603,746	110,500	714,246	455,750
OPERATING EXPENSES						
Water purchases	128,148	135,000	127,258	26,000	153,258	73,000
Repairs & maintenance	35,059	35,000	10,214	1,500	11,714	35,000
Utilities - water pumping	15,935	17,000	14,121	2,600	16,721	17,250
Operating supplies & testing	3,811	3,500	2,578	500	3,078	3,500
SUBTOTAL	182,953	190,500	154,171	30,600	184,771	128,750
ADMINISTRATIVE EXPENSES						
Accounting & auditing	3,400	3,400	2,000	1,400	3,400	3,500
Billing & administration	33,000	39,000	32,500	6,500	39,000	43,200
Meter reading	2,300	1,200	900	300	1,200	1,200
Director's fee	2,100	1,875	1,650	375	2,025	1,875
Engineering	1,330	2,500	820	250	1,070	2,500
Insurance and bonds	2,000	10,000	8,318	0	8,318	10,000
Legal fees	9,829	12,000	10,538	1,500	12,038	12,000
Operations manager	66,000	72,000	60,000	12,000	72,000	81,000
Miscellaneous	337	500	210	50	260	500
Office supplies	3,456	3,500	5,836	250	6,086	5,000
Telephone	2,441	2,600	1,722	350	2,072	2,600
Dues	1,039	1,250	1,557	0	1,557	1,650
Contingency	0	12,000	0	0	0	12,000
SUBTOTAL	127,232	161,825	126,051	22,975	149,026	177,025
CAPITAL IMPROVEMENTS						
Computer / equipment	0	0	0	0	0	0
Pump stations	13,692	0	0	0	0	0
Meters	188,279	15,000	19,045	1,000	20,045	15,000
Storage tanks	80,022	2,250,000	1,645,429	225,000	1,870,429	25,000
Well field / pumps	43,901	100,000	39,594	7,500	47,094	275,000
Water lines	0	100,000	60,721	0	60,721	0
Water rights	327,812	350,000	8,420	2,500	10,920	3,125,000
SUBTOTAL	653,706	2,815,000	1,773,209	236,000	2,009,209	3,440,000
TOTAL EXPENSES	963,891	3,167,325	2,053,431	289,575	2,343,006	3,745,775
NET CASH CHANGE	(279,649)	(2,491,575)	(1,449,685)	(179,075)	(1,628,760)	(3,290,025)
New funding / bonds / loans	0	1,000,000	0	250,000	250,000	3,300,000
ENDING FUND BALANCE	1,398,218	(93,357)	(51,467)		19,458	29,433

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EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

Budget Message for 2002

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 2002 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 base rate of \$34 per quarter (\$64 per quarter for users above the Summerwood Pump Station). Water usage to 23,000 gallons per quarter is billed at \$1.75 per 1,000 gallons. Water usage from 23,000 gallons through 50,000 gallons in a quarter is billed at \$3.00 per 1,000 gallons. Water usage above 50,000 gallons in a quarter is billed at \$5.00 per 1,000 gallons. Water income will fluctuate based on weather patterns during the summer.
4. Tap fees for the District for 2002 is \$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 317 units (with a tap fee payable) remaining in the District service area. The District is at 75% 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 mil levy is 4.13 on an assessed valuation of \$40,124,850 for bond and interest payments.
6. The majority of the cash reserves for the District were utilized in the construction of a 1.5 million gallon water tank project. Remaining reserves are on deposit in funds bearing interest between 2% and 4%. The District allocates all interest income to long-term capital reserves.
7. Tap fee income is dependent on the general economy and housing needs in Summit County. Tap fee revenue is based on the start of 10 single-family units in the District in 2002. All tap fee income is allocated to capital reserves.
8. The water purchases (under a 1983 agreement with the Vidler Water Company) are anticipated to be slightly less than projected for 2001. The water usage in 2001 was higher than the prior year due to more homes served in the District and more irrigation of landscaping. The budget amount includes an estimated cost increase of the Denver CPI index as allowed by the lease agreement. In December 2000, the District signed a

Purchase Agreement with the Vidler Water Company for \$3.1 million to acquire the water rights that the lease agreement utilizes. The District has until November 30, 2002 to close on the agreement. To insure adequate water rights for build out, the District also entered into an Assignment Agreement with the Vidler Water Company and the City of Golden to acquire 20 acre-feet of water at \$300,000. The terms of the Purchase Agreement continued the existing water lease terms until closing. The District anticipates closing in July of 2002 and has budgeted six months of water purchases under the lease agreement in 2002.

9. 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.
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 is the final year of the bond. The District will be holding an election on May 7, 2002 to ask voters to authorize a continuation of the mil levy to generate \$200,000 per year for 30 years. The voters will be requested to authorize up to \$4,000,000 in debt to be retired by the mil levy and user fees. The District's income can fluctuate annually based on the number of tap fees received from developers. The District will ask the voters to remove the Tabor amendment restrictions that would mandate the District refund tap fees during periods of more development.
11. The 2002 capital fund anticipates landscaping of the Snowberry Water Tank installed in 2001, purchase of meters for installation in new construction, closing on the Purchase Agreement with Vidler Water Company, and completion of the well field improvement project contracted for and begun late in 2001.
12. The District anticipates entering into agreements to acquire outside funding for up to \$3.65 million in 2002. The funding will be through loans, bonds, lease purchase agreements or a combination of sources. Funding will be used to retire a short-term line of credit of \$250,000 from 2001 used to complete the Snowberry Water Tank and Well Field improvements. The funding will be utilized to complete the closing of the Purchase Agreement with the Vidler Water Company for \$3.1 million and to return capital funds utilized in the closing with Vidler and the City of Golden and the \$300,000 water rights assignment.
13. 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.