

**EAST DILLON WATER DISTRICT
2003 Bond Fund Budget**

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2002 10 mo YTD</u>	<u>2002 2 mo Estimate</u>	<u>2002 Projected</u>	<u>2003 Budget</u>
BEGINNING FUND BALANCE	50,716	111,812			111,812	18,661
OPERATING REVENUES						
Property Taxes	157,769	165,756	165,334	422	165,756	169,262
Specific Ownership Taxes	14,332	15,000	9,147	2,000	11,147	12,000
TOTAL REVENUES	172,101	180,756	174,481	2,422	176,903	181,262
BOND EXPENDITURES						
Bond interest	13,090	6,745	3,373	3,372	6,745	0
Bond principal	90,000	95,000	0	95,000	95,000	0
CWCB loan	0	75,988	0	0	0	151,976
CWCB deposit	0	0	0	0	0	15,198
Treasurer fees	7,915	8,288	8,289	20	8,309	8,463
Transfer to capital fund	0	0	0	0	160,000	5,000
SUBTOTAL	111,005	186,021	11,662	98,392	270,054	180,637
INCREASE (DECREASE) RESERVES	61,096	(5,265)			(93,151)	625
INCREASE (DECREASE) EMERGENCY	0	0			0	0
TOTAL EXPENSES	172,101	180,756	11,662	98,392	176,903	181,262
REFUND REQUIRED						0
ACCUMULATED RESERVES	93,172	87,907			21	646
ACCUMULATED EMERGENCY	18,640	0			18,640	18,640
ENDING FUND BALANCE	111,812	106,547			18,661	19,286

This document is a true and accurate copy of the budget for the East Dillon Water District adopted for 2003 by the Board of Directors on December 2, 2002.

EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

**EAST DILLON WATER DISTRICT
2003 Water Activity Fund Budget**

	2001 <u>Actual</u>	2002 <u>Budget</u>	2002 10 mo <u>YTD</u>	2002 2 mo <u>Estimate</u>	2002 <u>Projected</u>	2003 <u>Budget</u>
BEGINNING FUND BALANCE	1,398,218	(168,789)	(168,789)		(168,789)	108,341
OPERATING REVENUES						
Water sales	386,046	350,000	295,028	85,000	380,028	375,000
Interest income	56,410	5,000	5,826	800	6,626	5,000
Miscellaneous	11,939	750	(1,424)	0	(1,424)	750
Tap fees	245,000	70,000	161,000	14,000	175,000	70,000
Transfer from bond fund	0	30,000	0	0	160,000	5,000
TOTAL OPERATING REVENUES	699,395	455,750	460,430	99,800	720,230	455,750
OPERATING EXPENSES						
Water purchases	154,043	73,000	126,756	7,500	134,256	0
Repairs & maintenance	10,304	35,000	34,722	500	35,222	30,000
Utilities - water pumping	17,019	17,250	14,564	3,000	17,564	18,000
Operating supplies & testing	2,925	3,500	4,460	250	4,710	5,000
OPERATING EXPENSES	184,291	128,750	180,502	11,250	191,752	53,000
REVENUE NOTE PAYABLE						
Principal	0	0	0	39,333	39,333	82,880
Interest	0	35,000	0	26,709	26,709	47,980
Fees	0	0	20,000	0	20,000	0
REVENUE NOTE EXPENSES	0	35,000	20,000	66,042	86,042	130,860
ADMINISTRATIVE EXPENSES						
Accounting & auditing	3,400	3,500	3,100	0	3,100	3,500
Billing & administration	39,000	43,200	36,000	7,200	43,200	46,200
Meter reading	1,200	1,200	900	300	1,200	1,200
Director's fee	2,025	1,875	1,125	375	1,500	1,875
Engineering	820	2,500	0	750	750	2,500
Insurance and bonds	8,635	10,000	11,805	0	11,805	13,000
Legal fees	12,741	12,000	16,322	1,500	17,822	15,000
Operations manager	72,000	81,000	67,500	13,500	81,000	90,000
Miscellaneous	236	500	735	100	835	750
Office supplies	6,447	5,000	4,808	250	5,058	6,000
Telephone	2,030	2,600	1,819	380	2,199	2,600
Dues	1,557	1,650	1,337	0	1,337	1,650
Contingency	0	12,000	0	0	0	6,000
ADMINISTRATIVE EXPENSES	150,091	177,025	145,451	24,355	169,806	190,275
CAPITAL IMPROVEMENTS						
Computer / equipment	0	0	0	0	0	0
Pump stations	0	0	0	0	0	0
Meters	19,045	15,000	13,959	500	14,459	5,000
Storage tanks	1,794,792	25,000	89,544	5,000	94,544	10,000
Well field / pumps	40,913	275,000	343,019	2,500	345,519	25,000
Water lines	60,721	0	0	0	0	0
Water rights	16,549	3,125,000	5,978	3,105,000	3,110,978	0
CAPITAL EXPENSES	1,932,020	3,440,000	452,500	3,113,000	3,565,500	40,000
TOTAL EXPENSES	2,266,402	3,780,775	798,453	3,214,647	4,013,100	414,135
NET CASH CHANGE	(1,567,007)	(3,325,025)	(338,023)	(3,114,847)	(3,292,870)	41,615
New funding / bonds / loans	0	3,300,000	1,020,000	2,550,000	3,570,000	0
ENDING FUND BALANCE	(168,789)	(193,814)	513,188		108,341	149,956

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EAST DILLON WATER DISTRICT

SEAL

Bruce Farrell, President

EAST DILLON WATER DISTRICT

Budget Message for 2003

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 2003 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 debt principal and interest, emergency reserves per Article X, Section 20, capital funding, and reserves for an early loan 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. The tap fee for 2003 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 292 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 4.131 on an assessed valuation of \$40,973,590 for bond and interest payments. 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 from a mill levy not to exceed 4.131 mills. 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. The loan is repaid annually over 30 years with interest at a fixed rate of 4.25%.
6. The District obtained a 10-year revenue note from Wells Fargo in May 2002 in the amount of \$1,020,000. Payments are semi-annual with interest at 5%. Proceeds from the loan were utilized to complete the Snowberry Water Tank project, well field improvements including two new production wells, and funding for the water rights purchase. Principal and interest payments on the note are from operating revenues of the District including, but not limited to, user fees and tap fees.
7. The District closed in November 2002 on the December 2000 water rights purchase with the Vidler Water Company. The District had previously leased the water used by the

District from Vidler. The closing included a termination of the lease. The District believes the purchase includes sufficient legal rights to provide service to District customers at build out. The water rights lease cost was the largest operating expense of the District. Funds previously used for payment of the water lease will be utilized for the payment on the Wells Fargo revenue note.

8. Cash reserves for the District are deposited in interest bearing accounts with a high level of investment security per Colorado Statutes. The District completed major reserve fund projects including meter replacement, construction of the Snowberry Water Tank, water rights purchase, and well field improvements in the last five years that has reduced the amount of cash reserves. No major capital projects are anticipated in the next few years allowing cash reserves to gradually increase. The District allocates all interest income to long-term capital reserves.
9. 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 2003. A total of 25 single-family unit taps were sold in 2002. All tap fee income is allocated to capital reserves.
10. The District imposed water restrictions in July 2002 due to drought conditions. The aquifer of the District had dropped to a historic low and customer usage, mostly for landscaping, was high. The water restrictions resulted in a substantial reduction of water usage allowing the District to supply all water needs with existing pumping capacity. The escalating rate structure of the District designed to encourage water conservation also allowed water revenues to remain as budgeted.
11. 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.
12. The District made the final payment in November 2002 for the Colorado Water Resources and Power Development Authority Small Water Resources Bonds, 1990 Series A.
13. The 2003 capital fund anticipates payment for landscaping of the Snowberry Water Tank installed in 2002, purchase of meters for installation in new construction, and completion of the well field improvement project.
14. The budget does not anticipate any excess 2002 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2002 resulting in additional cash on hand at year-end will be transferred into the accumulated reserves for future capital projects.

EAST DILLON WATER DISTRICT
RESOLUTION TO ADOPT BUDGET AND APPROPRIATE REVENUES

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE EAST DILLON WATER DISTRICT, COLORADO, SETTING THE MILL LEVY AND APPROPRIATING SUMS OF MONEY FOR THE 2003 CALENDAR YEAR.

WHEREAS, the Board of Directors of the East Dillon Water District has appointed Robert D. Polich, District Administrator, to prepare and submit a proposed budget to the Board of Directors at the proper time; and;

WHEREAS, Mr. Polich has submitted a proposed budget to this Board on December 2, 2002, for its consideration, and;

WHEREAS, the 2002 valuation for assessment for the East Dillon Water District as certified by the County Assessor is \$40,973,590, and;

WHEREAS, upon due and proper notice, published in accordance with the law, the proposed budget was open for inspection by the public at a public place, a public hearing was held on December 2, 2002, and interested taxpayers were given the opportunity to file or register any objections to the proposed budget.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE EAST DILLON WATER DISTRICT, COLORADO:

Section 1. That the budget as submitted, amended, and attached as Exhibit A is approved and adopted as the budget of the East Dillon Water District for 2003.

Section 2. That the budget approved and adopted shall be signed by the President of the District and made a part of the public records of the District.

Section 3. That for the purpose of meeting all bond principal and interest of the East Dillon Water District during the 2003 budget year, there is levied a tax of 4.131 mills upon each dollar of the total valuation for assessment of all taxable property within the District.

Section 4. That the President is hereby authorized and directed to immediately certify to the County Commissioners of Summit County, Colorado, the above mill levies for the East Dillon Water District.

Section 5. That the sums set forth in the budget are appropriated from the revenue of each fund, to each fund, for purposes stated.

Adopted December 2, 2002.

Bruce Farrell, President

Attest: