

**EAST DILLON WATER DISTRICT
Budget Message for 2023**

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 2023 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 2022 there is a base rate of \$61 per quarter (\$126 per quarter for users above the Summerwood Pump Station). Water usage to 23,000 gallons per quarter is billed at \$2.20 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 \$6.16 per 1,000 gallons. Water usage above 50,001 gallons in a quarter is billed at \$12.32 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 2.498, on an assessed valuation of \$79,162,880, 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 2023 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 zero single-family units in the District in 2023. A total of 7 single-family unit taps were sold in 2022. 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 2023 capital improvements include fire pump replacement/repairs in Summerwood, replacing old fire hydrants and distribution valves, and purchasing a new computer server/software.
14. The budget does not anticipate any excess 2022 income over spending limitations dictated by Article X, Section 20. Any reduction of expenditures in 2022 resulting in additional cash on hand at year-end will be transferred into the accumulated reserves for future capital projects.

EAST DILLON WATER DISTRICT
2023 APPROVED BUDGET

EXHIBIT A

| | 2021 Actual | 2022 Budget | 2022 Jan-Oct | 2022 Nov-Dec Estimate | 2022 Projected | 2022 Projected to Budget Variance Favorable (Unfavorable) | 2023 Budget | Budget Comments |
|-------------------------------------|------------------|------------------|------------------|-----------------------|------------------|---|------------------|---|
| WATER ACTIVITY FUND | | | | | | | | |
| OPERATING REVENUES | | | | | | | | |
| Water Sales | 212,994 | 200,000 | 157,043 | 29,865 | 186,909 | (13,091) | 227,000 | Assumes 10% tier rate increase |
| Base Rate Fee | 290,608 | 290,000 | 221,738 | 72,686 | 294,424 | 4,424 | 400,000 | includes \$15 base rate increase/\$50 increase for Summerwood |
| Specific Ownership Tax | 10,425 | 10,000 | 7,137 | 2,557 | 9,694 | (306) | 10,000 | |
| Miscellaneous Income | 62,319 | 0 | 1,579 | 0 | 1,579 | 1,579 | 0 | |
| Finance Charges | 9,136 | 0 | 7,897 | 2,000 | 9,897 | 9,897 | 0 | |
| ESRI IGA | 2,000 | 2,000 | 0 | 2,000 | 2,000 | 0 | 2,000 | |
| Aclara IGA | 5,980 | 6,000 | 0 | 6,000 | 6,000 | 0 | 6,000 | |
| Tap Fees | 81,000 | 9,500 | 72,500 | 0 | 72,500 | 63,000 | 0 | |
| Conservation Fund | 4,000 | 500 | 3,500 | 0 | 3,500 | 3,000 | 0 | |
| Interest Income | 380 | 1,000 | 8,558 | 2,810 | 11,368 | 10,368 | 5,000 | |
| TOTAL OPERATING REVENUES | 678,842 | 519,000 | 479,952 | 117,918 | 597,870 | 78,870 | 650,000 | |
| OPERATING EXPENDITURES | | | | | | | | |
| Administration | 101,885 | 106,467 | 88,723 | 17,744 | 106,467 | 1 | 114,665 | 7.7% increase per Denver/Boulder CPI over September-September, updated 10/13/ |
| Audit | 7,100 | 7,300 | 7,300 | 0 | 7,300 | 0 | 8,000 | About an 8% increase |
| Director Fees | 1,700 | 2,500 | 1,200 | 500 | 1,700 | 800 | 2,500 | |
| Dues | 1,464 | 2,500 | 1,833 | 0 | 1,833 | 667 | 2,750 | About an 8% increase |
| Engineering | 5,970 | 10,000 | 4,399 | 5,601 | 10,000 | (0) | 10,000 | |
| Aclara IGA | 15,801 | 16,000 | 16,441 | 0 | 16,441 | (441) | 17,000 | |
| ESRI IGA | 2,500 | 2,500 | 2,500 | 0 | 2,500 | 0 | 2,500 | |
| Insurance Expense | 17,281 | 17,000 | 16,519 | 0 | 16,519 | 481 | 17,000 | |
| Legal | 3,087 | 5,000 | 1,865 | 4,112 | 5,977 | (977) | 5,000 | |
| Miscellaneous Expense | 0 | 1,000 | 0 | 1,000 | 1,000 | 0 | 1,000 | |
| Office Supplies/Expenses | 8,762 | 12,000 | 7,947 | 1,708 | 9,655 | 2,345 | 12,000 | |
| Operations Manager | 186,563 | 194,958 | 162,465 | 32,493 | 194,958 | 0 | 209,970 | 7.7% increase per Denver/Boulder CPI over September-September, updated 10/13/ |
| Operating Supplies/Expenses | 19,519 | 30,000 | 25,863 | 1,729 | 27,592 | 2,408 | 30,000 | |
| Repairs and Maintenance | 123,852 | 74,275 | 95,021 | 40,000 | 135,021 | (60,746) | 250,000 | \$150,000 for meter MTU replacement materials and labor |
| Telephone/Internet Expense | 4,628 | 5,500 | 4,350 | 801 | 5,151 | 349 | 6,500 | |
| Utilities | 38,369 | 39,000 | 30,488 | 9,794 | 40,281 | (1,281) | 45,000 | |
| TOTAL OPERATING EXPENDITURES | 538,480 | 526,000 | 466,914 | 115,481 | 582,395 | (56,395) | 733,885 | |
| NET OPERATING INCOME | 140,361 | (7,000) | 13,039 | 2,437 | 15,475 | 22,475 | (83,885) | |
| TOTAL EXPENDITURES | | | | | | | | |
| | 538,480 | 526,000 | 466,914 | 115,481 | 582,395 | (56,395) | 733,885 | |
| OTHER SOURCES AND USES | | | | | | | | |
| Transfer to Bond/Capital Fund | 0 | 196,485 | 196,485 | 0 | 0 | 0 | 650,000 | transfer to Bond/Capital from WAF to cover capital projects |
| CHANGE IN FUND BALANCE | 140,361 | (203,485) | (183,446) | 2,437 | 15,475 | 218,960 | (733,885) | |
| BEGINNING FUND BALANCE | 1,050,181 | 1,190,542 | 1,190,542 | 1,007,096 | 1,190,542 | 0 | 1,206,017 | |

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| | 2021 Actual | 2022 Budget | 2022 Jan-Oct | 2022 Nov-Dec Estimate | 2022 Projected | 2022 Projected to Budget Variance Favorable (Unfavorable) | 2023 Budget | Budget Comments |
|--|-----------------|----------------|----------------|-----------------------|----------------|---|-----------------|--|
| WATER ACTIVITY FUND | | | | | | | | |
| (Continued) | | | | | | | | |
| ENDING FUND BALANCE | 1,190,542 | 987,057 | 1,007,096 | 1,009,532 | 1,206,017 | 218,960 | 472,133 | |
| BOND/CAPITAL FUND | | | | | | | | |
| REVENUES | | | | | | | | |
| Property Taxes | 197,087 | 197,825 | 197,801 | 0 | 197,801 | (24) | 197,825 | |
| TOTAL REVENUES | 197,087 | 197,825 | 197,801 | 0 | 197,801 | (24) | 197,825 | |
| EXPENDITURES | | | | | | | | |
| BOND | | | | | | | | |
| Bond / Alpine Bank interest | 43,209 | 40,242 | 0 | 40,242 | 40,242 | 0 | 37,172 | |
| Bond / Alpine Bank principal | 86,018 | 88,985 | 0 | 88,985 | 88,985 | 0 | 92,055 | |
| Treasurer fees | 9,874 | 9,891 | 9,876 | 108 | 9,984 | (93) | 9,891 | |
| TOTAL BOND | 139,101 | 139,118 | 9,876 | 129,335 | 139,211 | (93) | 139,118 | |
| LEASE PURCHASE | | | | | | | | |
| Principal | 34,567 | 34,557 | 29,770 | 4,787 | 34,557 | 0 | 37,133 | |
| Interest | 28,625 | 28,635 | 22,890 | 5,745 | 28,635 | (0) | 26,059 | |
| TOTAL LEASE PURCHASE | 63,192 | 63,192 | 52,660 | 10,532 | 63,192 | 0 | 63,192 | |
| TOTAL DEBT SERVICE | 202,293 | 202,310 | 62,536 | 139,867 | 202,403 | 93 | 202,310 | |
| CAPITAL | | | | | | | | |
| Computer/Electronics/Mapping | 0 | 35,000 | 30,245 | 5,000 | 35,245 | 245 | 13,000 | New EDWD server, |
| Water Lines | 36,247 | 42,000 | 14,284 | 27,716 | 42,000 | 0 | 25,000 | 1 new fire hydrants to replace old ones |
| Pump Stations | 7,172 | 40,000 | 9,040 | 30,960 | 40,000 | 0 | 650,000 | \$50K Grey Fox Pump Station floor drain/wet well, \$600K Summerwood pump station |
| Wells | 0 | 25,000 | 0 | 25,000 | 25,000 | 0 | 25,000 | Well rehab pending investigation |
| Master Plan | 0 | 50,000 | 0 | 0 | 0 | 0 | 0 | Staff estimate - RFP in progress |
| TOTAL CAPITAL | 43,419 | 192,000 | 53,569 | 88,676 | 142,245 | 245 | 713,000 | |
| TOTAL EXPENDITURES | 245,711 | 394,310 | 116,105 | 228,543 | 344,648 | 49,662 | 915,310 | |
| OTHER SOURCES AND USES | | | | | | | | |
| Transfer (to) from Water Activity Fund | 0 | 196,485 | 196,485 | 0 | 196,485 | 0 | 650,000 | |
| CHANGE IN FUND BALANCE | (48,624) | 0 | 278,181 | (228,543) | 49,638 | 49,638 | (67,485) | |
| BEGINNING FUND BALANCE | 127,447 | 170,923 | 109,993 | 388,174 | 78,823 | (92,100) | 128,461 | |
| ENDING FUND BALANCE | 78,823 | 170,923 | 388,174 | 159,631 | 128,461 | (42,462) | 60,976 | |

**EAST DILLON WATER DISTRICT
2023 APPROVED BUDGET**

EXHIBIT A

| <u>2021 Actual</u> | <u>2022 Budget</u> | <u>2022 Jan-Oct</u> | <u>2022 Nov-Dec Estimate</u> | <u>2022 Projected</u> | <u>2022 Projected to Budget Variance Favorable (Unfavorable)</u> | <u>2023 Budget</u> | <u>Budget Comments</u> |
|--------------------|--------------------|---------------------|----------------------------------|-----------------------|--|--------------------|------------------------|
|--------------------|--------------------|---------------------|----------------------------------|-----------------------|--|--------------------|------------------------|

This document is a true and accurate copy of the 2023 Budget for the East Dillon Water District presented to the Board of Directors on December 5, 2022

SEAL

EAST DILLON WATER DISTRICT



Joseph O'Malley, President