

# DEER CREEK WATER DISTRICT

## 2020 Budget Message

### **Introduction**

Deer Creek Water District, the (“District”) was organized in 2008 to provide for the planning, acquisition, financing, extension, operation and maintenance of the water system serving the District.

The 2020 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2020 fiscal year based on available revenues. This budget provides for the annual debt service on the District’s General Obligation Debt, the general operation of the District, and a business-like enterprise for the distribution of treated water.

In 2008, the Electors of the District authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”). The Gallagher Adjustment and the District’s Service Plan authorize an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, and House Bill 19-255 setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%), until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property. The Gallagher Adjustment for the District allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

The District’s assessed value increased approximately 13% to \$12,014,500 in 2019. The District’s mill levy increased (as explained in the preceding paragraph) to 8.906 mills for taxes collected in the 2020 fiscal year, and all revenues from the mill levy are designated to the General Fund.

### **Budgetary Basis of Accounting**

The District uses funds to budget and report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions. The various funds determine the total District budget. The District’s General Fund is considered a governmental fund and is reported using the economic resources focus and the modified accrual basis of accounting. The District’s Water Enterprise Fund is also reported using the economic resources focus and the modified accrual basis of

accounting. Revenues are recorded when earned and expenses recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**Fund Summaries**

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services, landscape maintenance, snow removal and other expenses related to statutory operations of a local government. The General Fund’s primary sources of revenue are property taxes and specific ownership taxes.

The **Debt Service Fund** is used to pay the fiscal year’s debt expense which includes principal payments, interest payments, and administrative costs associated with debt issues. The District has budgeted to pay \$166,648 in principal, interest and related-costs in fiscal year 2020.

Deer Creek Water District			
General Obligation Tax Bonds, Series 2009			
Coupon Rate 4.45%			
Payment Date	Principal	Interest	Balance
			\$ 862,000
2020	\$ 77,000	\$ 38,359	785,000
2021	81,000	34,933	704,000
2022	84,000	31,328	620,000
2023	88,000	27,590	532,000
2024	92,000	23,674	440,000
2025	96,000	19,580	344,000
2026	100,000	15,308	244,000
2027	105,000	10,858	139,000
2028	139,000	6,186	-
	\$ 862,000	\$ 207,815	

<b>Drinking Water Revolving Fund</b>			
<b>Loan Date 8/16/2019</b>		<b>Interest Rate 2.50%</b>	
<b>Payment Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Balance</b>
			\$ 2,474,673
2020	\$ 8,010	\$ 5,156	2,466,663
2021	99,550	61,048	2,367,113
2022	102,054	58,544	2,265,059
2023	104,621	55,977	2,160,438
2024	107,253	53,345	2,053,185
2025	109,951	50,647	1,943,234
2026	112,717	47,881	1,830,517
2027	115,553	45,045	1,714,965
2028	118,459	42,138	1,596,505
2029	121,439	39,158	1,475,066
2030	124,494	36,103	1,350,572
2031	127,626	32,972	1,222,945
2032	130,837	29,761	1,092,109
2033	134,128	26,470	957,980
2034	137,502	23,095	820,478
2035	140,961	19,636	679,517
2036	144,507	16,090	535,009
2037	148,143	12,455	386,867
2038	151,869	8,728	234,997
2039	155,690	4,908	79,308
2040	79,308	991	0
<b>Total</b>	<b>\$ 2,474,673</b>	<b>\$ 670,149</b>	

The **Water Enterprise Fund** accounts for the operations that are financed and operated in a manner similar to private business enterprise, where the intent is that costs of providing services to the public on a continuing basis be financed primarily through user charges.

**Emergency Reserve**

As required by Section 20 of Article X of the Colorado Constitution (“TABOR”), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenue in the General Fund.

**DEER CREEK WATER DISTRICT**  
**Assessed Value, Property Tax and Mill Levy Information**

	<b>2018 Actual</b>	<b>2019 Adopted Budget</b>	<b>2020 Adopted Budget</b>
<b>Assessed Valuation</b>	\$ 10,505,750	\$ 10,411,770	\$ 12,014,500
<b>Mill Levy</b>			
General Fund	8.000	8.000	8.000
Debt Service Fund	0.000	0.000	0.000
Temporary Mill Levy Reduction	0.000	0.000	0.000
Refunds and Abatements	0.000	0.000	0.100
Gallagher Adjustment	0.000	0.000	0.906
<b>Total Mill Levy</b>	<u>8.000</u>	<u>8.000</u>	<u>9.006</u>
<b>Property Taxes</b>			
General Fund	\$ 84,046	\$ 83,294	\$ 96,116
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	1,201
Gallagher Adjustment	-	-	10,885
<b>Actual/Budgeted Property Taxes</b>	<u>\$ 84,046</u>	<u>\$ 83,294</u>	<u>\$ 108,202</u>

**DEER CREEK WATER DISTRICT**

**GENERAL FUND**

**2020 Adopted Budget**

with 2018 Actual, 2019 Preliminary & 2020 Year-To-Date

	<b>2018 Actual</b>	<b>2019 Adopted Budget</b>	<b>2019 Estimated</b>	<b>2020 Adopted Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ 4,291	\$ (58,222)	\$ -
<b>REVENUE</b>				
Property Taxes	-	83,294	83,294	108,202
Specific Ownership Tax	-	14,402	11,000	10,000
Interest Income	-	-	1,800	1,000
<b>Total Revenue</b>	-	97,696	96,094	119,202
<b>Total Funds Available</b>	-	101,987	37,872	119,202
<b>EXPENDITURES</b>				
Treasurer's Fees	-	2,482	2,482	1,623
Election Fees	-	-	-	5,000
<b>Total Expenditures</b>	-	2,482	2,482	6,623
<b>Transfers and Other Uses</b>				
Transfer To Debt Service	-	97,645	35,390	112,543
Emergency Reserve	-	-	-	36
<b>Total Expenditures Requiring Appropriation</b>	-	100,127	37,872	119,202
<b>ENDING FUND BALANCE</b>	\$ -	\$ 1,860	\$ -	\$ -

## DEER CREEK WATER DISTRICT

### DEBT SERVICE

#### 2020 Adopted Budget

with 2018 Actual, 2019 Preliminary & 2020 Year-To-Date

	2018 Actual	2019 Adopted Budget	2019 Estimated	2020 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ 39,211	\$ 251,378	\$ 201,425
<b>REVENUE</b>				
Interest Income	-	247	210	2,500
<b>Total Revenue</b>	-	247	210	2,500
<b>Total Funds Available</b>	-	39,458	251,588	203,925
<b>EXPENDITURES</b>				
Bond Principal	-	74,000	74,000	77,000
Bond Interest	-	41,652	41,652	38,359
BOK Lease Purchase #1 Interest	-	14,538	14,538	14,538
BOK Lease Purchase #2 Interest	-	12,075	12,075	12,075
Debt Service -System Upgrade	-	81,297	-	21,176
Bank Service Fees	-	-	-	3,500
<b>Total Expenditures</b>	-	223,562	142,265	166,648
<b>Transfers and Other Uses</b>				
Transfer From General Fund	-	97,645	35,390	112,543
Transfer From Enterprise Fund	-	125,917	56,712	28,301
<b>Total Expenditures Requiring Appropriation</b>	-	223,562	142,265	166,648
<b>ENDING FUND BALANCE</b>	\$ -	\$ 39,458	\$ 201,425	\$ 178,121
<b>Required Reserve Amount</b>		30,488	29,040	29,040
<b>Unrestricted Funds</b>		8,970	172,385	149,081

**DEER CREEK WATER DISTRICT**

**CAPITAL PROJECTS FUND**

**2020 Adopted Budget**

with 2018 Actual, 2019 Preliminary & 2020 Year-To-Date

	<b>2018 Actual</b>	<b>2019 Adopted Budget</b>	<b>2019 Estimated</b>	<b>2020 Adopted Budget</b>
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 144,525	\$ 69,225
<b>REVENUE</b>				
Enterprise Fees	-	164,640	164,640	164,640
Water System Upgrade Loan	-	240,000	-	2,474,673
Capital Improvement Fee	-	-	-	-
Interest Income	-	-	60	60
<b>Total Revenue</b>	-	404,640	164,700	2,639,373
<b>Total Funds Available</b>	-	404,640	309,225	2,708,598
<b>EXPENDITURES</b>				
Capital Projects-Engineering	-	240,000	240,000	2,160,000
<b>Total Expenditures</b>	-	240,000	240,000	2,160,000
<b>Total Expenditures Requiring Appropriation</b>	-	240,000	240,000	2,160,000
ENDING FUND BALANCE	\$ -	\$ 164,640	\$ 69,225	\$ 548,598

**DEER CREEK WATER DISTRICT**

**ENTERPRISE FUND  
2020 Adopted Budget**

with 2018 Actual, 2019 Preliminary & 2020 Year-To-Date

	2018 Actual	2019 Adopted Budget	2019 Estimated	2020 Adopted Budget
BEGINNING FUND BALANCE	\$ 273,238	260,977	\$ 43,894	\$ -
<b>REVENUE</b>				
Property Taxes	84,046	-	-	-
Specific Ownership Taxes	15,479	-	-	-
Interest Income	531	39	-	-
Enterprise Fees	137,867	-	-	-
Account Set-up Fees	1,300	-	-	-
Late Fees	2,478	-	-	-
Fixed Fees	54,336	-	-	-
Water Usage Fees	128,281	-	-	-
Tap Fees	15,000	-	-	-
Water Usage Fees-Other	-	126,991	126,991	126,991
Fixed Fees	-	53,760	53,760	53,760
Transfer Fee	-	-	100	100
Miscellaneous Income	-	-	9,000	9,000
<b>Total Revenue</b>	<b>439,318</b>	<b>180,790</b>	<b>189,851</b>	<b>189,851</b>
<b>Total Funds Available</b>	<b>712,556</b>	<b>441,767</b>	<b>233,745</b>	<b>189,851</b>
<b>EXPENDITURES</b>				
General Operating & Administrative	11,890	-	-	-
Contract Services	17,601	-	-	-
Accounting and Legal Fees	13,628	-	-	-
Repair and Maintenance	21,568	-	-	-
Supplies	13,337	-	-	-
Utilities	22,438	-	-	-
County Treasurer Fees	2,490	-	-	-
Capital Outlay	83,525	-	-	-
Debt Service Principal	94,072	-	-	-
Debt Service Interest	46,033	-	-	-
Accounting	-	1,200	9,265	12,000
Audit	-	2,987	1,950	4,800
Customer Payment Processing	-	7,627	7,627	5,000
Dues	-	447	447	475
Insurance & Bonds	-	3,798	3,798	4,000
Legal	-	11,515	22,076	7,500
Management	-	-	15,000	12,000
Office Supplies	-	538	2,500	1,200
Consultants	-	4,598	4,598	-
Non-Billing Postage & Supplies	-	1,317	1,317	700
Billing Postage	-	148	1,500	1,500
Software Maintenance - Admin	-	206	206	300
Administrative Expense - Other	-	251	251	1,250
Miscellaneous Fees	-	103	2,500	486
Treasury Source Access Fees	-	-	-	264
Contract Operator	-	10,465	10,465	12,000
Chemicals	-	1,768	1,768	2,000
Lab Fees	-	5,341	5,341	4,000
Operating Supplies	-	113	113	500
Tools & Equipment	-	2,138	2,138	500
Operating Expense - Other	-	1,031	1,031	1,250
Electricity	-	20,984	20,984	22,000
Propane	-	331	331	600
Septic Pumping	-	-	-	800
Security System	-	309	325	450
Telephone	-	1,861	1,861	2,000
Maintenance - Reserve	-	22,200	-	25,000
Maintenance Expenses - Other	-	3,642	3,642	8,000
Maintenance - Repairs	-	1,402	25,000	1,000
Maintenance & Repair - Equip	-	4,013	25,000	25,000
Maintenance - Supplies	-	738	2,000	1,250
Maintenance - Software	-	2,007	4,000	1,200
<b>Total Expenditures</b>	<b>326,582</b>	<b>113,078</b>	<b>177,034</b>	<b>159,225</b>
<b>Transfers and Other Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to Debt Fund	-	125,917	56,712	28,301
<b>Total Expenditures Requiring Appropriation</b>	<b>326,582</b>	<b>238,995</b>	<b>233,746</b>	<b>187,326</b>
ENDING FUND BALANCE	\$ 385,974	\$ 202,772	\$ -	\$ 2,525