

# DEER CREEK WATER DISTRICT

## 2021 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 2021 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2021 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%), for property taxes commencing on and after January 1, 2019, 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 2020 assessed value increased to \$12,037,790 from \$12,014,500 the year before. The District’s mill levy was adjusted (as explained in the preceding paragraph) to 8.881 mills for taxes collected in the 2021 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 \$306,493 in principal, interest and related-costs in fiscal year 2021.

<b>Deer Creek Water District</b>			
<b>General Obligation Tax Bonds, Series 2009</b>			
<b>Coupon Rate 4.45%</b>			
<b>Payment Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Balance</b>
			\$ 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	-
	<b>\$ 785,000</b>	<b>\$ 169,456</b>	

<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>
			\$ 2,466,663
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>\$ 2,466,663</b>	<b>\$ 664,993</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>2019 Actual</b>	<b>2020 Adopted Budget</b>	<b>2021 Adopted Budget</b>
<b>Assessed Valuation</b>	\$ 10,411,770	\$ 12,014,500	\$ 12,037,790
<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	0.100	0.000
Gallagher Adjustment	0.000	0.906	0.881
<b>Total Mill Levy</b>	<u>8.000</u>	<u>9.006</u>	<u>8.881</u>
<b>Property Taxes</b>			
General Fund	\$ 83,294	\$ 96,116	\$ 96,302
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	1,201	-
Gallagher Adjustment	-	10,885	10,605
<b>Actual/Budgeted Property Taxes</b>	<u>\$ 83,294</u>	<u>\$ 108,202</u>	<u>\$ 106,907</u>

**DEER CREEK WATER DISTRICT**

**GENERAL FUND**

**2021 Adopted Budget**

with 2019 Actual, 2020 Year-to-Date & 2020 Estimated

	<b>2019 Actual</b>	<b>2020 Adopted Budget</b>	<b>2020 Estimated</b>	<b>2021 Adopted Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ 7,250	\$ -	\$ 1,296	\$ 8,377
<b>REVENUE</b>				
Property Taxes	82,091	108,202	108,202	106,907
Specific Ownership Tax	14,782	10,000	13,000	12,000
Interest Income	1,709	1,000	45	-
<b>Total Revenue</b>	<b>98,581</b>	<b>119,202</b>	<b>121,247</b>	<b>118,907</b>
<b>Total Funds Available</b>	<b>105,831</b>	<b>119,202</b>	<b>122,543</b>	<b>127,284</b>
<b>EXPENDITURES</b>				
Treasurer's Fees	2,425	1,623	1,623	3,207
Election Fees	-	5,000	-	-
<b>Total Expenditures</b>	<b>2,425</b>	<b>6,623</b>	<b>1,623</b>	<b>3,207</b>
<b>Transfers and Other Uses</b>				
Transfer To Debt Service	82,091	112,543	112,543	120,510
Transfer to Enterprise Fund	20,020	-	-	-
Emergency Reserve	-	36	-	3,567
<b>Total Expenditures Requiring Appropriation</b>	<b>104,536</b>	<b>119,202</b>	<b>114,166</b>	<b>127,284</b>
<b>ENDING FUND BALANCE</b>	\$ 1,296	\$ -	\$ 8,377	\$ -

## DEER CREEK WATER DISTRICT

### DEBT SERVICE FUND

#### 2021 Adopted Budget

with 2019 Actual, 2020 Year-to-Date & 2020 Estimated

	2019 Actual	2020 Adopted Budget	2020 Estimated	2021 Adopted Budget
<b>BEGINNING FUND BALANCE</b>	\$ 210,814	\$ 201,425	\$ 73,136	\$ 75,884
<b>REVENUE</b>				
Interest Income	231	2,500	140	408
Water Fees - Amcobi	101	-	-	-
<b>Total Revenue</b>	332	2,500	140	408
<b>Total Funds Available</b>	211,146	203,925	73,276	76,292
<b>EXPENDITURES</b>				
Bond Principal	97,708	77,000	77,000	81,000
Bond Interest	41,652	38,359	38,359	34,933
BOK Lease Purchase #1 Prncple	1,631	14,538	13,274	13,651
BOK Lease Purchase #1 Interest	-	1,264	1,264	887
BOK Lease Purchase #2 Prncple	1,273	12,075	11,088	11,383
BOK Lease Purchase #2 Interest	-	986	986	541
Debt Service -System Upgrade	-	21,176	21,176	160,598
Miscellaneous	433	-	-	-
Bank Service Fees	6	3,500	3,500	3,500
<b>Total Expenditures</b>	142,702	168,898	166,647	306,493
<b>Transfers and Other Uses</b>				
Transfer From General Fund	82,091	112,543	112,543	120,510
Transfer From Enterprise Fund	-	28,301	56,712	109,691
Transfer to Enterprise Fund	(77,398)	-	-	-
<b>Total Expenditures Requiring Appropriation</b>	142,702	168,898	166,647	306,493
<b>ENDING FUND BALANCE</b>	\$ 73,136	\$ 175,871	\$ 75,884	\$ 0

## DEER CREEK WATER DISTRICT

### CAPITAL PROJECTS FUND

#### 2021 Adopted Budget

with 2019 Actual, 2020 Year-to-Date & 2020 Estimated

	2019 Actual	2020 Adopted Budget	2020 Estimated	2021 Adopted Budget
<b>BEGINNING FUND BALANCE</b>	\$ 137,838	\$ 69,225	\$ 158,435	\$ 437,763
<b>REVENUE</b>				
Enterprise Fees	82,861	164,640	164,640	165,000
Water System Upgrade Loan	-	2,474,673	2,474,673	-
Interest Income	858	60	15	15
<b>Total Revenue</b>	83,719	2,639,373	2,639,328	165,015
<b>Total Funds Available</b>	221,557	2,708,598	2,797,763	602,778
<b>EXPENDITURES</b>				
Capital Projects-Engineering	113,264	2,500,000	160,000	10,000
Cap Proj - Water System Impr	-	-	2,200,000	300,000
Capital Projects - Other	5	-	-	-
<b>Total Expenditures</b>	113,269	2,500,000	2,360,000	310,000
<b>Transfers and Other Uses</b>				
Transfer to Enterprise Fund	(50,147)	-	-	-
<b>Total Expenditures Requiring Appropriation</b>	113,269	2,500,000	2,360,000	310,000
<b>ENDING FUND BALANCE</b>	\$ 158,435	\$ 208,598	\$ 437,763	\$ 292,778

**DEER CREEK WATER DISTRICT**

**ENTERPRISE FUND  
2021 Adopted Budget  
with 2019 Actual, 2020 Year-to-Date & 2020 Estimated**

	<b>2019 Actual</b>	<b>2020 Adopted Budget</b>	<b>2020 Estimated</b>	<b>2021 Adopted Budget</b>
BEGINNING FUND BALANCE	\$ 32,559	\$ -	\$ 101,776	\$ 48,946
<b>REVENUE</b>				
Water Usage Fees-Other	167,512	126,991	140,000	148,000
Fixed Fees	40,738	53,760	54,912	54,912
Enterprise Fee	-	-	-	168,168
Transfer Fee	100	100	250	100
Tap Fees	-	9,000	-	-
Interest Income	-	-	250	170
Account Set-Up Fees	450	-	-	-
Miscellaneous Income	8,613	-	-	-
Late Fees	1,212	-	270	-
<b>Total Revenue</b>	<b>218,625</b>	<b>189,851</b>	<b>195,682</b>	<b>371,350</b>
<b>Total Funds Available</b>	<b>251,184</b>	<b>189,851</b>	<b>297,458</b>	<b>420,296</b>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Accounting	13,011	12,000	23,000	14,000
Audit	1,950	4,800	12,200	12,000
Customer Payment Processing	8,614	5,000	15,000	9,000
Dues	602	475	1,075	475
Election	56	-	1,225	-
Insurance & Bonds	8,055	4,000	4,285	4,600
Legal	19,557	7,500	6,000	6,000
Management	22,618	12,000	17,500	15,000
Office Supplies	1,954	1,200	800	1,200
Consultants	8,501	-	4,000	4,000
Non-Billing Postage & Supplies	936	700	-	250
Billing Postage	1,961	1,500	4,000	1,750
Software Maintenance - Admin	150	300	-	300
Administrative Expense - Other	-	1,250	-	-
Miscellaneous Fees	4,122	63,160	7,500	2,500
Water Usage Fee	660	-	280	-
Treasury Source Access Fees	-	264	-	-
<b>Operations</b>				
Contract Operator	20,483	12,000	16,000	12,000
Chemicals	964	2,000	2,300	2,400
Lab Fees	615	4,000	6,000	5,500
Operating Supplies	-	500	-	500
Tools & Equipment	42	500	-	500
Operating Expense - Other	4,752	1,250	2,200	1,250
Electricity	23,596	22,000	19,000	22,000
Propane	295	600	-	600
Septic Pumping	-	800	-	800
Security System	325	450	503	500
Telephone	1,222	2,000	-	2,000
Maintenance - Reserve	-	1,000	-	1,000
Maintenance - Repairs	21,353	25,000	1,000	25,000
Maintenance & Repair - Equip	21,647	25,000	25,000	5,000
Maintenance & Repair - Distribution	-	-	-	25,000
Maintenance & Repair - Meters	-	-	-	25,000
Maintenance - Supplies	1,526	1,250	-	750
Maintenance Expenses - Other	3,840	8,000	20,000	20,000
Maintenance - Software	3,273	1,200	2,931	1,200
<b>Total Expenditures</b>	<b>196,678</b>	<b>221,699</b>	<b>191,799</b>	<b>222,075</b>
<b>Transfers and Other Uses</b>				
Transfer to Debt Fund	-	28,301	56,712	109,691
Transfer from Debt Service	77,398	-	-	-
Transfer from Capital Projects Fund	(50,147)	-	-	-
Transfer from General Fund	20,020	-	-	-
<b>Total Expenditures Requiring Appropriation</b>	<b>196,678</b>	<b>250,000</b>	<b>248,511</b>	<b>331,766</b>
ENDING FUND BALANCE	\$ 101,776	\$ (60,149)	\$ 48,946	\$ 88,530