

WILLOW BROOK METROPOLITAN DISTRICT

SERVING THE **RUBY RANCH**, SUMMIT COUNTY, COLORADO

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MEMORANDUM

DATE: December 23, 2004
TO: Willow Brook Metropolitan District
FROM: Steve Schroder, Manager
SUBJECT: 2005 Budget

Please find attached the 2005 budget adopted by the Willow Brook Metro Board of Directors on October 15, 2004. The budget consists of the General Fund and its reserve, the Water Utility Enterprise Fund and its reserve, and the Debt Service Fund new for 2005.

The assessed value was issued by the Assessor's office on August 24 and confirmed on November 23. The assessed value issued is \$4,723,520. Down \$86,690 from last year.

As you recall, the metro board decided to adjust the way in which the 1998 water bond annual debt service payment would be funded. The decision was to shift the payment out of operations and into a debt service fund and certify a mill levy that would generate money equal to the annual debt payment. The primary reason for the adjustment was to restore the Operations fund revenue to a level that preceded the ratcheting down affect of the Gallagher amendment. By making this adjustment, the 2005 1998 water bond debt service payment of \$27,500 will be certified at 5.821 mills.

The district began 2004 with \$176,904 in its cash accounts. The 2004 budget predicts revenue of \$269,399 from all sources and plans to spend \$299,340 from all funds. If this holds true, the district will begin 2005 with \$146,963. The 2005 budget proposal predicts revenue of \$301,660 from all sources and has a spending plan for \$303,392 from all funds. The 2006 beginning cash could be \$139,695.

General Fund:

Revenue:

The General Fund is expected to receive \$273,005 from all sources including an anticipated US Forest Service grant of \$10,818. Please note the total mill levy to be certified is 46.821 mills. 31.526 Operations, 9.474 JMC debt, and 5.821 for the 1998 water bond debt.

The 'tap fee agreement' line is merely a pass through revenue to be expended to the Town of Silverthorne if a water tap is purchased for a new home. Per the Intergovernmental Agreement with Silverthorne, the District collects and remits the Silverthorne fee. For budget purposes, one water tap is anticipated to be sold in 2005.

The District's tap fee is accounted for in the Water Utility Fund, Capital Reserve account. It is not counted as revenue in the General Fund.

Stable boarding revenue and hay sales are becoming an increasingly important component of the budget. This revenue is offsetting various costs associated with meadow maintenance and stable upkeep. A sub-budget for 2005 estimated revenues and expenses is attached.

The US Forest Service grant has been applied for but no confirmation will be available until March, 2005. The revenue is anticipated with an offsetting foresting expense.

Expenditures:

The General Fund shares several operational expenses with the Water Utility Fund. The GF pays most of the management, all of the legal costs, half of the insurance, snow plowing costs, normal road maintenance, and stable/meadow maintenance. The Stable/Meadow sub-budget shows anticipated 2005 expenses and improvements.

2005 Snow Plowing costs are proposed to remain the same as 2004. It was increased in 2002 to include keeping the emergency access passable and to plow S. Ruby Road to its cul-de-sac terminus.

The 2005 Road Maintenance budget includes a dust control test project. Dust control material will be applied to the segment of Ruby Road between the gate and stable and further if funds permit. The Other expense line item is the 'contingency' to cover unanticipated expenses or overruns so as not to put the district in violation of audit procedures requiring the budget to be amended. The Contingency is not expected to be spent.

Transfers:

The General Fund transfers money to three other funds: the GF Capital Reserve Fund, the Water Utility Fund and the Debt Service Fund new in 2005.

The GF Capital Reserve Fund is used to pay for road improvements, common area forest improvements, and other common area improvements. This Fund spends the Forest Service grant minus 'in kind' work credit.

The Water Utility Fund needs \$24,400 in order for its budget to balance in 2005. Water fees do not fully fund this activity.

The transfer to the Debt Service Fund will pay the annual JMC debt service commensurate with 9 mills as required by the note. After the 2004 payment has been made in December, the JMC balance will be \$46,983. The 2005 payment will be \$42,512. The 2005 1998 water bond payment will be \$27,500 per the debt service schedule. This money will be raised by a mill levy increase of 5.821 mills. There is no prepayment penalty for accelerated payments made during and after 2010. Without accelerated payments, the 1998 bond is scheduled to be retired in 2017.

General Fund - Capital Reserve:

Revenue:

The revenue for this fund is a transfer from the General Fund. If the district budgeted to spend all of its money, including cash reserves, this transfer coupled with the balance not spent in the previous year would be the money available to be spent in the upcoming year. The district does not budget all funds to be spent. The amount available to be spent out of this fund in addition to the transfer amount can be as much or as little of cash reserves as the Board feels appropriate. The projects proposed for 2005 do not use any reserve money.

The US Forest Service grant will be earmarked as revenue for this fund.

Expenditures: The expenditures for improvements from this fund propose road rehabilitation (\$25,000), common area beetle kill timber removal (\$5,000), US Forest Service grant expenses for fire mitigation (\$8,832) and the possible replacing the fence along the west side of Diamond Road (\$5,525). The fence project will be revisited before any contract is approved. If the US Forest Service grant is less than \$3,000, Director Tormey asks that a total of \$3,000 be made available for common area fire mitigation.

Water Utility Enterprise Fund:

Revenue:

This fund continues to collect water sales fees, receives interest and a transfer from the General Fund. Water sales should be in the \$22,000 range.

Expenditures:

Some management, audit and insurance costs are assigned to this fund along with all water system maintenance, projected motor, pump and controls replacement, minor repairs and testing. If no line breaks occur, testing doesn't get more costly and motor/pump replacement is not required, less of a General Fund transfer will be needed.

Water Utility Fund, Capital Reserve:

Revenue: This fund receives tap fee sales as its source of revenue. One tap sale is anticipated for 2005.

Expenditures: The only planned expenditure from this fund is the upgrade of well and booster controls.

Debt Service Fund:

Revenue: This fund has been set up to receive a transfer from the General Fund for the payment of debt service. The district is currently paying two debts: the JMC debt and the 1998 water bond debt. Each of these debts will have a separate mill levy certified to the county commissioners. The JMC debt will be 9.474 mills (9 mills are required per the note, the .474 mills is to offset the cost of collection). The 1998 water bond will be 5.821 mills to collect \$27, 500.

Expenditures: The JMC debt payment is \$42,512 and the 1998 water bond payment is \$27,500.

Encl. 2005 budget proposal
Stable/Meadow sub-budget