

## GENERAL COMMENTS ABOUT THE DISTRICT & THE BUDGET

The District is constantly evaluating how to sensibly reduce costs. To that end the District has studied

Electrical costs and rates, chemical costs, insurance costs, and more

Use of its contract professionals, including legal and engineering,

Acts as their own project managers - for example when we built the reservoir our direct involvement in design, construction, etc. resulted in savings of millions of dollars.

There have been other projects that this same process was used which again resulted in cost savings.

Number of employees - the District finally added a third employee in 2017 which has resulted in many benefits. The work that has been neglected is being caught up and other work which results in a more reliable system is being done. Before adding the third employee this work was not being completed. So it added to the overall costs but is resulting in better system reliability and accountability which in the long run will aid in controlling costs. The new employee is also being trained to eventually take over the District so that there is a smooth transition when the current manager retires. This process will take several years.

Etc.

### Use of Professionals

The District firmly believes in utilizing contract legal and engineering professionals as appropriate.

It also firmly believes that any work that can be done in house to lay the ground work for these professionals results in reduced costs and a better end product.

### Safety

Any changes to the District's treatment procedures are evaluated for the safety of its personnel and the community. A good example of this is the use of Chlorine Gas vs Liquid Chlorine. Chlorine gas can be very hazardous to both the employees and the community. In 2006 Chlorine Gas was discontinued and replaced with Liquid Chlorine.

### Automation

The District utilizes some automation such as at its filter plant so that personnel do not have to be at the filter plant 24 hours a day.

It also uses some automatic controls to control the water levels in some of the tanks.

The District believes that there is nothing that fully replaces the live person who checks all of these systems daily not only to insure they are working properly but also to look for the problems that automation does not necessarily detect; e.g. minor pipe leaks, motors that are not quite running right, oil leaks that are developing, and other issues that an automated system might not detect in a timely manner.

### Research

The District conducts its own research of issues, be it of new equipment or methods of water treatment so that they know the pro's and con's beforehand instead of after the fact.

### Water Rates

The District's billing software allows it to conduct its own studies of rates and the probable results of any adjustments to the water rates.

The District's goal is to provide a level of service and reliability that preserves your home values. Pine Brook is one of the leaders in steady mountain home values. A reliable water system that delivers water that meets or is better than the Safe Drinking water act requires, and to has fire hydrants to protect your home in the case of fire (along with an excellent fire dept.). All of this comes at a price, part of which is higher water rates than what are charged in town. This is all part of mountain living.

The District is at about 95% of full build out. There is no commercial/retail/ or large residential base to spread the costs over, just the homes. This means that as the District's costs increase those costs obviously have to be passed on in the form of water rate adjustments.

### Operating Costs

Most of the District's operating costs are fixed costs which do not change due to variations of how much water is produced.

PROPOSED BUDGET FOR 2019  
 PINE BROOK WATER DISTRICT  
 1903 LINDEN DRIVE, BOULDER, CO 80304  
 303-443-5394, FAX 303-415-0621, EMAIL bob@pinebrookwater.com

THE PINE BROOK WATER DISTRICT IS A GOVERNMENTAL ENTITY WHICH HAS A COMMERCIAL INSURANCE POLICY TO PROTECT AGAINST LOSSES AND RISKS  
THE PINE BROOK WATER DISTRICT IS CONSIDERED AN ENTERPRISE SINCE IT DOES NOT COLLECT ANY TAXES FOR OPERATIONS AS THE OPERATIONS ARE FUNDED SOLELY BY WATER RENTS

NOTE: THE BEGINNING AND ENDING BALANCE FOR THE FIRST "ACTUAL" COLUMN ARE ACCURATE AS THAT YEARS AUDIT HAS BEEN COMPLETED. ALL OTHER BALANCES ARE BASED ON BEST INFORMATION AVAILABLE AT THAT TIME.

	ACT 2017	ADOPTED 2018	ACT 09/30/18	EST. 12/31/18	PROP. 2019
beginning and ending balances for the 2017 budget were not known when 2017 budget was adopted					
BEGINNING RESERVE BALANCES					
PROPERTY TAX RESERVES FOR G.O. BONDS	\$50,569	\$49,273	\$49,273	\$52,200	
RESERVES - ALL OTHER USES	\$374,717	\$353,284	\$353,284	\$215,124	
TOTAL RESERVES BEGINNING OF YEAR	\$425,286	\$402,557	\$402,557	\$267,324	
GENERAL GOVERNMENT REVENUES					
PROP. TAX FOR BOND PAYMENT ONLY ( NO GENERAL PROPERTY TAX)	\$332,487	\$332,094	\$326,717	\$332,094	\$332,094
ENTERPRISE REVENUES					
WATER SALES FOR ENTERPRISE EXPENSES	\$580,508	\$622,000	\$478,570	\$635,000	\$722,000
<u>TOTAL WATER SALES REVENUES</u>	<u>\$580,508</u>	<u>\$622,000</u>	<u>\$478,570</u>	<u>\$635,000</u>	<u>\$722,000</u>
WATER SALES TARGETED TO BE TRANSFERRED TO CAPITAL FUND	\$49,273	\$49,000	\$36,280	\$49,000	
MISC. INCOME/RAW WATER SALES FOR ENTERPRISE EXPENSES	\$13,166	\$7,200	\$9,425	\$9,441	\$7,200
S.O. TAX FOR CAPITAL EXPENSES	\$17,901	\$19,000	\$13,212	\$17,500	\$19,000
TAP FEE'S FOR CAPITAL EXPENSES	\$0	\$80,000	\$80,000	\$80,000	\$40,000
DONATIONS, CAN BE USED FOR CAPITAL OR ENTERPRISE EXPENSES	\$0	\$0	\$0	\$0	\$0
<u>TOTAL OTHER REVENUES, CAN ALSO BE USED FOR OPERATIONS</u>	<u>\$80,340</u>	<u>\$155,200</u>	<u>\$138,917</u>	<u>\$155,941</u>	<u>\$66,200</u>
TOTAL MONIES AVAILABLE BEFORE GRANTS ETC.	\$1,418,621	\$1,511,851	\$944,204	\$1,525,592	\$1,387,618
INCOME FROM GRANTS, FEMA, STATE FOR FLOOD REPAIRS	\$3,848	\$346,000	\$0	\$129,000	\$228,737
TOTAL REVENUES W/O BEGINNING BALANCES	\$997,183	\$1,455,294	\$944,204	\$1,252,035	\$1,349,031
TOTAL AVAILABLE REVENUES INCLUDING RESERVES/BEGINNING BALANCES	\$1,422,469	\$1,857,851	\$944,204	\$1,654,592	\$1,616,355
EXPENSES					
LONG TERM DEBT - G.O. BONDS	\$324,654	\$332,094	\$329,326	\$331,144	\$332,094
LONG TERM DEBT - ENTERPRISE (REVENUE NOTE)	\$52,000	\$52,000	\$52,000	\$52,000	\$52,000
OPERATING EXPENSES - ENTERPRISE & GRANT EXPENDITURES	\$642,994	\$577,100	\$425,758	\$754,588	\$844,900
<u>TOTAL OPERATING/ENTERPRISE EXPENSES</u>	<u>\$694,994</u>	<u>\$629,100</u>	<u>\$477,758</u>	<u>\$806,588</u>	<u>\$896,900</u>
CAPITAL EXPENSES & GRANT EXPENDITURES	\$29,770	\$546,000	\$108,586	\$262,240	\$37,900
RESERVES/CONTINGENCY FOR G.O. BONDS (ENDING RESERVE BALANCE)	\$49,273	\$50,000	\$50,096	\$52,200	\$52,200
RESERVES/CONTINGENCY - ALL OTHER USES (ENDING RESERVE BALANCE)	\$353,284	\$300,657	\$444,171	\$215,124	\$297,261
TOTAL EXPENSES INCLUDING RESERVE BALANCES	\$1,451,975	\$1,857,851	\$1,409,937	\$1,667,296	\$1,616,355
CHANGE IN BALANCE SHEET ACCRUALS	(\$29,506)	\$0			

\_\_\_\_\_, DOES CERTIFY THAT THIS IS A TRUE AND ACCURATE COPY  
 Mel Beauprez, President of the Board OF THE ADOPTED 2019 BUDGET OF THE PINE BROOK WATER DISTRICT.  
 SIGNED THIS 13TH DAY OF DECEMBER 2018

Attest R. Loveman, Secretary of the Board

**WORKSHEET FOR OPERATIONS**

	ACT 2016	ACT 2017	9/30/2018 YTD 2018	EST 2018	PRO 2019	2020	2021	2022	2023
<b>INCOME FOR PAYROLL, OPS, ADMIN, &amp; REVENUE NOTE</b>									
WATER SALES	\$490,976	\$580,508	\$478,570	\$635,000	\$ 722,000				
CAPITAL FEE COLLECTIONS	\$41,430	\$49,273	\$36,280	\$49,000					
INT. SAVINGS	\$183	\$403	\$384	\$400	\$250				
GRANTS, FEMA & STATE	\$1,144,764	\$3,848	\$0	\$129,000	\$228,737				
4 MILE FIRE & BLDR LODGE MISC./RAW WATER LEASES	\$4,841	\$4,632	\$9,041	\$9,041	\$7,200				
<b>TOTAL FUNDS TO BE COLLECTED</b>	<b>\$1,682,194</b>	<b>\$638,664</b>	<b>\$524,275</b>	<b>\$822,441</b>	<b>\$958,187</b>				
SALARIES	\$179,850	\$227,715	\$167,673	\$225,000	\$233,500				
EMP.BENEFITS	\$54,579	\$57,349	\$46,186	\$62,636	\$68,000				
PAYROLL TAX EXP	\$17,796	\$23,292	\$19,007	\$25,400	\$26,000				
<b>TOTAL PAYROLL</b>	<b>\$252,225</b>	<b>\$308,356</b>	<b>\$232,866</b>	<b>\$313,036</b>	<b>\$327,500</b>				
ENGINEERING	\$0	\$7,055	\$0	\$0	\$0				
ROUTINE REPAIRS	\$24,905	\$33,845	\$4,025	\$6,000	\$ 10,000				
TOOLS & INSTRUMENTATION					\$ 10,000				
WATER TESTS	\$7,537	\$11,557	\$12,846	\$16,000	\$15,000				
SPH REPAIRS	\$0	\$147	\$58	\$58	\$1,000				
FOUR MILE REPAIRS	\$763	\$0	\$0	\$0	\$1,000				
CHEMICALS PLANT	\$25,102	\$22,332	\$11,910	\$20,000	\$22,000				
RESERVOIR MAINT.	\$487	\$4,709	\$815	\$815	\$1,000				
FILTER PLANT R/M	\$15,761	\$17,637	\$5,201	\$10,000	\$10,000				
SLUDGE DISP COSTS		\$60,359	\$15,086	\$30,000	\$5,000				
WATER MAIN REPAIRS	\$36,125	\$34,988	\$20,543	\$45,000	\$40,000				
INS. EXPENDITURES									
REPAIR & MAINT. OTHER	\$4,506	\$27							
ROUTINE UTILITIES	\$8,333	\$11,410	\$8,001	\$11,500	\$12,000				
RAW WATER UTILITIES	\$18,399	\$15,772	\$8,522	\$15,000	\$18,000				
FILTER PLT UTILITIES	\$18,815	\$17,875	\$11,861	\$17,500	\$19,000				
WATER RIGHT FEES	\$4,485	\$4,071	\$3,186	\$4,500	\$5,000				
TRUCK OP & MAIN	\$17,877	\$18,586	\$6,963	\$12,000	\$13,000				
FIRE HYRANTS			\$9,651	\$11,200	\$0				
COMMUNITY CENTER BLDG		\$895	\$495	\$495	\$1,000				
NEW SERVICE COSTS		\$16,854	\$7,920	\$18,000	\$7,000				
CONTINGENCY FUND					\$10,000				
FEMA FLOOD EXP	\$1,158,433	\$8,045	\$28,293	\$160,000	\$260,700				
STATE GRANT		\$4,815							

<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,341,528</b>	<b>\$290,979</b>	<b>\$155,376</b>	<b>\$378,068</b>	<b>\$460,700</b>
MISC.	\$1,844	\$3,087	\$2,385	\$3,000	\$3,000
TRAINING & DUES	\$1,376	\$3,985	\$2,948	\$5,000	\$5,000
ACCT., BANK CHARG	\$3,258	\$1,150	\$739	\$1,100	\$1,200
AUDIT	\$5,200	\$3,940	\$4,100	\$4,100	\$4,500
INS.-LIABILITY	\$19,547	\$15,244	\$171	\$20,000	\$20,000
LEGAL	\$3,304	\$1,888	\$10,652	\$15,000	\$5,000
OFFICE SUPPLY	\$11,413	\$13,365	\$8,237	\$12,000	\$13,000
REIMBURSABLE EXPENSES	\$6,662	\$1,000			
NEW OFFICE EQUIP.					
FOUR MILE COALITION ADMIN COSTS					\$5,000
ELECTION COSTS			\$8,284	\$8,284	
MONEY TARGETED TO RESERVES					\$61,287
<b>TOTAL ADMIN.</b>	<b>\$52,604</b>	<b>\$43,659</b>	<b>\$37,516</b>	<b>\$68,484</b>	<b>\$117,987</b>
<b>TOTAL BEFORE REVENUE NOTE</b>	<b>\$1,646,357</b>	<b>\$642,994</b>	<b>\$425,758</b>	<b>\$759,588</b>	<b>\$906,187</b>
REVENUE NOTE	\$52,000	\$52,000	\$0	\$52,000	\$52,000
<b>TOTAL PAYROLL, OPS, ADMIN, REV NOTE EXP</b>	<b>\$1,698,357</b>	<b>\$694,994</b>	<b>\$425,758</b>	<b>\$811,588</b>	<b>\$958,187</b>
DIFFERENCE OF WATER SALES TO EXP	(\$16,163)	(\$56,330)	\$98,517	\$10,853	\$0

TOOLS & INSTRUMENTATION PLANNED FOR 2019 ARE; UNDERWATER DRONE FOR TANK AND RESERVOIR INSPECTIONS  
CL17 FOR TRACKING PERMANGNATE DOSING, AND POSSIBLY ONE TURBIDIMETER

**WORKSHEET FOR CAPITAL INCOME/EXPENDITURES**

	ACT 2016	ACT 2017	YTD 2018	EST 2018	PRO 2019	EST 2020	EST 2021	EST 2022	EST 2023
<b>SOURCES OF INCOME</b>									
TAP FEES ETC.	\$ 41,075	\$ -	\$ 80,000	\$ 80,000	\$ 40,000	\$ -	\$ -	\$ -	\$ -
MONEYFROM WATER SALES	\$ -	\$ -	\$ -	\$ 10,853	\$ 61,287	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
FEMA CURRENTLY OWES							\$ 45,000		
SPECIFIC OWN. TAXES	\$ 16,915	\$ 17,901	\$ 13,212	\$ 17,500	\$ 19,000				
DONATIONS/SALE OF MISC	\$ 117,500	\$ -	\$ 10,000	\$ 10,000					
WATER RIGHTS SALES		\$ 8,534		\$ -					
<b>TOTAL</b>	<b>\$ 175,490</b>	<b>\$ 26,435</b>	<b>\$103,212</b>	<b>\$ 118,353</b>	<b>\$ 120,287</b>	<b>\$ 100,000</b>	<b>\$ 145,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>
<b>PROPOSED CAPITAL EXPENDITURES</b>									
PLANT REFURB'S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXP'S. RESERVOIR	\$0	\$0	\$0	\$0					
TANK CLEAN/INSP	\$8,655	\$0	\$0	\$0					
SYSTEM IMPROV.	\$8,792	\$0	\$0	\$0					
SYSTEM NEW CONST.	\$0	\$0	\$0	\$0					
CAPITAL TOOLS & OFFICE EQUIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VEHICLES	\$17,500	\$15,000	\$0	\$0					
RAW WATER CAP EXP'S	\$0								
ENGINEERING	\$0	\$14,770	\$26,246	\$0	\$7,000				
LEGAL SPECIAL	\$0	\$0	\$0						
COMM. BUILDING	\$0	\$0	\$0						
TANK PAINTING/REPAIR	\$0	\$0	\$82,340	\$29,900	\$30,900	\$0	\$0	\$400,000	\$0
** SLUDGE DISP. SYST.				\$150,000	\$0	\$0	\$0	\$0	\$0
DREDGING	\$0	\$0	\$0	\$0					
<b>TOTAL</b>	<b>\$34,947</b>	<b>\$29,770</b>	<b>\$108,586</b>	<b>\$179,900</b>	<b>\$37,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$0</b>
<b>DIFFERENCE OF CAP INCOME TO EXP</b>	<b>\$ 140,543</b>	<b>\$ (3,335)</b>	<b>\$ (5,374)</b>	<b>\$ (61,547)</b>	<b>\$ 82,387</b>	<b>\$ 100,000</b>	<b>\$ 145,000</b>	<b>\$ (300,000)</b>	<b>\$ 100,000</b>

PIPE REPLACEMENT PROGRAM PLANNED TO START AROUND 2030 AND WILL PROBABLY REQUIRE A NEW BOND ISSUE, CURRENT BOND ISSUE (2004 BONDS) WILL HAVE BEEN PAID OFF IN 2029

**CAPITAL FOR 2019 IS REPAIR COSTS TO TANK R-3**

R-2 LAST PAINTED AROUND 1972 & WAS REPAINTED IN 2018

R-3 LAST PAINTED BEFORE 1987 & IS TO BE REPAINTED IN 2019

WHC TANK LAST PAINTED AROUND 1990

R-4 TANK LAST PAINTED AROUND 1990

R-7 TANK INSTALLED 1982 HASN'T BEEN PAINTED SINCE

R-1 TANK UNKNOWN WHEN LAST PAINTED, NOT CURRENTLY IN SERVICE AND MAY BE ABANDONED

<b>GENERAL BOND TAX REVENUES</b>	<b>ACT 2016</b>	<b>ACT 2017</b>	<b>YTD 2018</b>	<b>EST 2018</b>	<b>PRO 2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
BEG. PROP. TAX BALANCE	\$46,522	\$50,569	\$52,096	\$52,200	\$52,200				
PROP. TAX	\$329,900	\$332,487	\$326,717	\$332,094	\$332,094	\$332,094	\$332,094	\$332,094	\$332,094
<b>TOTAL</b>	<b>\$376,422</b>	<b>\$383,056</b>	<b>\$378,813</b>	<b>\$384,294</b>	<b>\$384,294</b>	<b>\$332,094</b>	<b>\$332,094</b>	<b>\$332,094</b>	<b>\$332,094</b>
<b>USES OF FUNDS FOR NON-OPERATING EXPENSES</b>									
BOND PRINC & INT	\$326,078	\$324,654	\$326,044	\$326,044	\$326,044	\$326,044	\$326,044	\$326,044	\$326,044
BLDR COUNTY TRES'S FEES (FEE'S ARE 1.529% OF TAXES)	\$5,025	\$4,983	\$3,282	\$5,100	\$5,100	\$6,050	\$6,050	\$6,050	\$6,050
<b>TOTAL</b>	<b>\$331,103</b>	<b>\$329,637</b>	<b>\$329,326</b>	<b>\$331,144</b>	<b>\$331,144</b>	<b>\$332,094</b>	<b>\$332,094</b>	<b>\$332,094</b>	<b>\$332,094</b>

**TO DETERMINE MILL LEVY DIVIDE MONIES NEEDED BY EVALUATION AND THEN MULITPLY BY 1000**

2008 EVALUATION IS \$27,277,270  
2008 ACTUAL MILL LEVY IS 13.09  
2009 EVALUATION IS \$27,032,620  
2009 ACTUAL MILL LEVY IS 13.24  
2010 EVALUATION IS \$28,436,460  
2010 MILL LEVY IS 12.61  
2011 EVALUATION IS \$28,574,640  
2011 ACTUAL MILL LEVY IS 12.55  
2012 EVALUATION IS \$26,604,483  
2012 MILL LEVY IS 13.688  
2013 EVALUATION IS \$27,970,628  
2013 MILL LEVY IS 11.835  
2014 EVALUATION IS \$27,716,154  
2014 MILL LEVY IS 11.982  
2015 EVALUATION IS \$31,516,403  
2015 MILL LEVY IS 10.57  
2016 EVALUATION IS \$31,283,486  
2016 MILL LEVY IS 10.614  
2017 EVALUAT IS \$32,152,619  
2017 MILL IS 10.329  
2018 EST EVALUATION IS \$31,752,982  
2018 EST MILL LEVY IS 10.459