

Hamilton Creek Metropolitan District

2016 Budget

Adopted November 11, 2015

HAMILTON CREEK METROPOLITAN DISTRICT

2016 General Fund Budget

	2014	2015	10	2	2015	2016
	Actual	Budget	Months	Month	Projected	Budget
			YTD	Estimate		
REVENUES						
User fees	67,366	65,000	49,057	15,943	65,000	65,000
Interest	579	400	117	283	400	400
Property tax	305,865	305,385	300,543	4,841	305,385	333,450
Specific ownership tax	16,098	15,400	12,213	3,187	15,400	15,000
Development fees	0	0	0	0	0	0
Water tap fees	5,000	10,000	10,000	0	10,000	0
Miscellaneous	0	0	0	0	0	0
TOTAL REVENUES	394,908	396,185	371,931	24,254	396,185	413,850
EXPENDITURES						
Road maintenance	34,319	40,000	0	20,000	20,000	50,000
Road maintenance - plowing	40,010	35,000	14,365	15,000	29,365	35,000
Water system maintenance	64,150	66,000	55,719	11,000	66,719	66,000
Forest maintenance	4,760	6,000	351	0	351	500
Utilities	8,549	8,600	6,450	889	7,339	9,000
Septic system cleaning	14,360	15,000	10,575	0	10,575	15,000
Administration	39,000	39,000	15,401	4,334	19,735	33,600
Audit	5,500	5,500	6,500	0	6,500	10,000
Director fees	1,700	2,000	1,300	400	1,700	2,000
Insurance	3,877	4,000	190	3,800	3,990	4,200
Legal	983	1,000	2,262	5,000	7,262	10,000
Bank Fees	0	0	71	0	0	140
Office supplies and postage	1,333	1,800	592	100	692	1,000
Membership dues	715	1,000	795	0	795	1,000
Internet	1,451	1,500	1,262	520	1,782	1,500
Miscellaneous	785	500	0	0	0	500
Treasurer fees	15,320	15,269	15,028	241	15,269	16,673
Loan interest	28,606	23,589	21,225	2,364	23,589	18,086
Capital - road	0	0	0	0	0	0
Capital - water system	0	15,000	6,971	8,029	15,000	15,000
Capital - other	0	0	0	0	0	0
TOTAL EXPENDITURES	265,419	280,758	159,055	71,677	230,661	289,199
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	129,489	115,426	212,875	(47,423)	165,523	124,651
LOAN PRINCIPAL	93,198	98,218	88,873	9,345	98,218	103,731
CHANGE IN NET POSITION	36,291	17,208	124,002	(56,768)	67,305	20,920

This document is a true and accurate copy of the budget for the Hamilton Creek Metropolitan District adopted for 2016 by the Board of Directors on November 11, 2015.

HAMILTON CREEK METROPOLITAN DISTRICT

SEAL

Thomas N. Hand, President

HAMILTON CREEK METROPOLITAN DISTRICT

2016 Budget Message

The Hamilton Creek Metropolitan District operates under a court approved bankruptcy plan agreed to by all bondholders in January 1990 and effective on February 1, 1990. Under the Plan, all revenues collected from ad valorem taxes, water taps, user fees, development fees and interest income go toward the payment of interest on the "New Bonds" after the District has first paid its operating expenses, bond principal and contribution to capital reserves. The principal on the Bonds was paid off December 1, 2004. There are no interest payment dates after December 1, 2004.

The District takes the position that the Tabor Amendment is a retrospective law and is not retroactive on the District's Amended Plan for Adjustment of Debt. It is the District's understanding that the spirit and intent of the Tabor Amendment is to prevent governmental entities from unnecessarily raising taxes and creating excessive and unwarranted burdens upon taxpayers. The District shares this philosophy. The District wishes to continue to provide service to its taxpayers in the most efficient and cost effective way possible without placing an unnecessary burden on them. The only viable means of promoting the health and welfare of the District is to proceed under the terms of the Plan.

Services to be delivered. The Hamilton Creek Metropolitan District is organized as a Colorado Special District. The 2016 budget includes funding to provide water service, septic system pumping, forest management, road maintenance and snow plowing.

System of accounting. The District utilizes a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual, i.e., both measurable and available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Fund accounting. The District uses Fund Accounting to segregate monies based on designated uses. The funds are the General Fund for operations, the Debt Fund for bond principal and interest payments, and the Capital Fund for capital improvements as authorized by the bankruptcy ruling. Primary revenues for the General Fund and Capital Fund are transferred as needed to pay operation costs from the Debt Fund.

Presentation of the budget consolidates the General and Capital Funds to a single page to provide a better overall view of the District operations.

Property taxes. The mill levy for 2016 is 40 mills, the amount set by the 1990 bankruptcy ruling. The District is unsure at this time regarding how long the mill levy imposed by the ruling will apply as the principal of the bonds has been paid off and the documentation (bonds) returned by the holders.

The assessed valuation of the District is \$8,336,260. Based on the mill levy this will realize \$333,450 in tax revenue. The Summit County Treasurer collection fee of 5% will be \$16,673.

Development fees. A fee of \$5,000 is collected on the original sale of property from the developer. A \$5,000 fee is also collected on any property on which an assessor unit (as defined and/or approved by Summit County) is built. The last developer lot was sold in 2014 and the development fee collected.

Water tap fees. Tap fees are collected prior to authorizing a building permit. Tap fees for 2016 are \$10,000. The District has 100 improved lots. One new home was completed in 2014. There are 19 unimproved lots. The District cannot assume all of these properties will be built on as owners may abandon lot lines (subject to approval by Summit County Government), or not build on lots to provide more open space around their property. The District does not anticipate any new tap fees for construction to be sold in 2016.

Bond interest and principal. The District has no outstanding bond principal after the principal payment on December 1, 2004. The principal payment was funded by US Treasury Strips purchased in 1985 from proceeds from the original bond. The 1990 bankruptcy ruling allowed the District to first pay operating expenses, bond principal and reserve a capital fund amount prior to any interest payment. Interest not paid to the bondholders is referred to as accrued interest and is paid prior to any current interest payments. As the 1990 bankruptcy ruling allows the District to operate on a “cash flow” basis, the 10th Circuit Court of Appeals held the District would never be in default as long as it operated in accordance with the plan. Language in the opinion stated the debt was perpetually escapable from contingencies in the Plan. The District no longer accrues or reflects accrued interest as a payable per the legal interpretation of the court rulings.

User fees. District customers in 2016 will be billed in arrears. The quarterly rates per residence are:

Base rate	\$ 130	
Usage from 0 to 15,000 gallons	\$ 3	per 1,000 gallons
Usage from 15,001 to 25,000 gallons	\$ 5	per 1,000 gallons
Usage from 25,001 to 40,000 gallons	\$ 10	per 1,000 gallons
Usage over 40,000 gallons	\$ 15	per 1,000 gallons

The District will provide service to 100 homes that is projected to realize \$65,000 in user fees for 2016.

Interest. All District funds are held in interest bearing accounts. Funds are transferred to a non-interest-bearing checking account as payment checks are issued. Interest is paid to the District from Summit County collection of past due property taxes.

Snow removal. The District contracts for snow removal on the roads and paved driveways within the District. The contract for the upcoming winter season is based on an hourly rate of \$130 per hour. A minimum of \$1,200 per month is payable from November through April 30th. There is an additional fee for any sand used on the roads. The 2016 budget for snow removal is \$35,000.

Road maintenance. The District does annual maintenance on the roadways, including crack filling and patching to extend the life of the roadway prior to needing to resurface the roads. The basis of the road maintenance budget is:

Crack filing	\$ 20,000
Asphalt patches	10,000
Shoulder & drainage repair	<u>20,000</u>
TOTAL	\$ 50,000

Water maintenance. The District contracts operation of the water system to a licensed water operator. The contract includes routine water testing as required by the State of Colorado and overall supervision of the operation of the District's wells, water tank and distribution system. Maintenance work required beyond the contracted services is an additional cost. The District has used surface water from Hamilton Creek as the exclusive source of water since August 2003. Allocation of the water maintenance budget is:

Operations contract	\$ 48,000
Other repairs and maintenance	10,000
Chemicals, testing and supplies	4,000
System upgrades	<u>4,000</u>
TOTAL	\$ 66,000

Forest Maintenance. Substantial portions of the area served by the Metropolitan District are forested. The District will rely on the County's chipping program for a majority of the chipping and removal of dead trees. The budget allocated \$500 for materials for weed control which is expected to be completed by volunteers.

Utilities. The utility billing is for the cost of electricity to run the well pump and heat the pump house. The cost will fluctuate based on the water volume used by the District and the season.

Septic pumping. The District is following a schedule of pumping individual septic systems on a three-year cycle. It is anticipated this schedule may be modified in the future to reflect the year round occupancy of some District residents. A total of 25 septic systems were pumped in 2015. There are 37 systems scheduled for pumping in 2016.

Administration. Services provided by the administrator include financial management, budget preparation and the general supervision of District operations.

Bookkeeping. Services provided by the bookkeeper include billing and financial statements.

Audit. The CPA firm of Yanari, Watson, McGaughey P.C.. prepared the 2014 audit for the District. The District is researching other CPAs to award a contract for the 2015 audit.

Director fees. The District compensates directors \$100 for each board meeting attended. There are five directors and quarterly meetings.

Insurance. The District is a member of the Special District insurance pool that provides competitive rates on property, content, liability and public officer insurance.

Office supplies and postage. Costs are for billing, correspondence postage, Consumer Confidence Report preparation, web site maintenance and office supplies. All records of the District are being scanned and stored electronically. The District web site has public information available including budgets, board minutes and the annual audit.

Membership dues. The District belongs to the Special Districts Association of Colorado. The Association provides newsletters, seminars and lobbying efforts on behalf of special districts. Also, the insurance for the District is through a liability pool organized by the Special District Association. Membership cost is based on the District budget. The District also belongs to the Rural Water Association. This Association provides specialized information for small public water suppliers, training seminars and an annual trade show attended by representatives of the District.

Miscellaneous expenses. Bank fees and other minor expenses not allocated to other areas.

Capital Fund and Notes Payable. The District completed construction of a new water treatment facility in 2014. The facility utilizes microfiltration for water treatment. The facility was funded by existing reserves and \$600,000 in loans from residents. The loans from the residents are paid annually with a final payment in 2018.

The lower property valuations in Hamilton Creek have reduced District income by \$80,000 compared to 2011. The reduction does not affect annual operations, but extends the time for future water system and road improvements. The District expects to begin roadway improvements following the water loan payments. The plan may be a single improvement that is financed or annual improvements of specific areas based on capital funds available. Future water improvements include an emergency backup water source, water infrastructure improvements, and additional fire protection hydrants. The 2016 budget of \$15,000 would be used for water system improvements.

HAMILTON CREEK METROPOLITAN DISTRICT
RESOLUTION TO ADOPT BUDGET AND APPROPRIATE REVENUES

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE HAMILTON CREEK METROPOLITAN DISTRICT, COLORADO, SETTING THE MILL LEVY AND APPROPRIATING SUMS OF MONEY FOR THE 2016 CALENDAR YEAR.

WHEREAS, the Board of Directors of the Hamilton Creek Metropolitan District has appointed Tom Oberheide, District Administrator, to prepare and submit a proposed budget to the Board of Directors at the proper time; and;

WHEREAS, Mr. Oberheide has submitted a proposed budget to this Board on November 11, 2015, for its consideration, and;

WHEREAS, the 2015 valuation for assessment for the Hamilton Creek Metropolitan District as certified by the County Assessor, subject to a final certification adjustment by November 26, 2015, is \$8,336,260 and;

WHEREAS, upon due and proper notice, published in accordance with the law, the proposed budget was open for inspection by the public at a public place, a public hearing was held on November 11, 2015, and interested taxpayers were given the opportunity to file or register any objections to the proposed budget.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAMILTON CREEK METROPOLITAN DISTRICT, COLORADO:

Section 1. That the budget as submitted and attached as Exhibit A is approved and adopted as the budget of the Hamilton Creek Metropolitan District for 2016.

Section 2. That the budget approved and adopted shall be signed by the President of the District and made a part of the public records of the District.

Section 3. That for the purpose of meeting all bonds and interest of the Hamilton Creek Metropolitan District during the 2016 budget year, there is levied a tax of 40.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District.

Section 4. That the President is hereby authorized and directed to immediately certify to the County Commissioners of Summit County, Colorado, the above mill levies for the Hamilton Creek Metropolitan District.

Section 5. That the sums set forth in the budget are appropriated from the revenue of each fund, to each fund, for purposes stated.

Adopted November 11, 2015.

Thomas N. Hand, President

Attest:

