



TOWN OF PAONIA
TUESDAY, NOVEMBER 03, 2020
TOWN BOARD WORK SESSION AGENDA
2:30 PM

Roll Call

- [1.](#) Roll Call

Approval of Agenda

- [2.](#) Agenda Approval

Regular Business

- [3.](#) 2021 Budget Work Session - Continued

Adjournment

- [4.](#) Adjournment

I. RULES OF PROCEDURE

Section 1. Schedule of Meetings. Regular Board of Trustees meetings shall be held on the second and fourth Tuesdays of each month, except on legal holidays, or as re-scheduled or amended and posted on the agenda prior to the scheduled meeting.

Section 2. Officiating Officer. The meetings of the Board of Trustees shall be conducted by the Mayor or, in the Mayor's absence, the Mayor Pro-Tem. The Town Clerk or a designee of the Board shall record the minutes of the meetings.

Section 3. Time of Meetings. Regular meetings of the Board of Trustees shall begin at 6:30 p.m. or as scheduled and posted on the agenda. Board Members shall be called to order by the Mayor. The meetings shall open with the presiding officer leading the Board in the Pledge of Allegiance. The Town Clerk shall then proceed to call the roll, note the absences and announce whether a quorum is present. Regular Meetings are scheduled for three hours, and shall be adjourned at 9:30 p.m., unless a majority of the Board votes in the affirmative to extend the meeting, by a specific amount of time.

Section 4. Schedule of Business. If a quorum is present, the Board of Trustees shall proceed with the business before it, which shall be conducted in the following manner. Note that all provided times are estimated:

- (a) Roll Call - (5 minutes)
- (b) Approval of Agenda - (5 minutes)
- (c) Announcements (5 minutes)
- (d) Recognition of Visitors and Guests (10 minutes)
- (e) Consent Agenda including Approval of Prior Meeting Minutes (10 minutes)
- (f) Mayor's Report (10 minutes)
- (g) Staff Reports: (15 minutes)
 - (1) Town Administrator's Report
 - (2) Public Works Reports
 - (3) Police Report
 - (4) Treasurer Report
- (h) Unfinished Business (45 minutes)
- (i) New Business (45 minutes)
- (j) Disbursements (15 minutes)
- (k) Committee Reports (15 minutes)
- (l) Adjournment

* This schedule of business is subject to change and amendment.

Section 5. Priority and Order of Business. Questions relative to the priority of business and order shall be decided by the Mayor without debate, subject in all cases to an appeal to the Board of Trustees.

Section 6. Conduct of Board Members. Town Board Members shall treat other Board Members and the public in a civil and polite manner and shall comply with the Standards of Conduct for Elected Officials of the Town. Board Members shall address Town Staff and the Mayor by his/her title, other Board Members by the title of Trustee or the appropriate honorific (i.e.: Mr., Mrs. or Ms.), and members of the public by the appropriate honorific. Subject to the Mayor's discretion, Board Members shall be limited to speaking two times when debating an item on the agenda. Making a motion, asking a question or making a suggestion are not counted as speaking in a debate.

Section 7. Presentations to the Board. Items on the agenda presented by individuals, businesses or other organizations shall be given up to 5 minutes to make a presentation. On certain issues, presenters may be given more time, as determined by the Mayor and Town Staff. After the presentation, Trustees shall be given the opportunity to ask questions.

Section 8. Public Comment. After discussion of an agenda item by the Board of Trustees has concluded, the Mayor shall open the floor for comment from members of the public, who shall be allowed the opportunity to comment or ask questions on the agenda item. Each member of the public wishing to address the Town Board shall be recognized by the presiding officer before speaking. Members of the public shall speak from the podium, stating their name, the address of their residence and any group they are representing prior to making comment or asking a question. Comments shall be directed to the Mayor or presiding officer, not to an individual Trustee or Town employee. Comments or questions should be confined to the agenda item or issue(s) under discussion. The speaker should offer factual information and refrain from obscene language and personal attacks.

Section 9. Unacceptable Behavior. Disruptive behavior shall result in expulsion from the meeting.

Section 10. Posting of Rules of Procedure for Paonia Board of Trustees Meetings. These rules of procedure shall be provided in the Town Hall meeting room for each Board of Trustees meeting so that all attendees know how the meeting will be conducted.

II. CONSENT AGENDA

Section 1. Use of Consent Agenda. The Mayor, working with Town Staff, shall place items on the Consent Agenda. By using a Consent Agenda, the Board has consented to the consideration of certain items as a group under one motion. Should a Consent Agenda be used at a meeting, an appropriate amount of discussion time will be allowed to review any item upon request.

Section 2. General Guidelines. Items for consent are those which usually do not require discussion or explanation prior to action by the Board, are non-controversial and/or similar in content, or are those items which have already been discussed or explained and do not require further discussion or explanation. Such agenda items may include ministerial tasks such as, but not limited to, approval of previous meeting minutes, approval of staff reports, addressing routine correspondence, approval of liquor licenses renewals and approval or extension of other Town licenses. Minor changes in the minutes such as non-material Scribner errors may be made without removing the minutes from the Consent Agenda. Should any Trustee feel there is a material error in the minutes, they should request the minutes be removed from the Consent Agenda for Board discussion.

Section 3. Removal of Item from Consent Agenda. One or more items may be removed from the Consent Agenda by a timely request of any Trustee. A request is timely if made prior to the vote on the Consent Agenda. The request does not require a second or a vote by the Board. An item removed from the Consent Agenda will then be discussed and acted on separately either immediately following the consideration of the Consent Agenda or placed later on the agenda, at the discretion of the Board.

III. EXECUTIVE SESSION

Section 1. An executive session may only be called at a regular or special Board meeting where official action may be taken by the Board, not at a work session of the Board. To convene an executive session, the Board shall announce to the public in the open meeting the topic to be discussed in the executive session, including specific citation to the statute authorizing the Board to meet in an executive session and identifying the particular matter to be discussed “in as much detail as possible without compromising the purpose for which the executive session is authorized.” In the event the Board plans to discuss more than one of the authorized topics in the executive session, each should be announced, cited and described. Following the announcement of the intent to convene an executive session, a motion must then be made and seconded. In order to go into executive session, there must be the affirmative vote of two thirds (2/3) of Members of the Board.

Section 2. During executive session, minutes or notes of the deliberations should not be taken. Since meeting minutes are subject to inspection under the Colorado Open Records Act, the keeping of minutes would defeat the private nature of executive session. In addition, the deliberations carried out during executive session should not be discussed outside of that session or with individuals not participating in the session. The contents of an executive session are to remain confidential unless a majority of the Trustees vote to disclose the contents of the executive session.

Section 3. Once the deliberations have taken place in executive session, the Board should reconvene in regular session to take any formal action decided upon during the executive session. If you have questions regarding the wording of the motion or whether any other information should be disclosed on the record, it is essential for you to consult with the Town Attorney on these matters.

IV. SUBJECT TO AMENDMENT

Section 1. Deviations. The Board may deviate from the procedures set forth in this Resolution, if, in its sole discretion, such deviation is necessary under the circumstances.

Section 2. Amendment. The Board may amend these Rules of Procedures Policy from time to time.

AGENDA SUMMARY FORM

	2021 Budget Work Session - Continued
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Summary:
 Presentation of updated Water, Sewer, and Trash enterprise fund discussion, including potential rate modifications and other sections of the budget.

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

AGENDA SUMMARY FORM

	Roll Call
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Summary:

Notes:

Possible Motions:
Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

AGENDA SUMMARY FORM

	<p>Agenda Approval</p>
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Summary:

Notes:

Possible Motions:

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Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET
WATER FUND - INCOME								
60	36	01	WATER CHARGES-BASE RATE	788,317.84	761,739.46	795,087.95	608,487.95	674,160.00
60	36	01	WATER CHARGES-USAGE			-	-	528,550.00
60	36	02	WATER TAPS	62,000.00	57,000.00	47,000.00	29,000.00	-
60	36	03	SALES & SERVICES	2,144.18	4,982.42	5,980.84	4,780.84	4,500.00
60	36	04	STANDBY TAP FEES	47,245.04	45,485.71	49,052.03	37,652.03	57,060.00
60	36	05	BULK WATER	3,938.00	4,964.00	6,415.00	4,915.00	5,400.00
60	36	07	GRANT FUNDS	-	-	14,000.00	-	-
60	36	09	PENALTIES	4,985.00	1,255.00	325.72	325.72	1,000.00
60	36	12	RENTS	-	1,500.00	1,000.00	500.00	1,000.00
WATER INCOME				908,630.06	876,926.59	918,861.54	685,661.54	1,271,670.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020		2021		
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET		
WATER FUND - EXPENDITURES										
60	50	2+	TOTAL PAYROLL	295,600.50	222,984.47	238,708.59	145,953.70	196,844.00	196,844.78	-
60	50	02	CONTRACT LABOR			-	-	-		
60	50	44	NORRIS RETIREMENT	20,160.00	20,160.00	20,160.00	15,120.00	20,160.00	20,160.00	
60	50	10	WORK COMP	5,162.00	5,252.50	3,736.00	3,736.00	3,220.00	3,220.00	Q
60	50	15	OFFICE SUPPLIES	459.92	244.62	168.00	167.57	295.00		
60	50	15	PAPER CLIP		188.36				100.00	
60	50	15	FSBC-REMOTE DEPOSIT		62.95					
60	50	15	HIGH COUNTRY PRINTING		128.85				100.00	
60	50	15	MAIN STREET PRINTING		79.76				60.00	
60	50	15	HARLAND CLARK (DEPOSIT SLIPS)						25.00	
60	50	15	HAYS DRUG						10.00	
60	50	16	OPERATING SUPPLIES	17,287.67	17,240.63	10,534.88	5,940.61	10,950.00		
60	50	16	DELTA FIRE SAFE		69.60				80.00	
60	50	16	DEPENDABLE		34.91				75.00	
60	50	16	DONS MARKET		10.92				50.00	
60	50	16	DOUBLE J		1,128.00				1,070.00	
60	50	16	HAYS DRUG		20.07					
60	50	16	PAONIA AUTO PARTS		3.78					
60	50	16	PAONIA FARM & HOME		84.42				75.00	
60	50	16	RICOH		2,387.76				2,100.00	
60	50	16	SGS NORTH AMERICA		232.50					
60	50	16	FILTER TECH		4,907.29				3,000.00	
60	50	16	SIMMONS LOCK & KEY		450.00					
60	50	16	USA BLUE BOOK		2,178.42					
60	50	16	WILBER ELLIS CO		5,780.00					
60	50	16	SAFETY EQUIPMENT							
60	50	16	UNITED COMPANIES							
60	50	16	DAIRY SPECIALISTS LLC						4,500.00	
60	50	17	POSTAGE	4,436.38	3,867.17	4,249.00	2,568.50	3,925.00		
60	50	17	MAIL SERVICES		1,853.93				1,925.00	
60	50	17	PAONIA FARM & HOME		894.86				1,500.00	
60	50	17	USPS		617.90				150.00	
60	50	17	ENVEOPES		1,034.69				350.00	
60	50	17	INTERNET POSTAGE		35.00					
60	50	20	LEGAL & ENGINEERING SERVICES	15,566.77	1,798.52	3,621.00	3,620.50	500.00		
60	50	20	J DAVID REED/BO NERLIN		897.00					
60	50	20	BOLINGER & QUEEN		41.26					
60	50	20	CORE & MAIN		210.39					
60	50	20	ROOP EXCAVATING		1,965.00					

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020		2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET
60	50	20	WESTWATER ENGINEERING		2,178.12			
60	50	20	WILMORE & CO		275.00			500.00
60	50	20	WILLIAM J FRITSCH-SETTLEMENT		10,000.00			
60	50	21	AUDIT	18,772.49	11,280.00	11,520.00	11,520.00	11,000.00
60	50	21	CSD & CO			11,280.00		11,000.00
60	50	22	REPAIRS & MAINTENANCE	427,346.16	123,639.76	151,465.00	105,826.13	210,145.00
60	50	22	DEPENDABLE		2,425.16			1,000.00
60	50	22	PAONIA AUTO PARTS		10.50			135.00
60	50	22	PAONIA FARM & HOME		77.35			100.00
60	50	22	SOUTH WESTERN SYSTMES		220,492.50			3,000.00
60	50	22	UNITED COMPANIES		2,475.25			7,500.00
60	50	22	USA BLUE BOOK		826.10			
60	50	22	VALLEY MACHINE		863.43			
60	50	22	WINWATER		56,797.54			55,000.00
60	50	22	BOLINGER & QUEEN		5,970.17			600.00
60	50	22	C&N CONSTRUCTION		7,295.00			
60	50	22	CORE & MAIN		5,273.41			
60	50	22	CUSTOM LININGS INC		151,000.00			
60	50	22	CW DIVERS/CWD SERVICES		1,175.00			
60	50	22	EAGLE WELDING		1,537.13			
60	50	22	FASTENAL CO		317.46			
60	50	22	FILTER TECH		4,382.60			9,000.00
60	50	22	GJ PIPE & SUPPLY		287.18			
60	50	22	JC PROPANE		1.69			
60	50	22	MUNRO SUPPLY		723.82			
60	50	22	PHOASE TECH		595.11			
60	50	22	ROOP EXCAVATING		49,201.66			31,520.00
60	50	22	VERNON MANUFACTURING		425.00			
60	50	22	ALPINE CM INC					
60	50	22	BENSON BROTHERS LLC					450.00
60	50	22	ELECTRICAL SERVICES & REPAIR					
60	50	22	EMTECH INC					8,000.00
60	50	22	FERGUSON WATERWORKS					
60	50	22	KENDALL EXCAVATING					
60	50	22	LIGHTWORKS FIBER & CONSULTING					
60	50	22	PITKIN MESA POPELINE					
60	50	22	CRISIS					
60	50	22	SPRING REPAIR					20,000.00
60	50	22	METER					28,000.00
60	50	22	ALTITUDE VALVE					20,000.00
60	50	22	VALVE REPAIR					10,000.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET
60	50	22	ROAD/COLVERT					1,840.00
60	50	22	PUMP					4,000.00
60	50	22	PRESSURE/TEMP SENSORS					10,000.00
60	50	22	FIXED ASSET ADJUSTMENT		(84,806.90)	(97,336.69)		
60	50	23	VEHICLE EXPENSE	8,558.29	8,468.46	7,506.00	5,095.73	6,217.00
60	50	23	DEPENDABLE				28.59	30.00
60	50	23	DONS MARKET				-	
60	50	23	DUCKWORKS AUTO PARTS		52.09		169.65	170.00
60	50	23	FEATHER PETROLEUM CO		589.41	1,122.73	1,147.95	1,150.00
60	50	23	KWIKI TIRE II		396.45		-	
60	50	23	PAONIA CAR WASH		96.71		108.44	110.00
60	50	23	MASTER PETROLEUM CO		428.01	1,062.83	775.89	775.00
60	50	23	MCCANDLESS TRUCK CENTER		11.67	18.73	16.83	17.00
60	50	23	REEDY'S		2,465.58	1,541.01	1,081.78	1,082.00
60	50	23	PAONIA AUTO PARTS		979.37	978.64	681.93	682.00
60	50	23	PAONIA FARM & HOME		0.74	3.29	-	
60	50	23	VALLEY MACHINE		37.25	65.39	-	
60	50	23	WEEKENDER SPORTS		958.36	618.62	-	
60	50	23	AUSTIN TRANSMISSION SERVICE		431.67		-	
60	50	23	EAGLE WELDING		156.83		-	
60	50	23	HONNEN EQUIPMENT CO		719.58	770.84	1,500.00	770.00
60	50	23	KEVIN COOPER		127.42	170.67	-	
60	50	23	P&J WELDING & MECHANICAL		70.00	-	566.67	
60	50	23	TUIN GLASS		31.67	-	-	
60	50	23	WAGNER EQUIPMENT		1,005.48	9.64	948.65	950.00
60	50	23	AAP OF DELTA			13.98	57.97	58.00
60	50	23	FLOWER MOTOR CO			449.02	-	
60	50	23	MILEAGE			173.42	-	
60	50	23	TYLER BATTERY			75.21	-	
60	50	23	WEAVER SMALL ENGINE REPAIR			277.75	-	
60	50	23	BROOKS SERVICE LLC				136.68	137.00
60	50	23	FRASER AUTOMOTIVE REPAIR				209.25	210.00
60	50	23	HELLMAN MOTOR COMPANY				75.72	76.00
60	50	24	RENTALS	-	-	-	-	-
60	50	25	SHOP EXPENSE	5,311.76	3,578.34	3,303.00	2,835.51	3,305.00
60	50	25	DEPENDABLE		288.84	1,074.29	297.94	298.00
60	50	25	DONS MARKET		53.87	92.39	170.35	170.00
60	50	25	REEDY'S			87.77	114.67	115.00
60	50	25	PAONIA AUTO PARTS		99.82	87.38	538.17	538.00
60	50	25	PAONIA FARM & HOME		67.84	76.21	241.81	242.00
60	50	25	PR DIAMOND PRODUCTS		3,324.67	640.00	1,693.33	1,694.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020		2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET
60	50	25	SAFETY KLEEN CORP		187.18	190.79	214.45	215.00
60	50	25	WEEKENDER SPORTS		111.98	51.82	-	
60	50	25	ADVANCE PLUMBING & HEATING		161.46	31.09	-	
60	50	25	GAMBLES OF HOTCHIKISS		12.39		-	
60	50	25	MURDOCHS		188.91		-	
60	50	25	OLATHE TRUE VALUE		50.71		-	
60	50	25	SIMMONS LOCK & KEY		576.60		-	
60	50	25	SNAP-ON TOOLS		187.49		-	
60	50	25	ELECTRICAL SERVICES & REPAIR			600.00	-	
60	50	25	HARTMAN BROTHERS			12.68	-	
60	50	25	JC PROPANE			55.00	-	
60	50	25	NORTH FORK VET CLINIC			480.00	-	
60	50	25	SUMMIT DOOR CO			22.00	-	
60	50	25	USA BLUE BOOK			54.22	-	
60	50	25	WEAVER SMALL ENGINE REPAIR			17.50	-	
60	50	25	WESTERN IMPLEMENT CO			5.20	32.28	33.00
60	50	26	TRAVEL & MEETINGS	1,102.72	1,129.33		32.00 31.67	1,857.00
60	50	26	FUEL		27.50	70.00		100.00
60	50	26	LODGING		512.72	997.25		500.00
60	50	26	TRAINING		562.50	-		1,157.00
60	50	26	MEALS		-	62.08		100.00
60	50	27	INSURANCE & BONDS	19,016.73	20,586.28		20,976.00 20,923.22	23,473.00
60	50	27	CIRSA		18,492.40	19,909.37		23,150.00 Q
60	50	27	CIRSA-BONDS (INCLUDED ABOVE)		375.00	450.00		
60	50	27	CEDAR POINT HEALTH		53.33	106.67		160.00
60	50	27	THE PLACE I GO		96.00	93.00		128.00
60	50	27	CDL			27.24		35.00
60	50	28	UTILITIES	20,766.47	25,190.96		27,318.00 22,967.07	27,323.00
60	50	28	BLACK HILLS		3,134.28	3,066.12		2,383.00
60	50	28	DMEA		17,552.24	22,124.84		24,940.00
60	50	29	TELEPHONE	3,741.43	4,130.24		4,192.00 3,290.70	4,193.00
60	50	29	TDS		2,435.57	2,379.41		2,271.00
60	50	29	CELL PHONES		666.21	415.53		424.00
60	50	29	ELEVATE		719.60	1,220.10		1,498.00
60	50	29	PHONZ+			115.20	0.30	
60	50	30	PUBLISHING & ADS	651.22	11.67		179.00 178.35	179.00
60	50	30	DCI		17.67	8.67		179.00
60	50	30	HIGH COUNTRY PRINTING		633.55		-	
60	50	30	CRAIGLIST.ORG			3.00	-	
60	50	31	DUES & SUBSCRIPTIONS	137.50	1,835.00		138.00 137.50	1,850.00
60	50	31	COLO RURAL WATER ASSOC		137.50	275.00		138.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020		2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET
			LEASE AGREEMENT					1,712.00
60	50	31	BADGER METER		1,560.00			
60	50	32	FEES & PERMITS	5,261.61	10,520.71	11,574.00	6,623.37	11,361.00
60	50	32	DONS MARKET				53.09	53.00
60	50	32	MESA COUNTY HEALTH DEPT		480.00		400.00	400.00
60	50	32	SGS NORTH AMERICA		1,467.00		6,930.32	6,931.00
60	50	32	UNCC		371.88		325.28	326.00
60	50	32	USDA FOREST SERVICE		1,568.73		1,635.31	1,336.00
60	50	32	CDPHE		1,045.00		1,395.00	1,395.00
60	50	32	JM PLUMBING & HEATING		150.00		-	-
60	50	32	NETCROSS -TRAINING SOFTWARE		119.00		-	-
60	50	32	OCPO/CECT		60.00		85.00	170.00
60	50	32	CROSS-CONNECTION PREVENTION				750.00	750.00
60	50	33	DATA PROCESSING	8,850.66	10,272.19	11,581.00	9,990.15	12,926.00
60	50	33	CASSELL		4,945.00		5,022.81	5,023.00
60	50	33	UBB-CHARGEBACK FEE				-	-
60	50	33	PHONZ+		3,905.66		3,342.34	3,343.00
60	50	33	BADGER METER				780.00	1,560.00
			CLEARGOVE				2,435.85	3,000.00
60	50	40	MISCELLANEOUS	(2,118.00)	AUDIT -	-	-	-
60	50	41	WRITEOFF-UNCOLLECTABLE	-	-	-	-	180.00
60	50	42	CONTRACT SERVICES	-	-	-	-	-
60	50	50	WATER POWER AUTHORITY LOAN	181,155.68	164,325.91	171,096.00	171,095.53	191,222.00
60	50	51	DRINKING WATER REVOLVING FUNDS	23,343.40	23,343.40	11,672.00	11,671.70	24,660.00
60	50	52	FCNB INTERIM FINANCING	-	2.15	-	-	10.00
60	50	54	DEBT SERVICE	(154,842.40)	(156,559.41)	-	-	-
60	50	70	CAPITAL OUTLAY	3,152.97	AUDIT -	28,000.00	6,938.75	150,000.00
60	50	20	ENGINEERING-RAW WATER STORAGE					25,000.00
60	50	70	2MG LINING					125,000.00
60	50	71	PASS THRU	25,587.08	24,219.34	25,325.00	19,384.33	37,793.00
60	50	99	TRANSFER IN - (OUT)		(8,091.13)	10,064.00	-	-
60	59	90	DEPRECIATION	297,926.07	311,326.92	318,082.00	318,082.00	
WATER EXPENDITURES				1,252,395.08	850,758.03	1,095,200.47	893,698.59	953,588.00
				(343,765.02)	26,168.56	(176,338.93)	(208,037.05)	318,082.00

FUND TYPE ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
		AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET
WATER FUND - SUMMARY						
	WATER BEGINNING RESERVE	1,517,239.79	105,497.77	166,873.33	166,873.33	53,493.63
	WATER INCOME	908,630.06	876,926.59	918,861.54	685,661.54	1,271,670.00
	WATER EXPENSE	1,252,395.08	850,758.03	1,095,200.47	893,698.59	953,588.00
	NET CHANGE	(1,411,742.02)	61,375.56	(176,338.93)	(208,037.05)	318,082.00
	AUDIT ADJUSTMENT	(1,067,977.00)	35,207.00			
	WATER ENDING RESERVE	105,497.77	166,873.33	(9,465.60)	(41,163.72)	371,575.63
	AVAILABLE RESOURCES	105,497.77	166,873.33	(9,465.60)	(41,163.72)	371,575.63
	SOURCE (USE) OF FUNDS					
	LESS CLASSIFIED FUND BALANCE					
	RESTRICTED					
	COMMITTED					
	DEPRICIATION			(318,082.00)	(318,082.00)	-
	DEBT RESERVE (3MO)	313,098.77	-	212,689.51	-	273,800.12
	10% DEBT PAYMENT RES		212,689.51		223,424.65	238,397.00
	ASSIGNED					
	TOTAL CLASSIFIED FUND BAL	313,098.77	212,689.51	(44,281.88)	(94,657.35)	238,397.00
	UNASSIGNED FUND BAL	(207,601.00)	(45,816.18)	34,816.28	53,493.63	133,178.63
	EST UNASSIGNED	125,239.51	85,075.80	109,520.05	89,369.86	95,358.80
		313,098.77	212,689.51	273,800.12	223,424.65	238,397.00
		626,197.54	425,379.02	547,600.24	446,849.30	476,794.00
	DEBT RATIO CALCULATION					
	OPERATING REVENUE	1,400,316.66	-	1,410,965.18	-	1,485,477.78
	OPERATING EXPENDITURES	1,258,467.34	#VALUE!	909,600.95	464,866.06	917,814.59
	NET	141,849.32	501,364.23	567,663.19	237,206.13	746,111.00
	ADJUSTMENT	-	-	-	-	-
	NET AFTER ADJ	141,849.32	501,364.23	567,663.19	237,206.13	746,111.00
	DEBT SERVICE	305,541.08	-	288,713.46	-	285,268.00
	CALCULATED COVERAGE RATIO	46.43%	173.65%	198.99%	129.79%	232.56%
	REQUIRED RATIO	110%	110%	110%	110%	110%

3.

	WATER	PRODUCTION	OPERATING	TOTAL	GALLONS	CURRENT												PROPOSED				
						60	COSTS	COST	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CURRENT	PROPOSED
		2021			1-1,000	104,726	879,168	876,360	516,649	909,789	976,225	978,257	978,765	826,374	937,918	3,601	859,104	8,846,936	1.20	10,616.32	2.40	21,232.65
2-9 PAYROLL	F	196,844.00		196,844.00	1,001-3,000	1,406,459	1,380,112	1,405,905	1,597,789	1,993,152	2,308,628	2,394,486	2,297,130	2,393,706	1,941,977	1,596,988	1,343,331	22,059,663	1.40	30,883.53	2.70	59,561.09
1 CONTRACT LABOR	F	20,160.00		20,160.00	3,001-5,000	565,454	573,874	568,284	772,014	1,514,658	2,219,055	2,509,070	2,213,370	2,365,820	1,366,048	737,240	532,884	15,937,771	1.60	25,500.43	3.00	47,813.31
10 WORK COMP	F	3,220.00		3,220.00	5,001-10,000	415,690	411,990	428,880	495,290	1,076,187	2,073,822	2,590,470	2,030,750	2,143,692	1,005,620	425,515	399,580	13,497,486	1.80	24,295.47	3.30	44,541.70
15 OFFICE SUPPLIES	F	295.00		295.00	10,001-15,000	343,590	356,500	297,620	355,430	600,770	1,241,330	1,679,180	1,281,550	1,413,020	649,160	309,200	315,160	8,842,510	2.20	19,453.52	3.60	31,833.04
16 OPERATING SUPPLIES	F	10,950.00	4,500.00	6,450.00	15,001-20,000	342,180	339,850	274,800	303,010	525,640	738,230	976,190	901,620	975,950	510,060	293,330	282,670	6,463,530	2.70	17,451.53	3.90	25,207.77
17 POSTAGE	F	3,925.00	3,925.00	-	20,001-30,000	405,078	405,836	364,730	372,520	495,120	691,090	747,300	821,970	829,100	561,520	371,440	334,112	6,399,816	3.20	20,479.41	4.20	26,879.23
20 LEGAL	F	500.00		500.00	30,001-40,000	350,900	397,100	361,163	364,408	528,549	630,940	610,230	636,960	724,000	510,595	319,233	310,300	5,744,378	3.80	21,828.64	4.50	25,849.70
21 AUDIT	F	11,000.00		11,000.00	40,001-50,000	350,000	350,000	324,500	294,000	419,200	660,268	559,367	536,819	663,710	506,800	265,200	334,500	5,264,364	4.40	23,163.20	8.50	44,747.09
22 REPAIR & MAINTENANCE	F	210,145.00		210,145.00	50,001-75,000	394,600	423,000	308,100	267,000	350,800	648,470	675,000	462,600	541,984	576,200	293,100	203,078	5,143,932	5.00	25,719.66	10.00	51,439.32
23 VEHICLE	F	6,217.00		6,217.00	75,001-100,000	175,872	250,124	183,537	166,392	178,300	428,000	505,800	218,700	354,900	371,805	111,817	131,300	3,076,547	6.00	18,459.28	11.00	33,842.02
24 RENTAL	F	-		-	100,001 or more	310,200	1,600	25,600	5,500	35,461	280,432	185,233	81,661	296,416	7,986,600	0.000	424,900	9,633,603	6.50	62,618.42	12.00	115,603.24
25 SUPPLIES/TOOLS	F	3,305.00		3,305.00		5,164,749	5,769,154	5,419,479	5,510,002	8,627,626	12,896,490	14,410,583	12,461,895	13,528,672	16,924,303	4,726,664	5,470,919	110,910,536		300,469.42		528,550.15
26 TRAVEL/MEETINGS	D	1,857.00		1,857.00		0	0	0	0	0	0	0	0	0	0	0	0	0				228,080.73
27 INSURANCE	F	23,473.00		23,473.00																		
28 UTILITIES	F	27,323.00	27,323.00	-	UTILITIES																	
29 TELEPHONE	F	4,193.00	4,193.00	-	UTILITIES																	
30 PUBLICATION & ADS	F	179.00		179.00	IT-RESIDENTIAL	751	30	22,530.00		35	26,285.00											
31 DUES & SUBSCRIPTIONS	D	1,850.00		1,850.00	OT-RESIDENTIAL	603	40	24,120.00		40	24,120.00											
32 FEES & PERMITS	F	11,361.00	5,585.00	5,776.00	IN-COMMERCIAL	126.5	40	5,060.00		40	5,060.00											
90 TREASURER FEES	F	-		-	OT-COMMERCIAL	13	55	715.00		55	715.00											
33 DATA PROCESSING	F	12,926.00		12,926.00	IN-RES STANDBY	60	30	1,800.00		35	2,100.00											
40 MISCELLANEOUS	D	-		-	OT-RES STANDBY	60	40	2,400.00		40	2,400.00											
41 WRITE-OFF	F	180.00		180.00	IN-COMM STANDBY	5	40	200.00		40	200.00											
42 CONTRACT SERVICES	F	-		-	OT-COMM STANDBY	1	52	52.00		55	55.00											
43 CULTURAL EVENTS	D	-		-				682,524.00			731,220.00											
44 HUMAN SERVICES	D	-		-							48,696.00											
50 DEBT SERVICE	F	215,892.00	215,892.00	-	DEBT																	
71 PASS THRU	F	37,793.00		37,793.00																		
89 TRANSFERS	F	-		-																		
90 DEPRICIATION	F	318,082.00		318,082.00																		
70 CAPITAL OUTLAY	D	150,000.00	6,250.00	143,750.00																		
TOTAL DISCRETIONARY		-		-																		
NET CHANGE		1,271,670.00	267,668.00	1,004,002.00																		
PRODUCED			78,475.00																			
SOLD			110,910.54																			
COST/PROD			2.41																			
PROP REV			528,549.51	731,220.00	11,900.00																	
EXP VS P. REV			260,881.51	(272,782.00)	(11,900.49)																	
					(0.49)																	
					(0.49)																	
			228,080.73	48,696.00	276,776.73																	

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET
SEWER FUND -INCOME								
70	37	01	SEWER CHARGES - RECEIVED	463,911.07	470,801.66	530,409.00	397,808.61	537,996.00
70	37	01	INCREASE			-	-	79,188.00
70	37	04	SEWER TAPS	15,000.00	48,500.00	45,500.00	29,000.00	
70	37	09	INTEREST	12,775.53	14,736.93	4,707.24	4,317.24	1,850.00
70	37	13	GRANT REVENUE	9,877.61	25,996.89	53,587.50	53,587.50	
70	37	13	COPHE-2ND & CLARK		9,877.61	-	-	
70	37	13	MISCELLANEOUS REVENUE		25,996.89	2,172.00	2,172.00	
SANITATION INCOME				501,564.21	560,035.48	636,375.74	486,885.35	619,034.00

				2018	2019	2020	2020	2021		
				AUDITED	AUDITED	EST	2020	2021		
FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET		
SEWER FUND - EXPENDITURES										
70	51	+1	TOTAL PAYROLL	130,748.69	156,541.99	128,283.07	82,639.20	194,209.00	194,209.67	-
70	51	02	CONTRACT LABOR				-			
70	51	10	WORK COMP	1,677.00	1,452.50	961.00	961.00	947.00	947.00	Q
70	51	15	OFFICE SUPPLIES	383.74	165.98	162.00	161.89	166.00		
70	51	15	PAPER CLIP		188.37		20.85			21.00
70	51	15	HAYS DRUG				9.25			10.00
70	51	15	FSBC REMOTE DEPOSIT		62.95		-			
70	51	15	HIGH COUNTRY PRINTING		52.65		-			50.00
70	51	15	MAIN STREET PRINTING		79.77		54.11			60.00
70	51	15	HARLAND CLARK (DEPOSIT SLIPS)				15.30			25.00
70	51	15	PHONZ+				62.49			
70	51	16	OPERATING SUPPLIES	34,584.34	9,365.75	8,730.88	4,698.38	14,763.00		
70	51	16	DEPENDABLE		131.53		-			
70	51	16	DON'S MARKET		10.93		2.58			5.00
70	51	16	NATIONWIDE ENVIRONMENTAL		25,193.76		-			
70	51	16	PAONIA FARM & HOME		54.75		3.58			5.00
70	51	16	RICOH		238.76		185.69			210.00
70	51	16	DELTA FIRE SAFE		69.61		91.52			92.00
70	51	16	FILTER TECH		4,100.00		-			
70	51	16	USA BLUE BOOK		432.50		-			
70	51	16	WILBER ELLIS CO		4,352.50		351.00			351.00
70	51	16	DAIRY SPECIALISTS				8,096.51			8,100.00
70	51	16	SAFETY EQUIP				-			6,000.00
70	51	17	POSTAGE	2,851.67	2,268.18	2,244.61	1,464.61	2,250.00		
70	51	17	MAIL SERVICES		1,853.93	1,829.98	1,737.47			1,740.00
70	51	17	USPS		41.50	36.00	326.35			327.00
70	51	17	ENVELOPES		95.63	335.94	49.61			50.00
70	51	17	INTERNET POSTAGE		33.00		-			
70	51	17	PAONIA FARM & HOME		827.61	66.26	131.18			133.00
70	51	20	LEGAL & ENGINEERING SERV	57,991.76	59,257.32	28,965.90	28,575.90	-		
70	51	20	J DAVID REED		546.00		2,028.00			
70	51	20	WESTWATER ENGINEERING		10,757.40	40,272.39	16,117.75			
70	51	20	SGM		33,655.61	9,012.75	852.50			
70	51	20	THE TITLE CO OF DELTA		472.75		-			
70	51	20	WILMORE & CO		2,560.00	1,982.50	1,566.50			
70	51	20	SETTLEMENT-WILLIAM J FRITSCH		10,000.00		-			
70	51	20	GROUND ENGINEERING CONSULTING INC			7,900.00	-			
70	51	20	GRAND JUNCTION MEDIA			89.68	-			
70	51	20	SGM				8,401.15			

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	2021 BUDGET
70	51	21	AUDIT	10,065.00	3,525.00	3,600.00	3,600.00	4,500.00
70	51	21	RUBIN BROWN LLP		10,065.00			
70	51	21	CSD CO			3,525.00		4,500.00
70	51	22	REPAIRS & MAINTENANCE	24,966.15	77,574.78	68,714.00	50,613.59	91,212.00
70	51	22	DEPENDABLE		93.79	95.99	-	
70	51	22	MASTER PETROLEUM		140.75	41.06	-	
70	51	22	PAONIA AUTO PARTS		6.79	7.00	41.00	41.00
70	51	22	PAONIA FARM & HOME		51.32	14.98	4.35	5.00
70	51	22	PR DIAMOND		468.00		-	
70	51	22	SOUTHWESTERN SYSTEMS		13,822.91	26,194.25	25,816.11	25,817.00
70	51	22	UNITED CO		1,131.67	2,029.54	2,402.57	2,403.00
70	51	22	USA BLUE BOOK		1,880.20	6,897.87	-	
70	51	22	WINWATER		2,194.82	978.96	361.23	362.00
70	51	22	BOLINGER & QUEEN		102.93	264.80	-	
70	51	22	H&H LINING INC		315.00		-	
70	51	22	PK SAFETY SUPPLY		120.00		-	
70	51	22	ROOP EXCAVATING		891.68	39,700.99	1,350.00	1,350.00
70	51	22	VARA CORP		1,355.00		-	
70	51	22	REPAIRS (HACH)		2,391.29		5,229.10	5,230.00
70	51	22	EMTECH INC			575.00	26,644.75	26,645.00
70	51	22	GAMBLES OF HOTCHKISS			45.89	-	
70	51	22	MUNRO SUPPLY			450.70	-	
70	51	22	WEAVER SMALL ENGINE REPAIR			277.75	-	
70	51	22	MAINT				6,864.89	14,000.00
70	51	22	AERATORS/BLOWER/BUILDING				-	12,359.00
70	51	22	PUMP				-	3,000.00
70	51	23	VEHICLE EXPENSE	7,331.05	6,495.74	7,320.00	4,890.00	6,397.00
70	51	23	DEPENDABLE			71.67	13.32	15.00
70	51	23	DON'S MARKET			1.25	-	
70	51	23	DUCKWORKS AUTO PARTS		39.53	206.04	109.04	110.00
70	51	23	FEATHER PETROLEUM CO		577.76	1,224.32	1,091.40	1,100.00
70	51	23	KWIKI TIRE II		359.48	6.67	-	25.00
70	51	23	PAONIA CAR WASH		96.71	181.49	122.44	123.00
70	51	23	MASTER PETROLEUM CO		382.43	1,001.99	733.60	735.00
70	51	23	REEDY'S		2,456.59	1,459.40	958.14	960.00
70	51	23	PAONIA AUTO PARTS		814.97	766.11	676.25	680.00
70	51	23	PAONIA FARM & HOME		11.98	3.30	-	
70	51	23	VALLEY MACHINE		37.25	65.39	-	
70	51	23	AUSTIN TRANSMISSION SERVICE		431.67		-	
70	51	23	EAGLE WELDING		156.83		-	
70	51	23	HONNEN EQUIPMENT CO		719.61	770.84	1,500.00	770.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET
70	51	23	KEVIN COOPER		127.42	170.67	-	170.00
70	51	23	MCCANDLESS TRUCK CENTER		11.67	18.73	16.84	30.00
70	51	23	P&J WELDING & MECHANICAL		70.00	-	566.67	567.00
70	51	23	TUIN GLASS		31.67		-	
70	51	23	WAGNER EQUIPMENT		1,005.48	9.64	948.67	950.00
70	51	23	AAP OF DELTA			14.00	161.98	162.00
70	51	23	FLOWER MOTOR CO			449.02	-	
70	51	23	TYLER BATTERY			75.21	-	
70	51	23	BROOKS SERVICE LLC				136.68	
			FRAISER AUTOMOTIVE REPAIR				209.25	
70	51	23	HELLMAN MOTOR COMPANY				75.72	
70	51	24	RENTALS	-	-	-	-	-
70	51	25	SHOP EXPENSE	3,815.30	2,573.71	2,820.00	2,365.98	2,824.00
70	51	25	DEPENDABLE		159.76	653.17	359.51	360.00
70	51	25	DONS MARKET		45.26	112.85	110.37	110.00
70	51	25	REEDY'S			73.63	86.21	87.00
70	51	25	PAONIA AUTO PARTS		44.11	62.52	415.50	416.00
70	51	25	PAONIA FARM & HOME		85.95	46.20	3.10	5.00
70	51	25	PR DIAMOND PRODUCTS		2,856.68	640.00	1,693.33	1,694.00
70	51	25	SAFETY KLEEN CORP		187.18	190.80	106.96	107.00
70	51	25	WEEKENDER SPORTS		10.00	51.83	-	
70	51	25	ADVANCE PLUMBING & HEATING		161.46	31.10	-	
70	51	25	GAMBLES OF HOTCHIKISS		12.39		-	
70	51	25	MURDOCHS		188.91		-	
70	51	25	SIMMONS LOCK & KEY		47.60		-	
70	51	25	SNAP ON		16.00		-	
70	51	25	ELECTRICAL SERVICE & REPAIR			600.00	-	
70	51	25	HARTMAN BROTHERS			12.68	-	
70	51	25	SUMMIT DOOR CO			22.00	-	
70	51	25	USA BLUE BOOK			54.23	-	
70	51	25	WEAVER SMALL ENGINE REPAIR			17.50	-	
70	51	25	WESTERN IMPLEMENT CO			5.20	45.02	45.00
70	51	26	TRAVEL & MEETINGS	681.72	-	31.67	31.67	2,307.00
70	51	26	FUEL		27.50		-	100.00
70	51	26	LODGING		391.72		-	800.00
70	51	26	MEALS		-		-	250.00
70	51	26	TRAINING		262.50		31.67	1,157.00
70	51	27	INSURANCE & BONDS	6,901.35	6,994.88	7,930.00	7,928.99	8,816.00
70	51	27	CIRSA		6,598.01	6,585.96		8,493.00 Q
70	51	27	CIRSA-BONDS (INCLUDED ABOVE)		175.00	275.00		-
70	51	27	CEDAR POINT HEALTH		53.34	106.67		160.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020		2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET
70	51	27	THE PLACE I GO		75.00			128.00
70	51	27	CDL			27.25		35.00
70	51	28	UTILITIES	36,172.25	34,735.34	30,905.00	24,689.81	30,906.00
70	51	28	BLACK HILLS		840.52	1,008.54	958.32	959.00
70	51	28	DMEA		35,331.73	33,726.80	29,946.68	29,947.00
70	51	29	TELEPHONE	1,648.95	1,538.15	1,582.00	1,236.19	1,583.00
70	51	29	TDS		883.79	759.59	665.27	666.00
70	51	29	CELL PHONES		365.56	242.83	422.97	423.00
70	51	29	ELEVATE		399.60	420.53	493.76	494.00
70	51	29	PHONZ+			115.20	-	
70	51	30	PUBLISHING & ADS	17.66	204.97	70.00	69.08	70.00
70	51	30	DCI		17.66	117.06	70.00	70.00
70	51	30	CRAIGLIST.ORG			3.00	-	
70	51	30	DAILY SENTINEL			84.91	-	
70	51	31	DUES & SUBSCRIPTIONS	137.50	-	138.00	137.50	438.00
70	51	31	COLO RURAL WATER ASSOC		137.50			138.00
			SCADA					300.00
70	51	32	FEES & PERMITS	10,099.72	6,436.85	6,877.00	5,616.75	6,877.00
70	51	32	CDPHE		1,593.00	1,593.00	1,593.00	1,593.00
70	51	32	CITY OF DELTA		2,958.00	3,055.00	2,869.00	2,869.00
70	51	32	CITY OF GRAND JUNCTION		750.00	500.00	375.00	375.00
70	51	32	NFORK FARMERS DITCH ASSOC		250.00	320.00	320.00	320.00
70	51	32	SGS NORTH AMERICA		1,508.00	580.35	1,235.15	1,235.00
70	51	32	UNCC		371.97	248.50	324.85	325.00
70	51	32	WESTWATER ENGINEERING		2,668.75		-	
70	51	32	CDOT			100.00	-	
70	51	32	DELTA COUNTY			40.00	-	
70	51	32	CSOS				160.00	160.00
70	51	33	DATA PROCESSING	5,807.46	7,314.53	14,346.00	12,760.63	18,362.00
70	51	33	PHONZ+		1,961.35	2,699.21	3,346.19	3,347.00
70	51	33	CASELLE		3,846.11	4,615.32	5,014.81	5,015.00
70	51	33	BROWN HILL ENG & CONTROL				3,550.00	
			CLEARGOV				2,435.00	2,500.00
70	51	33	SCADA INSTALLATION				-	7,500.00
70	51	40	MISCELLANEOUS		-	-	-	-
70	51	41	WRITEOFF-UNCOLLECTABLE		-	-	-	180.00
70	51	43	GAGING STATION	3,855.00	2,621.00	3,935.00	3,935.00	3,950.00
70	51	43	US GEOLOGICAL SURVEY		3,855.00	2,621.00		3,950.00
70	51	51	RURAL DEVELOPMENT P&I	101,042.00	101,042.00	102,500.00	-	104,937.00
70	51	54	DEBT SERVICE	(29,282.22)	(57,378.48)	-	-	-
70	51	70	CAPITAL OUTLAY		26,757.72	109,830.00	99,764.84	-

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2021		
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	2021 BUDGET	
70	51	70	USDA		26,757.72				
70	51	71	PASS THRU FUNDS	13,918.70	14,124.09	15,911.99	11,933.67	16,140.00	16,140.88
70	51	99	TRANSFER IN - (OUT)	-	(10,000.00)	-	-		
70	59	90	DEPRECIATION	102,114.99	102,114.99	107,199.08	107,199.08	107,200.00	
SEWER EXPENDITURES				527,529.78	555,726.99	653,057.20	628,042.82	619,034.00	511,835.55
				(25,965.57)	4,308.49	(16,681.46)	(141,157.47)	(0.00)	

FUND TYPE ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
		AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET
SEWER FUND -SUMMARY						
	SEWER BEGINNING RESERVE	1,139,703.03	555,190.00	374,079.48	374,079.48	528,021.41
	SEWER INCOME	501,564.21	560,035.48	636,375.74	486,885.35	619,034.00
	SEWER EXPENSE	527,529.78	555,726.99	653,057.20	628,042.82	619,034.00
	NET CHANGE	(584,513.03)	(181,110.52)	(16,681.46)	(141,157.47)	(0.00)
	AUDIT ADJUSTMENT	(558,547.46)	(185,419.01)			
	SEWER ENDING RESERVE	555,190.00	374,079.48	357,398.02	232,922.01	528,021.41
SOURCE (USE) OF FUNDS						
LESS CLASSIFIED FUND BALANCE						
RESTRICTED						
COMMITTED						
	DEPRICIATION			102,000.00	102,000.00	102,000.00
	DEBT RESERVE (3MO)	131,882.45	138,931.75	163,264.30	157,010.71	154,758.50
	10% DEBT PAYMENT RES	101,040.00	101,040.00	101,040.00	101,040.00	101,040.00
ASSIGNED						
CAPITAL PURCHASES						
CAPITAL PROJECTS						
	TOTAL CLASSIFIED FUND BAL	232,922.45	239,971.75	366,304.30	360,050.71	357,798.50
	UNASSIGNED FUND BAL	322,267.56	134,107.73	(8,906.28)	(127,128.70)	170,222.91
	EST UNASSIGNED	52,752.98	55,572.70	65,305.72	62,804.28	61,903.40
		131,882.45	138,931.75	163,264.30	157,010.71	154,758.50
		263,764.89	277,863.50	326,528.60	314,021.41	309,517.00

3.

	SEWER 70	PRODUCTION COSTS	OPERATING COST	TOTAL
2-9 PAYROLL	(0.67)	194,209.00	194,209.00	
1 CONTRACT LABOR	-	-	-	
10 WORK COMP	947.00		947.00	
15 OFFICE SUPPLIES	166.00		166.00	
16 OPERATING SUPPLIES	14,763.00	8,100.00	6,663.00	
17 POSTAGE	2,250.00	2,250.00	-	
20 LEGAL	-		-	
21 AUDIT	4,500.00		4,500.00	
22 REPAIR & MAINTENANCE	91,212.00		91,212.00	
23 VEHICLE	6,397.00		6,397.00	
24 RENTAL	-		-	
25 SUPPLIES/TOOLS	2,824.00		2,824.00	
26 TRAVEL/MEETINGS	2,307.00		2,307.00	
27 INSURANCE	8,816.00		8,816.00	
28 UTILITIES	30,906.00	30,906.00	-	
29 TELEPHONE	1,583.00	1,583.00	-	
30 PUBLICATION & ADS	70.00		70.00	
31 DUES & SUBSCRIPTIONS	438.00		438.00	
32 FEES & PERMITS	6,877.00		6,877.00	
33 DATA PROCESSING	18,362.00		18,362.00	
40 MISCELLANEOUS	-		-	
41 WRITE-OFF	180.00		180.00	
42 CONTRACT SERVICES	3,950.00		3,950.00	
43 CULTURAL EVENTS	-		-	
44 HUMAN SERVICES	-		-	
50 DEBT SERVICE	104,937.00	104,937.00	-	
70 CAPITAL OUTLAY	-		-	
71 PASS THRU	16,140.00		16,140.00	
90 TREASURER FEES	-		-	
99 TRANSFERS				
DEPRICIATION	107,200.00		107,200.00	
	619,034.00	147,776.00	471,258.00	
	617,184.00		617,184.00	
	(1,850.00)		145,926.00	

				CURRENT	PROPOSED
300 SEWER	SEPTIC	NO SEWER	11	-	-
301 SEWER	RESIDENTAL	IN-TOWN	750	38.00	28,500.00
302 SEWER	RESIDENTAL	OUT-TOWN	124	57.00	7,068.00
311 SEWER	COMMERCIAL	IN-TOWN	173	38.00	6,574.00
312 SEWER	COMMERCIAL	OUT-TOWN	13	57.00	741.00
313 SEWER	SEWER	STANDBY	0	30.00	-
401 SEWER	SEWER	STANDBY	65	30.00	1,950.00
				537,996.000	617,184.000
					79,188.000

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018 AUDITED ACTUAL	2019 AUDITED ACTUAL	2020 EST BUDGET	2020 ACTUAL	2021 BUDGET
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TRASH FUND - INCOME								
80	37	02	GARBAGE FEES - RECEIVED	210,111.66	216,435.34	217,488.00	162,870.96	218,880.00
80	37	02	INCREASE	-			-	35,088.00
80	37	03	SALES & SERVICE	1,785.00	1,291.00	250.00	855.00	1,300.00
INCOME				211,896.66	217,726.34	217,738.00	163,725.96	255,268.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020		2021		
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET		
TRASH FUND - EXPENDITURES										
80	52	3+	TOTAL PAYROLL	86,325.42	101,350.21	137,392.76	100,060.56	163,944.00	163,944.93	-
80	50	02	CONTRACT LABOR	1,635.00	3,250.00	-	-	-	-	-
80	52	10	WORK COMP	7,718.00	4,672.50	3,561.00	3,561.00	6,057.00	6,057.00	Q
80	52	15	OFFICE SUPPLIES	347.71	165.98	236.21	157.00	202.00	-	-
80	52	15	PAPER CLIP		106.05		25.10		26.00	
80	52	15	FSBC REMOTE DEPOSIT		62.96		-		-	
80	52	15	HIGH COUNTRY PRINTING		39.30		-		40.00	
80	52	15	JKELLER-NCR BOOK		59.63		-		60.00	
80	52	15	MAIN STREET PRINTING		79.77	50.54	54.11		60.00	
80	52	15	HARLAND CLARK (DEPOSIT SLIPS)				15.30		16.00	
80	52	15	PHONZ+				62.49		-	
80	52	16	OPERATING SUPPLIES	1,304.01	1,303.98	1,302.73	882.47	1,145.00	-	-
80	52	16	DEPENDABLE		122.19	314.58	224.62		225.00	
80	52	16	DON'S MARKET			11.97	3.89		5.00	
80	52	16	PAONIA AUTO PARTS			8.76	-		-	
80	52	16	PAONIA FARM & HOME		226.59	139.68	-		-	
80	52	16	RICOH		955.23	740.26	760.96		840.00	
80	52	16	DELTA FIRE SAFE			71.53	75.00		75.00	
80	52	16	WALMART			17.20	-		-	
80	52	17	POSTAGE	1,063.38	1,240.65	1,083.42	714.36	876.00	-	-
80	52	17	MAIL SERVICES		926.95	915.01	788.75		790.00	
80	52	17	ENVELOPES		95.63	289.64	49.61		50.00	
80	52	17	INTERNET POSTAGE		6.00	-	-		-	
80	52	17	USPS		34.80	36.00	36.00		36.00	
80	52	20	LEGAL SERVICES	-	-	-	-	-	-	-
80	52	21	AUDIT	10,065.00	3,525.00	3,675.00	3,600.00	4,500.00	-	-
80	52	21	RUBIN BROWN LLP		10,065.00		-		-	
80	52	21	CSD CO			3,525.00	3,600.00		4,500.00	
80	52	22	REPAIRS & MAINTENANCE	99.72	-	1,287.98	1,287.98	106.00	-	-
80	52	22	DEPENDABLE		11.03		45.97		46.00	
80	52	22	PAONIA FARM & HOME		5.69		-		-	
80	52	22	BOLINGER & QUEEN		83.00		-		-	
80	52	22	KOIS BROTHERS EQUIPMENT				1,183.00		-	
80	52	22	VALLEY MACHINE				59.01		60.00	
80	52	23	VEHICLE EXPENSE	12,454.01	12,034.97	10,297.81	6,502.98	7,918.00	-	-
80	52	23	DEPENDABLE		26.65		-		-	
80	52	23	DON'S MARKET			1.25	-		-	
80	52	23	DUCKWORKS AUTO PARTS		41.91	49.32	12.99		13.00	
80	52	23	FEATHER PETROLEUM		245.61	604.26	19.00		20.00	

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	2020 ACTUAL	BUDGET
80	52	23	KWIKI TIRE II		35.00	3,482.20	-	3,485.00
80	52	23	PAONIA CAR WASH			181.42	88.38	90.00
80	52	23	MASTER PETROLEUM		5,919.95	5,550.00	4,160.51	3,475.00
80	52	23	REEDY'S		43.65	89.08	-	
80	52	23	PAONA AUTO PARTS		2,450.61	1,523.89	660.72	661.00
80	52	23	PAONIA FARM & HOME		49.49	4.50	-	
80	52	23	KOIS BROTHERS EQUIPMENT		322.10		-	
80	52	23	MCCANDLESS TRUCK CENTER		3,244.69	511.12	173.25	174.00
80	52	23	VALLEY MACHINE		32.95		-	
80	52	23	WEEKENDER SPORTS		41.40		-	
80	52	23	AAP OF DELTA			4.49	-	
80	52	23	CO MOTOR VEHICLE SERVICE			11.99	-	
80	52	23	FED EX			21.45	-	
			TRANSWEST TRUCKS				1,740.20	
80	52	23	KEVIN COOPER				337.93	
80	52	24	RENTALS	-	-	-	-	-
80	52	25	SHOP EXPENSE	724.78	1,137.14	722.89	489.11	681.00
80	52	25	DEPENDABLE		101.32	86.25	91.08	92.00
80	52	25	DON'S MARKET		22.40	47.75	44.13	43.00
80	52	25	REEDY'S			4.76	77.57	78.00
80	52	25	PAONIA AUTO PARTS		95.55	152.28	169.82	170.00
80	52	25	PAONIA FARM & HOME		27.32	2.20	106.51	107.00
80	52	25	SAFETY KLEEN CORP		80.22	190.80	-	191.00
80	52	25	ADVANCE PLUMBING & HEATING		161.46	31.10	-	
80	52	25	MUIRDOCHS		188.91		-	
80	52	25	SIMMONS LOCK & KEY		47.60		-	
80	52	25	ELECTRICAL SERVICE & REPAIR			600.00	-	
80	52	25	SUMMIT DOOR CO			22.00	-	
80	52	26	TRAVEL & MEETINGS	-	1,536.88	-	-	520.00
80	52	26	CDL TRAINING			1,536.88		520.00
80	52	27	INSURANCE & BONDS	4,191.85	3,978.52	8,133.65	6,318.95	4,985.00
80	52	27	CIRSA		3,769.85	3,946.61	6,174.95	4,662.00 Q
80	52	27	CEDAR POINT HEALTH		160.00		80.00	160.00
80	52	27	THE PLACE I GO		262.00		64.00	128.00
80	52	27	CDL			31.91	-	35.00
80	52	28	UTILITIES	2,854.96	1,972.02	1,740.79	1,574.67	1,576.00
80	52	28	BLACK HILLS		840.53	1,008.58	743.13	744.00
80	52	28	DMEA		494.43	483.44	351.54	352.00
80	52	28	ROBERTS ENTERPRISES		1,520.00	480.00	480.00	480.00
80	52	29	TELEPHONE	177.62	479.28	680.76	428.59	543.00
80	52	29	TDS		105.69	93.43	97.60	98.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018 AUDITED ACTUAL	2019 AUDITED ACTUAL	2020 EST BUDGET	2020 ACTUAL	2021 BUDGET
80	52	29	CELL PHONES		71.93	90.00	54.87	55.00
80	52	29	ELEVATE			180.65	389.72	390.00
80	52	29	PHONZ+			115.20	-	
80	52	30	PUBLISHING & ADS	36.64	11.68	-	-	35.00
80	52	30	DCI		36.64	8.68	-	35.00
80	52	30	CRAIGLIST.ORG			3.00	-	
80	52	33	DATA PROCESSING	2,271.19	1,366.17	4,057.12	2,414.27	2,172.00
80	52	33	CASELL		2,087.89	1,318.68	1,671.41	1,672.00
			CLEARGOV				1,000.00	500.00
80	52	33	PHONZ+		183.30	47.49	-	
80	52	40	MISCELLANEOUS	-	-	-	-	-
80	52	41	WRITEOFF-UNCOLLECTABLE	-	-	-	-	143.00
80	52	42	LANDFILL FEES	33,624.00	34,842.00	30,716.25	24,716.25	32,800.00
80	52	43	CLEAN-UP DAY	600.00	8,125.00	-	-	1,800.00
80	52	43	ROBERTS ENTERPRISES		600.00	1,800.00	-	1,800.00
80	52	70	CAPITAL OUTLAY	-	-	-	-	-
80	52	71	PASS THRU FUNDS	6,304.17	6,493.10	7,055.00	4,885.86	7,619.00
80	52	99	TRANSFER		(10,000.00)	-	-	
80	52	71	TRASH TRUCK FROM CAPITAL			(10,000.00)	-	
80	59	90	DEPRECIATION	-	5,882.00	17,646.00	17,646.00	17,646.00
TRASH EXPENDITURES				171,797.46	183,367.08	229,589.37	201,013.17	255,268.00
				40,099.20	34,359.26	(11,851.37)	(37,287.21)	0.00

FUND	TYPE	ACCT	ACCOUNT DESCRIPTION	2018	2019	2020	2020	2021
				AUDITED ACTUAL	AUDITED ACTUAL	EST BUDGET	ACTUAL	BUDGET

TRASH FUND -SUMMARY								
			GARBAGE BEGINNING RESERVE	208,538.28	248,637.48	112,419.74		125,796.16
			GARBAGE INCOME	211,896.66	217,726.34	217,738.00		255,268.00
			GARBAGE EXPENSE	171,797.46	183,367.08	229,589.37		255,268.00
			AUDIT ADJUSTMENT		(170,577.00)			
			NET CHANGE	40,099.20	(136,217.74)	(11,851.37)		0.00
			GARBAGE ENDING RESERVE	248,637.48	112,419.74	100,568.37		125,796.16
			CAPITAL PURCHASES					
			TOTAL CLASSIFIED FUND BAL	-	-			-
			UNASSIGNED FUND BAL	248,637.48	112,419.74			125,796.16
			EST UNASSIGNED	17,179.75	18,336.71			25,526.80
				42,949.37	45,841.77			63,817.00
				85,898.73	91,683.54			127,634.00

	TRASH 80	PRODUCTION COSTS	OPERATING COST	TOTAL
2-9 PAYROLL	163,944.00			
1 CONTRACT LABOR	-			
10 WORK COMP	6,057.00			
15 OFFICE SUPPLIES	202.00			
16 OPERATING SUPPLIES	1,145.00			
17 POSTAGE	876.00			
20 LEGAL	-			
21 AUDIT	4,500.00			
22 REPAIR & MAINTENANCE	106.00			
23 VEHICLE	7,918.00			
24 RENTAL	-			
25 SUPPLIES/TOOLS	681.00			
26 TRAVEL/MEETINGS	520.00			
27 INSURANCE	4,985.00			
28 UTILITIES	1,576.00			
29 TELEPHONE	543.00			
30 PUBLICATION & ADS	35.00			
31 DUES & SUBSCRIPTIONS	-			
32 FEES & PERMITS	-			
33 DATA PROCESSING	2,172.00			
40 MISCELLANEOUS	-			
41 WRITE-OFF	143.00			
42 CONTRACT SERVICES	34,600.00			
43 CULTURAL EVENTS	-			
44 HUMAN SERVICES	-			
50 DEBT SERVICE	-			
70 CAPITAL OUTLAY	-			
71 PASS THRU	7,619.00			
90 TREASURER FEES				
99 TRANSFERS				
DEPRICIATION	17,646.00		17,646.00	
	255,268.00	-	17,646.00	
	-			
	253,968.00			
	1,300.00			

					CURRENT	PROPOSED
504 TRASH	SANITATION	SINGLE	205	17.00	3,485.00	18.00 3,690.000
501 TRASH	SANITATION	2-4	522	20.00	10,440.00	22.00 11,484.000
503 TRASH	SANITATION	HEAVY	64.5	27.00	1,741.50	30.00 1,935.000
502 TRASH	SANITATION	2-YRD	17.5	35.00	612.50	50.00 875.000
505 TRASH	SANITATION	3-YRD	53	37.00	1,961.00	60.00 3,180.000
					218,880.00	253,968.000
						35,088.000

RATE#	TYPE	SERVICE	AREA	UNITS	AMOUNT	TOTAL	TOTAL/YR	INC	TOTAL	TOTAL/YR	NEW RATES
101	WATER	RESIDENTAL	IN-TOWN	751	30.00	22,530.00		5.00	3,755.00		35.00
102	WATER	RESIDENTAL	OUT-TOWN	603	40.00	24,120.00		-	-		40.00
103	WATER	WATER	STANDBY	0		-			-		-
111	WATER	COMMERCIAL	IN-TOWN	126.5	40.00	5,060.00		-	-		40.00
112	WATER	COMMERCIAL	OUT-TOWN	13	55.00	715.00	629,100.00		-	45,060.00	55.00
									-		
201	WATER	RESIDENTAL	IN-TOWN	60	30.00	1,800.00		5.00	300.00		35.00
202	WATER	RESIDENTAL	OUT-TOWN	60	40.00	2,400.00		-	-		40.00
211	WATER	COMMERCIAL	IN-TOWN	5	40.00	200.00		-	-		40.00
212	WATER	COMMERCIAL	OUT-TOWN	1	52.00	52.00	53,424.00	3.00	3.00	3,636.00	55.00
				1620			682,524.00		4,058.00	48,696.00	
300	SEWER	SEPTIC	NO SEWER	11	-	-					
301	SEWER	RESIDENTAL	IN-TOWN	750	38.00	28,500.00		6.00	4,500.00		44.00
302	SEWER	RESIDENTAL	OUT-TOWN	124	57.00	7,068.00		3.00	372.00		60.00
311	SEWER	COMMERCIAL	IN-TOWN	173	38.00	6,574.00		6.00	1,038.00		44.00
312	SEWER	COMMERCIAL	OUT-TOWN	13	57.00	741.00		3.00	39.00		60.00
313	SEWER	SEWER	STANDBY	0	30.00	-		10.00	-		40.00
401	SEWER	SEWER	STANDBY	65	30.00	1,950.00	537,996.00	10.00	650.00	79,188.00	40.00
504	TRASH	SANITATION	SINGLE	205	17.00	3,485.00		1.00	205.00		18.00
501	TRASH	SANITATION	2-4	522	20.00	10,440.00		2.00	1,044.00		22.00
503	TRASH	SANITATION	HEAVY	64.5	27.00	1,741.50		3.00	193.50		30.00
502	TRASH	SANITATION	2-YRD	17.5	35.00	612.50		15.00	262.50		50.00
505	TRASH	SANITATION	3-YRD	53	37.00	1,961.00	218,880.00	23.00	1,219.00		60.00
									2,924.00	35,088.00	
601	TRASH	X-TRASH		836		-					
701	SIDEWALK	SIDEWALK		781	3.00	2,343.00	28,116.00				3.00
										TOTAL INC	
					91.00					13.00	104.00

Cruz 2016 Water/Sewer Rate Study Summary

	A	B	C	D	E	F	G	H
1		2017	2018	2019	2020		2021	
2	Residential customer In-Town Base Fee:	\$ 24.00	\$ 25.00	\$ 26.00	\$ 27.00		\$ 28.00	
3	Commercial customer In-Town Base Fee:	\$ 46.00	\$ 47.00	\$ 49.00	\$ 50.00		\$ 52.00	
4	Residential customer Out-Of-Town Base Fee:	\$ 36.00	\$ 37.00	\$ 38.00	\$ 40.00		\$ 42.00	
5	Commercial customer Out-Of-Town Base Fee:	\$ 259.00	\$ 266.00	\$ 275.00	\$ 285.00		\$ 296.00	
6								
7								
8								
9	SEWER							
10	Residential customer In-Town Base Fee:	\$ 34.00	\$ 36.00	\$ 38.00	\$ 40.00		\$ 42.00	
11	Commercial customer In-Town Base Fee:	\$ 34.00	\$ 36.00	\$ 38.00	\$ 40.00		\$ 42.00	
12	Residential customer Out-Of-Town Base Fee:	\$ 51.00	\$ 53.00	\$ 55.00	\$ 57.00		\$ 59.00	
13	Commercial customer Out-Of-Town Base Fee:	\$ 51.00	\$ 53.00	\$ 55.00	\$ 57.00		\$ 59.00	
14								
15								

Cruz & Associates, Inc
 8411 Castaway Drive
 Fort Collins, CO 80528
 Phone (970) 223-9683
 Cell (970) 217-2991

August 17, 2016

Jane Berry, Town Manager
 Town of Paonia
 P.O. Box 460
 Paonia, CO 81428-0460

RE: Water Rate Study

Dear Ms. Berry:

The Rate Study for the Water System is revised and completed based on the following assumptions:

1. The Town of Paonia has 839 residential customers and 125 commercial customers in town and 27 water company accounts representing 486 out-of-town water customers, 184 out-of-town residential customers and 10 out-of-town commercial customers for a total of 1,644 water users.
2. The commercial customers are to be converted to EQRs (Equivalent Residential units) based on their average usage of water.
3. Planned improvements are essentially covered with tap fee revenues.
4. An escalation factor of 3.5% is considered for the expenses beyond 2016.
5. Very limited growth is expected during the period of this financial plan.

The 2016 Budget for the Town of Paonia reflects revenue of \$747,740 from service fees, \$5,500 from sales & service, \$37,260 from standby tap fees, \$750 from penalties, \$125 from interest, \$100,000 from the sale of assets and \$136,800 from new housing development proceeds for a total revenue of \$1,028,175. The expenditures for the same period of time are \$417,213 in operating expenses, \$224,630 in debt service and reserve, \$55,000 in capital improvements and \$10,000 for interim financing for a grand total of \$706,843 for a net revenue of \$321,332. Without the sale of assets, the Town would still have a net revenue of \$221,332. Based on the net revenue, a rate increase is not necessary in 2016.

Although a rate increase is not necessary in 2016, I would like to provide some background information regarding rates and rate studies. Based on the many rate studies performed, water systems vary in the methodology the system management desires to implement. The most common rate for very small water systems is a flat rate, which means that all customers, residential and commercial, pay the same. The flat rate is acceptable where the customer usage of water is essentially the same for the customer base. Essentially the commercial customers use essentially the same volume of water as the residential customers or the system is composed of mostly residential customers as in some water districts. In larger systems where the customer base is composed of larger commercial customers, the commercial customers are converted to

equivalent residential units, EQRs, based on usage of water as compared to the residential usage. These systems create a Usage rate along with tiered rates to accommodate higher rates for higher volume users. This type of a rate is established to charge high volume users of water based on the demand that this user(s) places on the water treatment plant. **Essentially, charging all customers based on their respective usage of water.** Some systems provide water services to out-of-town customers and these customers are usually charged a higher fee to compensate the system/town for lack of other revenue sources that the system/town gets from in-town residents or businesses. Although the charges vary from a low of 25% higher to 100% higher and are usually based on tradition, but a substantial majority of systems charge a 50% higher fee to out-of-town customers. The 50% higher rate also applies to the Usage Fee as well as the Base Fee. Now that the background of how the rates are established or determined, I wish to address the particulars in the Town of Paonia water rate study and recommendations.

Based on the data provided, the residential usage of water for 839 customers is 50,478,126 gallons or 5,014 gallons per customer per month, which will be considered the Base Usage in this analysis. I am skeptical of this value. The water usage in other systems I have evaluated, is in the 8,000 -10,000 gallon per month category. But assuming that the data is correct, I will proceed with the analysis. The out-of-town residential usage for the year is 34,542,663 gallons or 4,296 gallons per months for the 670 water users in this category. The 125 commercial in-town customers used 14,443,653 gallons of water for the year or 9,629 gallons per customer per month. These customers used 1.9 times as much water. If these commercial customers were converted to EQRs, each customer based on the average usage would equal 1.9 EQR per customer times the number of customers of 125 for a total EQRs of 240. What this means is that the average commercial customer should be paying 1.9 times more than the residential customer in the Base Fees. Now for the out-of-town commercial customers. These ten (10) customers used 4,312,557 gallons or 35,938 gallons per customer per month. Based on the average water usage, these customers would be 7.18 EQRs per customer or a total of 71.8 EQRs.

Now I wish to discuss the additional charges for out-of-town customers. As I mentioned above, the out-of-town charges varied from 25% to 100% higher than in-town customers. Since a substantial majority of systems charged a 50% higher fee, I recommend this percentage. By the way, the current fee for the out-of-town residential customers is 30% higher and 46% higher for the out-of-town commercial customers. Based on this recommendation, the 670 out-of-town residential customers would represent 1,005 EQRs (670 water users X 1.50%) and the 10 out-of-town commercial customers based on the EQRs determination would represent 107.7 rounded to 108 EQRs (71.8 commercial customers EQRs X 1.50%).

Based on the above determination, the in-town residential customer would each be 1 EQR or 839 EQRs, the 125 in-town commercial customer at 1.9 EQRs per customer would be 240 EQRs, the out-of town residential customer could be 1 EQR per customer except for the fact that they are out-of-town, so these 670 customers would equal 1,005 EQRs (670 users X 1.50%) and the 10 commercial customers would equal 107.8 (10 users X 71.8 X 1.50%) rounded to 108 EQRs for a total of 2,192 EQRs. The total EQR number is divided into the anticipated fixed operating expenses and debt service including required reserves. The operating expenses associated with the production, treatment and delivery expenses are divided by the total water usage to determine the Usage Fee. Based on Table 3, I have determined that the expenses associated with the

production, treatment and delivery of water to be \$146,888 (2017) or approximately 19% of the total expenses. I decided to use the 2017 values because the year 2016 is basically over, so no reasonable changes could be implemented this year. So the fixed expenses including debt service and reserves equal the difference or 81%. The figure of \$146,888 is divided by the volume of treated water sold of 103,797,000 gallons for a per 1,000 gallon cost of \$1.415 or rounded to \$1.42. As I indicated above, some water systems charge the out-of-town charge, recommended 50% higher fee, is not recommended as the water committee has opted to not charge the higher rate.

Since the 2016 Budget reflects adequate revenue, the Town does not need to increase its rates in order to meet its financial obligations for 2016 and for subsequent years in this 5-year financial plan. So the Town has some options, it could continue with its current rate schedule and still generate adequate revenue to meet its expected obligations including the escalation factor of 3.5%. The anticipated net revenue could be set aside to address the depreciation expense. Although the Town of Paonia's rate schedule generates adequate revenue, I do not recommend the continuation of these rates because it does not charge the commercial customers based on their impact upon the treatment facility through their respective use of water. It also does not treat the out-of-town users equitably. The out-of-town residential customers are charged 30% higher rate over the residential in-town customers and the commercial customers are charged 46% higher rate over the in-town commercial customers. In my opinion, all customers should be treated equally, as is the case in the systems evaluated in the past.

Although the Town of Paonia generates adequate income without an increase going forward, it is recommended that the rates be increased by the escalation factor because the existing fund balance is quite low and the Town of Paonia does not reflect depreciation as an expense in its annual budget. Based on the analysis culminated in Table 17, the Town could reduce the Base Fee to \$23.84 rounded to \$24.00 per month for in-town residential customers and the Usage Fee could start at \$1.42 per 1,000 gallons of water. The tiered differential for water usage could start at \$1.42/1,000 to give the low volume users a break and then continue with your existing tiered rates. The reason the Base Fee, applicable to the in-town residential customers, is lower than the existing rate is that now the commercial customers and the out-of-town customers, both residential and commercial customers, will be paying higher fees and more in line with other water systems statewide. First the commercial customers are converted to EQR's based on the average usage of water and second, the out-of-town customers are charged higher rates which are more consistent with most water systems in the State.

Although Towns are generally required to balance their budgets, essentially, that is, limited net revenue, the Town of Paonia does not include the depreciation expense in its annual budget, so this net revenue could be allocated to the depreciation expense. The depreciation expense for 2015 was \$177,976. Although most water and waste water systems do not reflect depreciation as an expense in their respective annual budgets, I strongly recommend that the depreciation expense be considered in the budgeting process going forward.

Now, how will the in-town commercial customers be affected by the Base Rate of \$24.00. The commercial customers based on the EQR conversion of 1.9 would increase the rate to \$45.60 per month ($\24×1.9). The out-of-town residential customer Base Fee would be \$36.00 per month

(\$24 X 1.50%). The biggest increase will affect the out-of-town commercial customers because they use substantially more water, so each out-of-town commercial customer is 7.18 EQRs times the out-of-town surcharge of 1.50% would make the Base Fee at \$258.48. The Rates for 2017 are summarized below:

Base Fee:

Residential customer In-Town Base Fee:	\$24.00
Commercial customer In-Town Base Fee:	\$45.60
Residential customer Out-Of-Town Base Fee	\$36.00
Commercial customer Out-Of-Town Base Fee	\$258.48

Usage Fee:	\$1.42/1,000 up to 10,000 gallons
	\$2.00/1,000 next 10,000 gallons
	\$3.50/1,000 next 10,000 gallons
	\$4.50/1,000 next 70,000 gallons
	\$5.50/1,000 above 100,000 gallons

The applicable Base Fee for subsequent years is reflected below:

	2018	2019	2020
Residential customer In-Town Base Fee:	\$24.67*	\$25.54*	\$26.43*
Commercial customer In-Town Base Fee:	\$46.88	\$48.53	\$50.22
Residential customer Out-of-Town Base Fee:	\$37.00	\$38.31	\$39.65
Commercial customer Out-of-Town Base Fee:	\$265.70	\$275.07	\$284.65

* Rates may be rounded to the next dollar. Rates for other users are based on actual values not rounded.

Usage Fee:

First 10,000 gallons	\$1.46/1,000	\$1.52/1,000	\$1.57/1,000
Next 10,000 gallons	\$2.00/1,000	\$2.00/1,000	\$2.00/1,000
Next 10,000 gallons	\$3.50/1,000	\$3.50/1,000	\$3.50/1,000
Next 70,000 gallons	\$4.50/1,000	\$4.50/1,000	\$4.50/1,000
Above 100,000 gallons	\$5.50/1,000	\$5.50/1,000	\$5.50/1,000

In conclusion, I recommend that the Town of Paonia proceed with implementation of the proposed rates determined in this rate study. These rates charge the customers based on their respective impact/demand upon the water system and is consistent with most water systems on a state-wide basis.

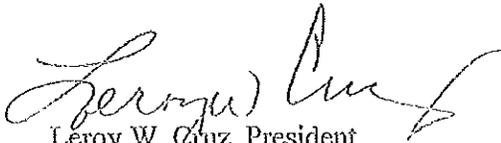
I would like to suggest that the Town of Paonia initiate a program to determine the size of each meter for each customer and reflect that data with the customer. The Town of Paonia should also establish a listing of meters associated with the specific address to reflect the date of installation or approximate date if exact date is not known of each meter in order to establish a replacement or calibration schedule. The Town of Paonia should periodically determine the total volume of water treated and the volume of water sold or used for other purposes in order to determine the volume of unaccounted for water both in volume and as a percentage. These values would give the Town a perspective for needed improvements or an opportunity to determine the reason(s) for the unaccounted for water (water loss).

I appreciate the Town of Paonia giving me the opportunity to analyze the water system from a financial perspective.

I look forward to making a formal presentation to the Town Board on the rate study and answer any questions and/or to make changes to the study as the Town Board may request.

Should you have any questions in the meantime, do not hesitate to contact me at 970-223-9683 or 970-217-2991 (cell).

Sincerely,



Leroy W. Cruz, President
Cruz & Associates, Inc

Attachments: Tables 1, 2, 3, 5, 9, 10, 11, 12, 14, 15, 16, 17 & 18,

Exhibit A

Brief explanation as to the attached Tables.

Table 1: This Table reflects the Capital Improvements planned

Table 2: This Table reflects the renewal/replacement costs of the Capital Improvements in Table 1.

Table 3: This Table reflects the expenses from the Town's 2106 Budget, it reflects the escalation factor of 3.5%, which means the expenses increase 3.5% each year in the 5-year financial plan. The expenses are determined to either fixed (100%) or not fixed (0%). The fixed costs are generally those expenses associated with the administrative expenses such as salaries and benefits, audit and accounting expenses, legal expenses and similar expenses and debt service. The non-fixed expenses are those expenses associated with the production, treatment and delivery of water to the ultimate customer.

Table 4; Not Used

Table 5: This Table reflects the projected revenue from the 2016 Town Budget and projects the revenue including the proposed increases in the applicable years. The percentage increase is reflected in Table 18. It also reflects the projected tap fees in the applicable years.

Tables 6, 7 & 8: Not Used.

Table 9: This Table reflects the source of funds to cover the planned capital improvements in Table 1, so essentially \$136,800 is from the housing development proceeds projected in 2016.

Table 10: This Table reflects the outstanding debt service including reserve for the applicable years.

Table 11: This Table essentially restate the information in Table 10.

Table 12: This Table determines the revenue needed to cover the Coverage Ratio (debt reserve) that normally is required by lenders. In this case, the debt reserve is included in Table 10 as requested by the Town Manager. Generally, the Coverage Ratio is 1.10.

Table 13: Not Used.

Table 14: This Table projects the cash balances from operations. The beginning cash balance of \$170,235 the balance of cash and cash equivalents in the 2015 Audit. .

Table 15: This Table reflects funds from other sources including tap fees. The beginning fund balance is the restricted cash from the 2015 Audit.

Table 16: This Table reflects the cash needs for the respective year and the required revenue from service fees (rates). It also reflects the fund balance changes based on projected revenue.

Table 17: This Table is probably the most important Table of all the 18 Tables. This Table takes the data as to the required revenue to cover all expenses from Table 16. It would reflect the percentage of revenue from fixed charges and the projected revenue from commodity charges, a Usage charge/rate. It reflects the number of EQRs and then determines the applicable rate per EQR. A commodity charge, the Usage charge/rate" is determined by entering the projected volume in thousands of gallons of water sold to customers.

Table 18: This Table is the next important table in that it reflects the required percentage increases needed to generate the required revenue to cover all projected expenses. If the percentage increase is not adequate, the smaller cells reflecting "Calibrated" will turn to red in color and reflected "Uncalibrated". The large cell will also turn red and reflect "Uncalibrated".

Town of Paonia Financial Plan

Table 1
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Capital Improvements Plan

Description	FY2016	FY2017	FY2018	FY2019	FY2020	Percentage of Project that is New Capacity
Capitol Outlays	\$55,000	\$25,000	\$25,000	\$25,000	\$25,000	0%
Enter Name Here for CIP Project 2	0	0	0	0	0	0%
Enter Name Here for CIP Project 3	0	0	0	0	0	0%
Total (W/O Inflation)						
	\$55,000	\$25,000	\$25,000	\$25,000	\$25,000	
Expected Inflation Rate						
	0.0%	0.0%	0.0%	0.0%	0.0%	
Inflation Factor						
	1.000	1.000	1.000	1.000	1.000	
Total CIP w/Inflation						
	\$55,000	\$25,000	\$25,000	\$25,000	\$25,000	

Town of Paonia Financial Plan

Table 2
Town of Paonia
Water Utility Financial Plan for Fiscal Year 2016-2020
Calculation of Renewal & Replacement Commitment

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Without Inflation:					
Total Expansion-Related Improvement Costs	\$0	\$0	\$0	\$0	\$0
Total Renewal & Replacement Costs	55,000	25,000	25,000	25,000	25,000
Total Uninflated Costs	\$55,000	\$25,000	\$25,000	\$25,000	\$25,000
With Inflation:					
Total Expansion-Related Improvement Costs	\$0	\$0	\$0	\$0	\$0
Total Renewal & Replacement Costs	55,000	25,000	25,000	25,000	25,000
Total Costs w/ Inflation	\$55,000	\$25,000	\$25,000	\$25,000	\$25,000

Description	Code	Amount	Enter Selection =	Amount Selected =
No Renewal & Replacement	1	\$0	1	\$0
Minimum Renewal & Replacement	2	\$25,000		
Average Renewal & Replacement	3	\$31,000		
Maximum Renewal & Replacement	4	\$55,000		
Override Renewal & Replacement	5	\$0		

Planned Renewal & Replacement Budget w/Inflation	Actual Renewal & Replacement Costs w/Inflation	Surplus/(Deficit) Renewal & Replacement
\$0	55,000	(\$55,000)
\$0	25,000	(\$25,000)
\$0	25,000	(\$25,000)
\$0	25,000	(\$25,000)
\$0	25,000	(\$25,000)

Override Renewal & Replacement (Phase-in)
(only enter a value here if you want to override the above calculated values - leave blank otherwise)

Town of Paonia Financial Plan

Table 3
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Estimated O&M Costs by Year

Description	% of Cost that is Fixed	Escalation Rate	FY2016	FY2017	FY2018	FY2019	FY2020
Salaries & Wages	100%	3.50%	\$182,763	\$189,160	\$195,780	\$202,633	\$209,725
Employee Benefits	100%	3.50%	36,990	38,285	39,625	41,014	42,447
Office Supplies	100%	3.50%	300	311	321	333	344
Operating Supplies	0%	3.50%	24,000	24,840	25,709	26,609	27,541
Postage	100%	3.50%	3,600	3,726	3,856	3,991	4,131
Legal & Engineering	100%	3.50%	12,500	12,938	13,390	13,859	14,344
Audit	100%	3.50%	7,500	7,763	8,034	8,315	8,606
Repairs & Maintenance	0%	3.50%	45,000	46,575	48,205	49,892	51,639
Vehicle Expense	0%	3.50%	13,000	16,560	17,140	17,739	18,360
Rentals	0%	3.50%	1,000	1,035	1,071	1,109	1,148
Shop Expense	0%	3.50%	4,000	4,140	4,285	4,435	4,590
Travel & Meetings - Training	0%	3.50%	4,000	4,140	4,285	4,435	4,590
Insurance & Bonds	100%	3.50%	22,000	22,770	23,567	24,392	25,246
Utilities	0%	3.50%	17,500	18,113	18,746	19,403	20,082
Telephone	100%	3.50%	5,000	5,175	5,356	5,544	5,738
Publishing & Ads	100%	3.50%	350	362	375	388	402
Dues & Subscriptions	100%	3.50%	750	776	803	832	861
Fees & Permits	0%	3.50%	12,000	12,420	12,855	13,305	13,770
Data Processing	100%	3.50%	1,800	1,863	1,928	1,996	2,066
Norris Retirement (Settlement)	0%	0.00%	20,160	20,160	20,160	20,160	20,160
Total			\$417,213	\$431,110	\$445,493	\$460,380	\$475,787

Town of Paonia Financial Plan

Table 5
Town of Paonia
Water Utility Financial Plan for Fiscal Year 2016-2020
Estimated Revenues

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Assumptions					
Rate Revenue Increases	1	1	1	1	1
Month of Rate Increase	100%	100%	100%	100%	100%
Prorated Percent Impact of Increase	N/A	0.0%	0.0%	0.0%	0.0%
System Growth					
Rate Revenues					
Revenue Before Rate Increase	\$747,740	\$747,740	\$773,911	\$800,998	\$829,033
Revenues from Current Year Increase	0	26,171	27,087	28,035	29,016
Revenue from Prior Year Increase	0	0	0	0	0
Rate Revenue	\$747,740	\$773,911	\$800,998	\$829,033	\$858,049
Other Misc. Revenues					
Sales & Services	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Standby Tap Fees	37,260	37,260	37,260	37,260	37,260
Penalties	750	750	750	750	750
Interest	330	330	330	330	330
Sale of Assets	100,000	0	0	0	0
Total Misc. Revenues	\$143,840	\$43,840	\$43,840	\$43,840	\$43,840
Grants and Other Contributions					
Grant/Contribution 1	\$0	\$0	\$0	\$0	\$0
Grant/Contribution 2	0	0	0	0	0
Total Grants and Other Contributions	\$0	\$0	\$0	\$0	\$0
Tap Fees/Impact Fees/PIF/System Dev. Fees	\$136,800	\$21,000	\$15,000	\$15,000	\$21,000
Total	\$1,028,380	\$838,751	\$859,838	\$887,873	\$922,889

Town of Paonia Financial Plan

Table 9
Town of Paonia
Water Utility Financial Plan for Fiscal Year 2016-2020
Funding Sources for Improvements

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Capital Improvement Needs	\$55,000	\$25,000	\$25,000	\$25,000	\$25,000
Expenditures from Fund Balance	0	4,000	10,000	10,000	4,000
Grants & Contributions	0	0	0	0	0
Tap Fees/Impact Fees/PIF/System Dev. Fees	136,800	21,000	15,000	15,000	21,000
Revenue Bond Proceeds	0	0	0	0	0
Other Bond Proceeds	0	0	0	0	0
Net Revenues from Operations	0	0	0	0	0
Interest Earnings	0	0	0	0	0
Total Sources	\$136,800	\$25,000	\$25,000	\$25,000	\$25,000
Funding Surplus/(Short)	\$81,800	\$0	\$0	\$0	\$0

Town of Paonia Financial Plan

Table 11
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Estimated Annual Debt Service

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Debt Service Subject to Coverage:					
Outstanding Debt Service	\$224,630	\$224,630	\$224,630	\$224,630	\$224,630
Debt Service on Proposed Issues	0	0	0	0	0
Total Projected Debt Service Subject to Cvg.	\$224,630	\$224,630	\$224,630	\$224,630	\$224,630
Debt Service Not Subject to Coverage:					
Outstanding Debt Service	\$10,000	\$0	\$0	\$0	\$0
Debt Service on Proposed Issues	0	0	0	0	0
Total Projected Debt Service Subject to Cvg.	\$10,000	\$0	\$0	\$0	\$0
Total Debt Service Requirements	\$234,630	\$224,630	\$224,630	\$224,630	\$224,630

Town of Paonia Financial Plan

Table 12
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Calculation of Coverage Requirements (Excluding SDCs)

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Calculation of Net Revenues					
Estimated Gross Revenue					
Rate Revenues	\$747,740	\$773,911	\$800,998	\$829,033	\$858,049
Other Revenues	143,840	43,840	43,840	43,840	43,840
Gross Revenues	\$891,580	\$817,751	\$844,838	\$872,873	\$901,889
Operating Expenditures					
Estimated O&M	\$417,213	\$431,110	\$445,493	\$460,380	\$475,787
Net Revenues	\$474,367	\$386,641	\$399,345	\$412,493	\$426,101
Estimated Coverage Calculation					
Net Revenues	\$474,367	\$386,641	\$399,345	\$412,493	\$426,101
Debt Service Subject to Coverage	224,630	224,630	224,630	224,630	224,630
Estimated Coverage	2.11	1.72	1.78	1.84	1.90
Required Coverage	0.00	0.00	0.00	0.00	0.00
Additional Revenues Required to Meet Required	\$0	\$0	\$0	\$0	\$0

Town of Paonia Financial Plan

Table 14
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Water Utility Fund Projected Cash Balances

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Estimated Interest Rate on Avg. Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%
Sources of Funds					
Beginning Fund Balance	\$165,976	\$405,713	\$567,724	\$742,439	\$930,302
Rate Revenues	747,740	773,911	800,998	829,033	858,049
Other Revenues	143,840	43,840	43,840	43,840	43,840
Total Cash In	\$891,580	\$817,751	\$844,838	\$872,873	\$901,889
Interest Earnings	0	0	0	0	0
Total Sources of Funds	\$1,057,556	\$1,223,464	\$1,412,562	\$1,615,311	\$1,832,191
Uses of Funds					
O&M Costs	\$417,213	\$431,110	\$445,493	\$460,380	\$475,787
Debt Service Payments	234,630	224,630	224,630	224,630	224,630
Capital Improvements	0	0	0	0	0
Total Cash Out	\$651,843	\$655,740	\$670,123	\$685,010	\$700,417
Ending Fund Balance	\$405,713	\$567,724	\$742,439	\$930,302	\$1,131,773
Total Uses of Funds	\$1,057,556	\$1,223,464	\$1,412,562	\$1,615,311	\$1,832,191

Town of Paonia Financial Plan

Table 15
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Capital Construction Funds

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Interest on Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%
Sources of Funds					
Beginning Fund Balance	\$4,259	\$86,059	\$82,059	\$72,059	\$62,059
Grants & Contributions	0	0	0	0	0
Tap Fees/Impact Fees/PIF/System Dev. Fees	136,800	21,000	15,000	15,000	21,000
Revenue Bond Proceeds	0	0	0	0	0
Other Bond Proceeds	0	0	0	0	0
Net Revenues from Operations	0	0	0	0	0
Interest Earnings	0	0	0	0	0
Total Sources of Funds	\$141,059	\$107,059	\$97,059	\$87,059	\$83,059
Uses of Funds					
Capital Improvements Expenditures	55,000	25,000	25,000	25,000	25,000
Transfers Out	0	0	0	0	0
Ending Fund Balance	86,059	82,059	72,059	62,059	58,059
Total Uses of Funds	\$141,059	\$107,059	\$97,059	\$87,059	\$83,059

Town of Paonia Financial Plan

Table 16
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Computation of Cash-Needs User Charge Revenue Requirement

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Operation and Maintenance Costs	\$417,213	\$431,110	\$445,493	\$460,380	\$475,787
Cash Financed Capital Costs	0	0	0	0	0
Debt Service Payments	234,630	224,630	224,630	224,630	224,630
Increase (Decrease) in Fund Balance	239,737	162,011	174,715	187,863	201,471
Total Revenue Requirement	\$891,580	\$817,751	\$844,838	\$872,873	\$901,889
Total Non-Rate Revenues & Int. Earnings	\$143,840	\$43,840	\$43,840	\$43,840	\$43,840
Revenue Required from Rates	\$747,740	\$773,911	\$800,998	\$829,033	\$858,049

Town of Paonia Financial Plan

Table 17
 Town of Paonia
 Water Utility Financial Plan for Fiscal Year 2016-2020
 Rate Calculation

Description	FY2016	FY2017	FY2018	FY2019	FY2020
User Charge Revenue Requirement	\$747,740	\$773,911	\$800,998	\$829,033	\$858,049
Percent of Revenue Requirement From Fixed Charges	81.02%	81.02%	81.02%	81.02%	81.02%
Projected Revenue from Fixed Charges	\$605,819	\$627,023	\$648,968	\$671,682	\$695,191
Projected Revenue from Commodity Charges	\$141,921	\$146,888	\$152,029	\$157,350	\$162,858
Enter Number of Equivalent Meters	2,192	2,192	2,192	2,192	2,192
Enter Volume of Demand in Thousands of Gallons/Yr.	103,797	103,797	103,797	103,797	103,797
Enter the Number Bills Serv/Yr.	12	12	12	12	12
Service Charge per Equivalent Meter	\$23.03	\$23.84	\$24.67	\$25.54	\$26.43
Rate per Thousand Gallons of Demand	\$1.37	\$1.42	\$1.46	\$1.52	\$1.57
Projected Revenues from Rates	\$747,740	\$773,911	\$800,998	\$829,033	\$858,049

Town of Paonia Financial Plan

Table 18
Town of Paonia
Water Utility Financial Plan for Fiscal Year 2016-2020
Calibration Table

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Financial Performance					
Coverage Test (Excluding SDCs)	2.11	1.72	1.78	1.84	1.90
Minimum Coverage	0.00	0.00	0.00	0.00	0.00
Additional Funds Needed to Meet Coverage	0	0	0	0	0
Revenue Required from Rates	747,740	773,911	800,998	829,033	858,049
Percent Increase/Decrease from Previous	N/A	3.5%	3.5%	3.5%	3.5%
OMR Ratio	1.79	1.80	1.80	1.80	1.80
OMR Target	1.00	1.00	1.00	1.00	1.00
Additional Funds Needed for OMR Goal	0	0	0	0	0
Debt Service as % of Revenue Requirements	0.263162027	0.274692452	0.265885363	0.257345658	0.249066169
Operating Costs as % of Revenue Requirements	46.79%	52.72%	52.73%	52.74%	52.75%
Cash Funding of CIP as % of Revenue Requirements	0.00%	0.00%	0.00%	0.00%	0.00%
Funding of Reserves as % of Revenue Requirements	26.89%	19.81%	20.68%	21.52%	22.34%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Ending Fund Balances					
<i>Water Fund</i>					
Water Fund	405,713	567,724	742,439	930,302	1,131,773
Target Water Fund Balance	0	0	0	0	0
Difference from Target Fund Balance	405,713	567,724	742,439	930,302	1,131,773
<i>Capital Construction Fund</i>					
Capital Construction Fund	86,059	82,059	72,059	62,059	58,059
Target Capital Construction Fund Balance	0	0	0	0	0
Difference from Target Fund Balance	86,059	82,059	72,059	62,059	58,059
Combined Fund Balances	491,772	649,783	814,498	992,361	1,189,832
Action Items					
New Debt issued - Subject to Bond Ordinance	0	0	0	0	0
New Debt issued - Not Subject to Ordinance	0	0	0	0	0
Rate Revenue Increase	0.0%	3.5%	3.5%	3.5%	3.5%
This Year is Currently...	Calibrated	Calibrated	Calibrated	Calibrated	Calibrated
This Financial Plan is Currently	CALIBRATED				

Cruz & Associates, Inc
8411 Castaway Drive
Fort Collins, CO 80528
Phone (970) 223-9683
Cell (970) 217-2991

October 29, 2016

Dan Dean, Interim Town Manager
Town of Paonia
P.O. Box 460
Paonia, CO 81428-0460

RE: Waste Water Rate Study

Dear Mr. Dean:

The Rate Study for the Waste Water System is revised based on new data and is now completed based on the new data with the following assumptions:

1. The Town of Paonia has 631 accounts representing 740 residential customers, 1 apartment complex, and 108 commercial accounts representing 151 commercial customers in town and 24 residential accounts with 120 residential units and 1 commercial customer out of town.
2. The apartment complex and all commercial customers are to be converted to EQRs (Equivalent Residential units) based on their average usage of water.
3. Limited improvements are planned beyond 2016.
4. An escalation factor of 3.5% is considered for the expenses beyond 2016.
5. Very limited growth is expected during the period of this financial plan.
6. A flow rate is not being considered in establishing the recommended rates.

The 2016 Budget for the Town of Paonia reflects revenue of \$387,982 from service fees and \$1,150 from rental property, \$125 from interest, \$400,000 from the sale of assets and \$55,000 from tap fees for a total revenue of \$844,257. The expenditures for the same period of time are \$339,529 in operating expenses, \$111,146 in debt service and reserve, \$10,000 in capital improvements for total of \$460,675 for a net revenue of \$383,582. Without the sale of assets, the Town would have a short fall of \$16,418 without taking in consideration the \$10,000 in capital improvements. Since a rate increase is not contemplated in 2016, a substantial increase would need to be planned for in 2017 as discussed further in this analysis.

First, I would like to provide some background information regarding rates and rate studies. Based on the many rate studies performed, waste water systems vary in the methodology the system management desires to implement. The most common rate for very small waste water systems is a flat rate, which means that all customers, residential and commercial, pay the same. The flat rate is fine where the customer usage of water and ultimately waste water is essentially the same for the customer base. Essentially the commercial customers use essentially the same volume of water as the residential customer or the system is composed of mostly residential customers as in some waste water (Sanitation) districts. In larger systems where the customer

base is composed of larger commercial customers, the commercial customers are converted to equivalent residential units, EQRs, based on usage of water as compared to the residential usage. Some systems also create a "flow rate". This type of a rate is established to charge high volume users of water that ultimately becomes waste water based on the demand that this user(s) places on the waste water treatment plant. Essentially, charging residential customers based on the flow of waste water flowing on the assumption that all the water going through the water meter in the winter months, normally 3 or 4 months, ultimately goes to the waste water treatment plant. The residential additional usage of water in the remainder of the year is assumed to be used in outside use and not to the treatment plant. As to the commercial customers, it is assumed that all the water going through the water meter ultimately becomes waste water going to the treatment plant. Generally, this assumption is correct since most, if not all, commercial customers have no or very limited outside use of water such as a lawn or other uses that would not impact the waste water treatment plant. Some systems provide waste water services to out-of-town customers and these customers are usually charged a higher fee to compensate the system/town for lack of other revenue sources that the system/town gets from in-town residents or businesses. Although the charges vary from a low of 25% higher to 100% higher and are usually based on tradition, but a substantial majority of systems charge a 50% higher fee to out-of-town customers. Now that the background of how the rates are established or determined, I wish to address the particulars in the Town of Paonia waste water rate study and recommendation.

Based on the data provided, the residential winter (3 months) usage of water for 740 customers is 10,044,760 gallons or 4,506 gallons per customer per month, which will be consider the Base Usage in this analysis. The remaining 9 months usage was 33,458,117 gallons or 5,320 gallons per month. I am skeptical of this value. The usage is less than 1,000 gallons per month over the winter usage. The water usage in other systems I have evaluated, is in the 8,000 -10,000 gallon per month category. But assuming that the data is correct, I will proceed with the analysis. Without specific data as to the water usage for the out-of-town residential customers, the data from the Water Rate Study is being utilized. The out-of-town residential usage for the winter months was 1,001,580 gallons or 3,373 gallons per months for the 120 homes and the remaining months is 4,093,600 or 4,459 gallons per month, again about 1,000 gallons more per month. Again, without specific data on the water usage by the 120 out-of-town residential sewer customers, an assumption is being made that the sewer customers not on the water system would essentially have similar usage of water. These customers are assumed to be using essentially the same volume of water as the In-Town residential customers.

Again, not having specific water usage for the 151 commercial customers except for 31 commercial customers that have more than one business activity on the property, I am assuming the data from the Water Rate Study provides sufficient comparison to utilize that data. The 113 commercial in-town customers reflected in the Water Study used 1,343,202 gallons of water or 1,027 gallons of water per month. The 31 In-Town commercial customers with specific water data provided will have a specific EQR determination based on their respective data as reflected in Exhibit A. So the remaining 120 In-Town commercial customers of the 151 commercial customers are assumed to use 1,027 gallons per month as determined in the Water Rate Study and have an EQR determination of 1.0 EQRs per customer based on the fact that the water usage is less than the residential usage. The Out-of-Town commercial customer is a B&B facility. The B&B facility has been closed/out of business so no specific water usage is available, but is

assumed to use not more water than a residential customer, therefore one EQR plus the out-of-town surcharge.

Now I wish to discuss the additional charges for out-of-town customers. As I mentioned above, the out-of-town charges varied from 25% to 100% higher than in-town customers. Since a substantial majority of systems charged a 50% higher fee, I recommend this percentage. By the way, the current fee for the out-of-town customers is 62% higher. Based on this recommendation, the 120 out-of-town residential customers would represent 180 EQRs and the 1 out-of-town commercial customer based on the EQRs determination would represent 1.5 EQRs (1X 50% surcharge). Based on the above determination, the in-town residential customer would each be 1 EQR or 740 EQRs, the 120 in-town commercial customer without specific water usage data at 1.0 EQRs per customer would be 120 EQRs, the 31 in-town commercial customers with specific water usage data would be 82.4 EQRs, the out-of town residential customer could be 1 EQR per customer except for the fact that they are out-of-town, so these 120 customers would equal 180 EQRs (120 EQRs X 1.50%) and the 1 commercial customer would equal 1.5 EQRs for a total of 1,129.8 EQRs rounded to 1,130 EQRs. The total EQR number is divided into the anticipated operating expenses and debt service including required reserves.

Since the 2016 Budget reflects adequate revenue with the sale of assets, the Town does not need to increase its rates in order to meet its financial obligations for 2016. The Town, however, needs to make a 20% increase in the overall rates to generate the required revenue for 2017. Unfortunately, based on the conversion to EQRs as to some of the commercial customers, the rate increase for these customers is substantially greater. Based on Table 17 attached, the Base Rate for 2016 reflects \$28.61. The value that is pertinent at this point is the rate of \$33.33 applicable for 2017. This means that the rate for the in-town residential customer for 2017 should be increased to 34.33 with an effective date of no later than January 1, 2017. The Base Fee for the 120 in-town commercial customer would be \$34.33, the Base Fee for the 31 in-town commercial customers would be \$34.33 times the EQR determination reflected in Exhibit A. The Base Fee for the out-of-town residential customer would be \$34.33 times the recommended out-of-town charge of 1.50% for a Base Fee of \$51.50 per customer per month (120 customers) and the 1 out-of town commercial customer would be \$34.33 times the EQR determination of 1.0 times the out-of-town charge of 1.50% for a total \$51.50 per month per customer.

The Town of Paonia proposed to borrow some funds in 2018 and 2019 to make improvements to the waste water system as reflected in Table 7 and also reflected in Table 18. The projected term is a 20-year term loan with a 2% interest rate. The rates for these two years are higher than the escalation factor of 3.5% in order to cover the debt service payment and applicable reserve.

The applicable rates for 2017 are reflected in Exhibit A attached. The applicable rates for subsequent years can be determined by replacing the \$34.33 rate for 2017 with the rate of \$36.05 for 2018, \$37.85 for 2019 and \$39.18 for 2020 and multiplying the applicable rates with the EQR values. These rates are also reflected in Table 17.

Although the recommended rates are much higher especially for some of the commercial customers, these rates do not take into consideration depreciation. The depreciation for 2015 was \$109,508. If depreciation was to be considered, the applicable rates would be \$8.08 higher

per EQR per month (\$109,508 divided by 1,130 EQRs). Although the cash and cash equivalents plus restricted cash total is only \$156,931 (2015 Audit), I would not recommend burdening the customers with higher fees to cover the entire depreciation expense. I do however; recommend increasing the rates by some 25% of the \$8.08, say \$2.00 to cover some of the depreciation, essentially the short lived assets such as motors, pumps and similar equipment.

In conclusion, I recommend that the Town of Paonia proceed with implementation of the proposed rates determined in this rate study as reflected in Exhibit A attached with an effective date of not later than January 1, 2017. These rates charge the customers based on their respective impact/demand upon the waste water system.

I appreciate the Town of Paonia giving me the opportunity to analyze the waste water system from a financial perspective.

I look forward to making a formal presentation to the Town Board on the rate study and answer any questions and/or to make minor changes to the study as the Town Board may request.

Should you have any questions in the meantime, do not hesitate to contact me at 970-223-9683 or 970-217-2991 (cell).

Sincerely,



Leroy W. Cruz, President
Cruz & Associates, Inc

Attachments: Tables 1, 2, 3, 5, 7, 9, 10, 11, 12, 14, 15, 16, 17 & 18, and Exhibit A

Brief explanation as to the attached Tables.

Table 1: This Table reflects the Capital Improvements planned

Table 2: This Table reflects the renewal/replacement costs of the Capital Improvements in Table 1.

Table 3: This Table reflects the expenses from the Town's 2106 Budget; it reflects the escalation factor of 3.5%, which means the expenses increase 3.5% each year in the 5-year financial plan. The expenses are determined to either fixed (100%) or not fixed (0). In this case, it is immaterial because a "flow" rate is not being consider, so all the expenses could have been reflected as fixed.

Table 4: Not Used

Table 5: This Table reflects the projected revenue from the 2016 Town Budget and projects the revenue including the proposed increases in the applicable years. The percentage increase is reflected in Table 18. It also reflects the projected tap fees in the applicable years.

Table 6: Not Used.

Table 7: Reflects the projected borrowing with a 20 year term at a 2% interest rate, payments made semi-annually.

Table 8: Not used

Table 9: This Table reflects the source of funds to cover the planned capital improvements in Table 1. So essentially \$10,000 is from the tap fee projected in 2016.

Table 10: This Table reflects the outstanding debt service including reserve for the applicable years.

Table 11: This Table essentially restates the information in Table 10.

Table 12: This Table determines the revenue needed to cover the Coverage Ratio (debt reserve) that normally is required by lenders. In this case, the debt reserve is included in Table 10 as requested by the Town Manager. Generally, the Coverage Ratio is 1.10.

Table 13: Not Used.

Table 14: This Table projects the cash balances from operations.

Table 15: This Table reflects funds from other sources including tap fees. The beginning fund balance is the restricted cash from the 2015 Audit.

Table 16: This Table reflects the cash needs for the respective year and the required revenue from service fees (rates). It also reflects the fund balance changes based on projected revenue.

Table 17: This Table is probably the most important Table of all the 18 Tables. This Table takes the data as to the required revenue to cover all expenses from Table 16. It would reflect the percentage of revenue from fixed charges and the projected revenue from commodity charges, a "flow" charge/rate if established. It reflects the number of EQRs and then determines the applicable rate per EQR. A commodity charge, the "flow charge/rate" could be determined by entering the projected volume in thousands of gallons of waste water going to the treatment plant.

Table 18: This Table is the next important table in that it reflects the required percentage increases needed to generate the required revenue to cover all projected expenses. If the percentage increase is not adequate, the smaller cells reflecting "Calibrated" will turn to red in color and reflect as "Uncalibrated". The large cell will also turn red and reflect "Uncalibrated".

Town of Paonia
Sewer - Water Usage 8/1/15 - 7/31/16
Exhibit A

	A	B	C	D	E	F	G	H
1		Type of Business	Current	Water Usage	Water Usage/MO	EQR Conv.	Rate/EQR	New RATE
2			Rate				\$34.33/EQR	
3		RESIDENTIAL	1X740= 740	40,013,280	*4506	1.0		\$ 34.33
4	OUT OF	RESIDENTIAL	1x120	**1,00158	3,373	1 X 1.5%= 1.5		\$ 51.50
5		APT. COMPLEX	1	**320800	26,734	5.9		\$ 202.55
6		COMMERCIAL	1x120	**1478754	1,027	1.9		\$ 34.33
7	311	H/M/B&B	2	242900	20,242	4.5		\$ 154.49
8	311	RESTAURANT	2	93620	7,802	1.7		\$ 58.36
9	311	SCHOOL	1.5	16500	1,375	1.0		\$ 34.33
10	311	RESTAURANT	1.5	74550	6,213	1.4		\$ 48.06
11	311	RESTAURANT	2	20550	1,713	1.0		\$ 34.33
12	311	STORE FRONT	1.5	377560	31,463	7.0		\$ 240.31
13	311	SCHOOL	1.5	0	0	1.0		\$ 34.33
14	311	CHURCH	2	81100	6,758	1.5		\$ 51.50
15	311	STORE FRONT	2	90130	7,511	1.7		\$ 58.36
16	311	STORE FRONT	2	158320	13,193	2.9		\$ 99.56
17	311	H/M/B&B	3	57740	4,811	1.1		\$ 37.76
18	311	SCHOOL	1.5	449500	37,458	8.3		\$ 284.94
19	311	CHURCH	2	92120	7,677	1.7		\$ 58.36
20	311	LAUNDRY	2	628400	52,367	11.6		\$ 398.23
21	311	CAR WASH	2	137510	11,459	2.5		\$ 85.83
22	311	CHURCH	2	40050	3,338	1.0		\$ 34.33
23	311	RESTAURANT	2.5	172140	14,345	3.2		\$ 109.86
24	311	RESTAURANT	2	180000	15,000	3.3		\$ 113.29
25	311	OFFICE SPACE	8	113000	9,417	2.1		\$ 72.09
26	311	STORE FRONT	2	786	68	1.0		\$ 34.33
27	311	OFFICE SPACE	2	11000	917	1.0		\$ 34.33
28	311	OFFICE SPACE - REST	3	129000	10,750	2.4		\$ 82.39
29	311	OFFICE SPACE	2	16190	1,349	1.0		\$ 34.33
30	311	RESTAURANT	2	135670	11,306	2.5		\$ 85.83
31	311	STORE FRONT	2	15000	1,250	1.0		\$ 34.33
32	311	OFFICE SPACE	2	12000	1,000	1.0		\$ 34.33
33	311	RESTAURANT	2.5	72940	6,078	1.3		\$ 44.63
34	311	OFFICE SPACE	2	9620	802	1.0		\$ 34.33
35	311	STORE FRONT	2	20190	1,683	1.0		\$ 34.33
36	311	LIVING FACILITY	7	198200	16,517	3.7		\$ 127.02
37	311	SCHOOL	1.5	378912	31,576	7.0		\$ 240.31
38	OUT OF	H/M/B&B	1.5	0	0	1 x 1.5%= 1.5		\$ 51.50
39								
40		* Base Water Usage						
41		**Data from Water Rate Study						

Table 1
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Capital Improvements Plan

Description	FY2016	FY2017	FY2018	FY2019	FY2020	Percentage of Project that is New Capacity
Capital Outlays	\$10,000	\$20,000	\$250,000	\$75,000	\$20,000	0%
Enter Name Here for CIP Project 2	0	0	0	0	0	0%
Enter Name Here for CIP Project 3	0	0	0	0	0	0%

Total (W/O Inflation)	\$10,000	\$20,000	\$250,000	\$75,000	\$20,000	
Expected Inflation Rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Inflation Factor	1.000	1.000	1.000	1.000	1.000	
Total CIP w/Inflation	\$10,000	\$20,000	\$250,000	\$75,000	\$20,000	

Town of Paonia Financial Plan

Table 2
Town of Paonia
Waste Water Utility Financial Plan for Fiscal Year 2016-2020
Calculation of Renewal & Replacement Commitment

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Without Inflation:					
Total Expansion-Related Improvement Costs	\$0	\$0	\$0	\$0	\$0
Total Renewal & Replacement Costs	10,000	20,000	250,000	75,000	20,000
Total Uninflated Costs	\$10,000	\$20,000	\$250,000	\$75,000	\$20,000
With Inflation:					
Total Expansion-Related Improvement Costs	\$0	\$0	\$0	\$0	\$0
Total Renewal & Replacement Costs	10,000	20,000	250,000	75,000	20,000
Total Costs w/ Inflation	\$10,000	\$20,000	\$250,000	\$75,000	\$20,000

Description	Code	Amount	Enter Selection =====>	Amount Selected =
No Renewal & Replacement	1	\$0		1
Minimum Renewal & Replacement	2	\$10,000		\$0
Average Renewal & Replacement	3	\$75,000		
Maximum Renewal & Replacement	4	\$250,000		
Override Renewal & Replacement	5	\$0		

Planned Renewal & Replacement Budget w/Inflation	Actual Renewal & Replacement Costs w/Inflation	Surplus/(Deficit) Renewal & Replacement
\$0	10,000	(\$10,000)
\$0	20,000	(\$20,000)
\$0	250,000	(\$250,000)
\$0	75,000	(\$75,000)
\$0	20,000	(\$20,000)

Override Renewal & Replacement (Phase-in)
(only enter a value here if you want to override the above calculated values - leave blank otherwise)

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Town of Paonia Financial Plan

Table 3
Town of Paonia
Waste Water Utility Financial Plan for Fiscal Year 2016-2020
Estimated O&M Costs by Year

Description	% of Cost That is Fixed	Escalation Rate	FY				
			2016	2017	2018	2019	2020
Staff Salaries & Wages	100%	3.50%	\$132,044	\$136,666	\$141,449	\$146,400	\$151,524
Employee Benefits	100%	3.50%	26,095	27,008	27,954	28,932	29,945
Office Supplies	100%	3.50%	150	155	161	166	172
Operating Expenses	0%	3.50%	35,000	36,225	37,493	38,805	40,163
Postage	100%	3.50%	2,500	2,588	2,678	2,772	2,869
Legal & Engineering	100%	3.50%	3,500	3,623	3,749	3,881	4,016
Audit	100%	3.50%	7,500	7,763	8,034	8,315	8,606
Repairs & Maintenance	0%	3.50%	30,000	31,050	32,137	33,262	34,426
Vehicle Expense	0%	3.50%	14,000	14,490	14,997	15,522	16,065
Rentals	0%	3.50%	1,000	1,035	1,071	1,109	1,148
Shop Expense	0%	3.50%	5,000	5,175	5,356	5,544	5,738
Travel & Meetings (Training)	0%	3.50%	1,600	1,656	1,714	1,774	1,836
Insurance & Bonds	100%	3.50%	9,000	9,315	9,641	9,978	10,328
Utilities	0%	3.50%	54,000	55,890	57,846	59,871	61,966
Telephone	100%	3.50%	2,000	2,070	2,142	2,217	2,295
Publishing & Ads	100%	3.50%	40	41	43	44	46
Fees & Permits (testing)	0%	3.50%	9,000	9,315	9,641	9,978	10,328
Data Processing	100%	3.50%	2,000	2,070	2,142	2,217	2,295
Gaging Station	0%	3.50%	5,000	5,175	5,356	5,544	5,738
Dues & Subscriptions	100%	3.50%	100	104	107	111	115
Total			\$339,529	\$351,413	\$363,712	\$376,442	\$389,617

Town of Paonia Financial Plan

Table 5
Town of Paonia
Waste Water Utility Financial Plan for Fiscal Year 2016-2020
Estimated Revenues

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Assumptions					
Rate Revenue Increases	0.00%	20.00%	5.00%	5.00%	3.50%
Month of Rate Increase	1	1	1	1	1
Prorated Percent Impact of Increase	100%	100%	100%	100%	100%
System Growth	N/A	0.0%	0.0%	0.0%	0.0%
Rate Revenues					
Revenue Before Rate Increase	\$387,982	\$387,982	\$465,578	\$488,857	\$513,300
Revenues from Current Year Increase	0	77,596	23,279	24,443	17,966
Revenue from Prior Year Increase	0	0	0	0	0
Rate Revenue	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Other Misc. Revenues					
Sewer Rental Property	1	\$1,150	\$1,150	\$1,150	\$1,150
Interest	1	125	125	125	125
Sale of Assets	1	400,000	0	0	0
Total Misc. Revenues	\$401,275	\$1,275	\$1,275	\$1,275	\$1,275
Grants and Other Contributions					
Grant/Contribution 1	\$0	\$0	\$0	\$0	\$0
Grant/Contribution 2	0	0	0	0	0
Total Grants and Other Contributions	\$0	\$0	\$0	\$0	\$0
Tap Fees/Impact Fees/PIF/System Dev. Fees	\$55,000	\$5,000	\$0	\$0	\$5,000
Total	\$844,257	\$471,853	\$490,132	\$514,575	\$537,541

Include in Cvg Test?

Town of Paonia Financial Plan

Table 7
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Projected Revenue Bond Debt Issue Size and Costs - Subject to Bond Ordinance

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Issue Sizing					
Bond Proceeds Required	\$0	\$0	\$250,000	\$75,000	\$0
Issuance Costs	0.00%	0.00%	0.00%	0.00%	0.00%
Reserve Requirement	0.00%	0.00%	0.00%	0.00%	0.00%
Issue Size	\$0	\$0	\$250,000	\$75,000	\$0
Debt Service Requirements					
Terms (Years)	15	0	20	20	0
Interest Rate (APR)	0.00%	0.00%	2.00%	2.00%	0.00%
Month of Issue (1=Jan, 6=Jun, etc.)	12	6	6	6	6
Number of Debt Payments/Year	2	-	2	2	-
Normal Yearly Debt Service Payment for Issue	\$0	\$0	\$15,228	\$4,568	\$0
Annual Debt Service Costs (w/ prorating)	\$0	\$0	\$8,883	\$2,665	\$0
Accumulated Debt Service	\$0	\$0	\$8,883	\$17,893	\$19,796

Town of Paonia Financial Plan

Table 9
Town of Paonia
Waste Water Utility Financial Plan for Fiscal Year 2016-2020
Funding Sources for Improvements

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Capital Improvement Needs	\$10,000	\$20,000	\$250,000	\$75,000	\$20,000
Expenditures from Fund Balance	0	15,000	0	0	15,000
Grants & Contributions	0	0	0	0	0
Tap Fees/Impact Fees/PIF/System Dev. Fees	55,000	5,000	0	0	5,000
Revenue Bond Proceeds	0	0	250,000	75,000	0
Other Bond Proceeds	0	0	0	0	0
Net Revenues from Operations	0	0	0	0	0
Interest Earnings	0	0	0	0	0
Total Sources	\$55,000	\$20,000	\$250,000	\$75,000	\$20,000
Funding Surplus/(Short)	\$45,000	\$0	\$0	\$0	\$0

Town of Paonia Financial Plan

Table 10
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Currently Outstanding Debt Issues

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Outstanding Revenue Bonds Subject to Coverage Test					
Rural Development	\$111,146	\$111,146	\$111,146	\$111,146	\$111,146
Revenue Bond Series 2	0	0	0	0	0
Revenue Bond Series 2	0	0	0	0	0

	\$111,146	\$111,146	\$111,146	\$111,146	\$111,146
Other Outstanding Bonds Not Subject to Coverage Test					
Other Bond Issue 1	\$0	\$0	\$0	\$0	\$0
Other Bond Issue 2	0	0	0	0	0
Other Bond Issue 2	0	0	0	0	0

Total	\$0	\$0	\$0	\$0	\$0

Town of Paonia Financial Plan

Table 11
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Estimated Annual Debt Service

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Debt Service Subject to Coverage:					
Outstanding Debt Service	\$111,146	\$111,146	\$111,146	\$111,146	\$111,146
Debt Service on Proposed Issues	0	0	8,883	17,893	19,796
Total Projected Debt Service Subject to Cvg.	\$111,146	\$111,146	\$120,029	\$129,039	\$130,942
Debt Service Not Subject to Coverage:					
Outstanding Debt Service	\$0	\$0	\$0	\$0	\$0
Debt Service on Proposed Issues	0	0	0	0	0
Total Projected Debt Service Subject to Cvg.	\$0	\$0	\$0	\$0	\$0
Total Debt Service Requirements	\$111,146	\$111,146	\$120,029	\$129,039	\$130,942

Town of Paonia Financial Plan

Table 12
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Calculation of Coverage Requirements (Excluding SDCs)

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Calculation of Net Revenues					
Estimated Gross Revenue					
Rate Revenues	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Other Revenues	401,275	1,275	1,275	1,275	1,275
Gross Revenues	\$789,257	\$466,853	\$490,132	\$514,575	\$532,541
Operating Expenditures					
Estimated O&M	\$339,529	\$351,413	\$363,712	\$376,442	\$389,617
Net Revenues	\$449,728	\$115,441	\$126,420	\$138,133	\$142,923
Estimated Coverage Calculation					
Net Revenues	\$449,728	\$115,441	\$126,420	\$138,133	\$142,923
Debt Service Subject to Coverage	111,146	111,146	120,029	129,039	130,942
Estimated Coverage	4.05	1.04	1.05	1.07	1.09
Additional Revenues Required to Meet Required	0.00	0.00	0.00	0.00	0.00
	\$0	\$0	\$0	\$0	\$0

Town of Paonia Financial Plan

Table 14
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Waste Water Utility Fund Projected Cash Balances

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Estimated Interest Rate on Avg. Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%
Sources of Funds					
Beginning Fund Balance	\$65,853	\$404,435	\$408,730	\$415,121	\$424,216
Rate Revenues	387,982	465,578	488,857	513,300	531,266
Other Revenues	401,275	1,275	1,275	1,275	1,275
Total Cash In	\$789,257	\$466,853	\$490,132	\$514,575	\$532,541
Interest Earnings	0	0	0	0	0
Total Sources of Funds	\$855,110	\$871,288	\$898,862	\$929,697	\$956,757
Uses of Funds					
O&M Costs	\$339,529	\$351,413	\$363,712	\$376,442	\$389,617
Debt Service Payments	111,146	111,146	120,029	129,039	130,942
Capital Improvements	0	0	0	0	0
Total Cash Out	\$450,675	\$462,559	\$483,741	\$505,481	\$520,559
Ending Fund Balance	\$404,435	\$408,730	\$415,121	\$424,216	\$436,197
Total Uses of Funds	\$855,110	\$871,288	\$898,862	\$929,697	\$956,757

Town of Paonia Financial Plan

Table 15
Town of Paonia
Waste Water Utility Financial Plan for Fiscal Year 2016-2020
Capital Construction Funds

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Interest on Fund Balance	0.00%	0.00%	0.00%	0.00%	0.00%
Sources of Funds					
Beginning Fund Balance	\$91,078	\$136,078	\$121,078	\$121,078	\$121,078
Grants & Contributions	0	0	0	0	0
Tap Fees/Impact Fees/PIF/System Dev. Fees	55,000	5,000	0	0	5,000
Revenue Bond Proceeds	0	0	250,000	75,000	0
Other Bond Proceeds	0	0	0	0	0
Net Revenues from Operations	0	0	0	0	0
Interest Earnings	0	0	0	0	0
Total Sources of Funds	\$146,078	\$141,078	\$371,078	\$196,078	\$126,078
Uses of Funds					
Capital Improvements Expenditures	10,000	20,000	250,000	75,000	20,000
Transfers Out	0	0	0	0	0
Ending Fund Balance	136,078	121,078	121,078	121,078	106,078
Total Uses of Funds	\$146,078	\$141,078	\$371,078	\$196,078	\$126,078

Town of Paonia Financial Plan

Table 16
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Computation of Cash-Needs User Charge Revenue Requirement

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Operation and Maintenance Costs	\$339,529	\$351,413	\$363,712	\$376,442	\$389,617
Cash Financed Capital Costs	0	0	0	0	0
Debt Service Payments	111,146	111,146	120,029	129,039	130,942
Increase (Decrease) in Fund Balance	338,582	4,295	6,391	9,095	11,981
Total Revenue Requirement	\$789,257	\$466,853	\$490,132	\$514,575	\$532,541
Total Non-Rate Revenues & Int. Earnings	\$401,275	\$1,275	\$1,275	\$1,275	\$1,275
Revenue Required from Rates	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266

Town of Paonia Financial Plan

Table 17
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Rate Calculation

Description	FY2016	FY2017	FY2018	FY2019	FY2020
User Charge Revenue Requirement	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Percent of Revenue Requirement From Fixed Charges	100%	100%	100%	100%	100%
Projected Revenue from Fixed Charges	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Projected Revenue from Commodity Charges	\$0	\$0	\$0	\$0	\$0
Enter Number of Equivalent Meters	1,238	1,238	1,238	1,238	1,238
Enter Volume of Demand in Thousands of Gallons/Yr.	0	0	0	0	0
Enter the Number Bills Sent/Yr.	12	12	12	12	12
Service Charge per Equivalent Meter	\$26.12	\$31.34	\$32.91	\$34.55	\$35.76
Rate per Thousand Gallons of Demand	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Projected Revenues from Rates	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266

Town of Paonia Financial Plan

Table 17
Town of Paonia
Waste Water Utility Financial Plan for Fiscal Year 2016-2020
Rate Calculation

Description	FY2016	FY2017	FY2018	FY2019	FY2020
User Charge Revenue Requirement	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Percent of Revenue Requirement From Fixed Charges	100%	100%	100%	100%	100%
Projected Revenue from Fixed Charges	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Projected Revenue from Commodity Charges	\$0	\$0	\$0	\$0	\$0
Enter Number of Equivalent Meters	1,130	1,130	1,130	1,130	1,130
Enter Volume of Demand in Thousands of Gallons/Yr.	0	0	0	0	0
Enter the Number Bills Sent/Yr.	12	12	12	12	12
Service Charge per Equivalent Meter	\$28.61	\$34.33	\$36.05	\$37.85	\$39.18
Rate per Thousand Gallons of Demand	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Projected Revenues from Rates	\$387,982	\$465,578	\$488,857	\$513,300	\$531,266
Revenues to Revenue Requirements Check	O.K.	O.K.	O.K.	O.K.	O.K.

Table 18
 Town of Paonia
 Waste Water Utility Financial Plan for Fiscal Year 2016-2020
 Calibration Table

Description	FY2016	FY2017	FY2018	FY2019	FY2020
Financial Performance					
Coverage Test (Excluding SDCs)	4.05	1.04	1.05	1.07	1.09
Minimum Coverage	0.00	0.00	0.00	0.00	0.00
Additional Funds Needed to Meet Coverage	0	0	0	0	0
Revenue Required from Rates	387,982	465,578	488,857	513,300	531,266
Percent Increase/Decrease from Previous	N/A	20.0%	5.0%	5.0%	3.5%
OMR Ratio	1.14	1.32	1.34	1.36	1.36
OMR Target	1.00	1.00	1.00	1.00	1.00
Additional Funds Needed for OMR Goal	0	0	0	0	0
Debt Service as % of Revenue Requirements	0.140823585	0.238074736	0.244890773	0.250767366	0.24588194
Operating Costs as % of Revenue Requirements	43.02%	75.27%	74.21%	73.16%	73.16%
Cash Funding of CIP as % of Revenue Requirements	0.00%	0.00%	0.00%	0.00%	0.00%
Funding of Reserves as % of Revenue Requirements	42.90%	0.92%	1.30%	1.77%	2.25%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Ending Fund Balances					
<i>Waste Water Fund</i>	404,435	408,730	415,121	424,216	436,197
Target Waste Water Fund Balance	0	0	0	0	0
Difference from Target Fund Balance	404,435	408,730	415,121	424,216	436,197
<i>Capital Construction Fund</i>	136,078	121,078	121,078	121,078	106,078
Target Capital Construction Fund Balance	0	0	0	0	0
Difference from Target Fund Balance	136,078	121,078	121,078	121,078	106,078
<i>Combined Fund Balances</i>	540,513	529,808	536,199	545,294	542,275
Action Items					
New Debt issued - Subject to Bond Ordinance	0	0	250,000	75,000	0
New Debt issued - Not Subject to Ordinance	0	0	0	0	0
Rate Revenue Increase	0.0%	20.0%	5.0%	5.0%	3.5%
This Year is Currently...	Calibrated	Calibrated	Calibrated	Calibrated	Calibrated
This Financial Plan is Currently	CALIBRATED				

AGENDA SUMMARY FORM

	Adjournment
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Summary:

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear:	Trustee Budinger:	Trustee Johnson:
Trustee Knutson:	Trustee Meck:	Trustee Pattison:	Mayor Bachran: