

LEFT HAND WATER DISTRICT
2010
BUDGET NARRATIVE

SERVICES DELIVERED

The Left Hand Water District serves potable water to its customers within the District=s boundaries and service area in Boulder and Weld counties. Approximately 91% of the customer accounts served are single-family residential accounts; the remaining 9% are commercial and multiple-housing accounts.

INCOME

The Budget for 2010 reflects the anticipated revenues primarily from water sales to existing customers, as well as from very limited tap sales to new development in rural Boulder and Weld Counties and in annexations to the Town of Frederick which lie within the Left Hand Water District. Revenue projections in 2010 do not include increases in water volume rates, with minimal increases in minimum monthly fees to support the cost of service. Water rates, fees, and charges are budgeted to pay all current operation and maintenance expenses of the system, as well as to accumulate funds for future maintenance and replacement costs, and to create net revenue in the amount necessary to pay the principal and interest on all debt.

EXPENDITURES

The expenditures in the 2010 Budget reflect increased operation expenditures as well as expenditures for repair and replacement projects for existing infrastructure, and for regional raw water supply and delivery projects in which the District is participating. The majority of the capital projects in 2010 are funded by Board designated reserves for replacement of aging infrastructure

RESERVE FUNDS

Legally restricted Reserve Funds are primarily Bond Reserves

BASIS OF ACCOUNTING

The District's Revenue Bond Resolution requires a consolidated budget showing all revenues from all sources flowing into a general fund for payment of debt service. In order to clearly identify the government and enterprise functions of the District, the District's financial statements and annual budget reflect a separation of these functions.

The District operates as an Enterprise Fund as prescribed in standards for governmental accounting systems. The intent of the Board is that costs and expenses (including depreciation) of providing services to its customers will be financed or recovered primarily through user charges.

The District continues to operate as a Water Activity Enterprise, as established by Resolution in 1993, and is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.