

San Juan Water Conservancy District

46 Eaton Drive, Suite #5; P.O. Box 4632

Pagosa Springs, CO 81147

December 12, 2016

To Whom It May Concern:

From: Rodney B. Proffitt
San Juan Water Conservancy District

Re: 2017 Budget

The San Juan Water Conservancy District (“the District”) budget for 2017 was considered by the board of directors December 12, 2016 at its regular bi-monthly meeting. The 2017 budget passed without objection. The budget complies with all terms of Amendment One – there was no increase in the mill levy requested. The District adhered to the 2016 budget and accomplished much of what was presented in the 2016 Budget Message.

The Colorado State Water Plan is almost a year old. Funding the State had hoped to have in place evaporated with the loss of a court case involving assessments on oil & gas property across the State. So far, much of the action has been concentrated on education of local land use officials and staff on how they might incorporate water conservation and planning into comprehensive plans, building codes and land use planning. The timing is excellent for local purposes since both the Town and County are considering changes to their respective comprehensive plans, building codes and land use codes.

The agreement passed by the District, Colorado Water Conservation Board (“CWCB”), and Pagosa Area Water & Sanitation District (“PAWSD”) in 2015 is being implemented. A new bi-lateral agreement between the State and the District was adopted in 2016. Having put the past behind, the District is moving forward with development of the Dry Gulch Water Storage Facility (“the Project”).

Negotiations with landowners of a private parcel of land are moving forward with the expectation we will be able to finalize a purchase of that parcel in the near future. Amendments were made to the application with the Forest Service, which is now directed at a land exchange. The legal description of the subject property has been defined, and efforts are now under way to begin the Environmental Impact Statement process. The board has reached an agreement with Western Land Group to coordinate the land exchange process.

The District's due diligence efforts in support of conditional water rights for the Project were successful in 2016 without objection. Another set of conditional water rights is up for review in 2017, but the District does not anticipate objections. On the other hand, board has authorized filing objections on several water rights filings, including one that would be a trans-mountain diversion.

The District's board has decided to again fund the regional cloud seeding program, and contribute to the Water Information Program. Efforts to become more involved with wildfire mitigation through programs to enhance local watersheds made a priority in the State Water Plan will continue in 2017. Watershed planning is complicated by the number of stakeholders involved, limited financial resources, and few good models to work from in doing a plan.

The District uses the modified accrual basis of accounting to prepare the budget, and for the second year the board of directors has resolved the audit will go forward under an exemption provided by law as a means to mitigate the costs, while still being in compliance with all State and federal requirements.

RESOLUTION OF THE SAN JUAN WATER CONSERVANCY DISTRICT
TO ADOPT BUDGET

WHEREAS, the Board of Directors of the San Juan Water Conservancy District has appointed a budget committee to prepare and submit a proposed 2017 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to this Board on or before October 15, 2016, for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place and a public hearing was held on November 14, 2016, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and expenditure exemptions, including, but not limited to, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Juan Water Conservancy District:

1. That estimated expenditures for each funds are as follows:

General Fund:	\$ 168,700
Debt Service Fund:	\$ 0

2. That estimated revenues are as follows:

General Fund:	
From unappropriated surpluses	\$ 267,300
From sources other than general property tax	\$ 34,350
From the general property tax levy	\$ 67,578
TOTAL	\$ 369,228

3. That reserves have been or are hereby established for each appropriate fund or combined as a single reserve fund as set forth in the budget in order to preserve the

spending exemption for reserves under TABOR, and all such reserves shall be transferred or expended within any fund as set forth in the budget.

4. That the budget, as submitted, amended and herein summarized by fund, including, but not limited to, any temporary property tax credit and mill levy rate reduction, be, and the same hereby is, approved and adopted as the budget of the San Juan Water Conservancy District for the 2017 fiscal year.

5. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO SET MILL LEVIES

WHEREAS, the amount of money necessary to balance the budget for general operating expenses is \$67,578; and

WHEREAS, the amount of money necessary to balance the budget for abatements is \$214; and

WHEREAS, the amount of money necessary to balance the budget for debt services expenses is \$0; and

WHEREAS, the 2016 valuation for assessment for the District, as certified by the Archuleta County Assessor, is \$213,853,702.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Juan Water Conservancy District:

1. That for the purposes of meeting all general operating expenses of the District during the 2016 budget year, there is hereby levied a property tax of 0.316 mills upon each dollar of the total valuation for assessment of all taxable property within the District, to raise \$67,578 in revenue.

2. That for the purpose of meeting all debt service expenses of the District during the 2016 budget year, there is hereby levied a property tax of -0- mills upon each dollar of the total valuation for assessment of all taxable property within the District, to raise \$-0-.

3. That for abatement purposes, there is hereby levied a tax of 0.001 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$214 in revenue.

4. That the Treasurer and/or President of the District is hereby authorized and directed to immediately certify to the County Commissioners of Archuleta County, Colorado, the mill levies for the District as hereinabove determined and set.

TO APPROPRIATE SUMS OF MONEY

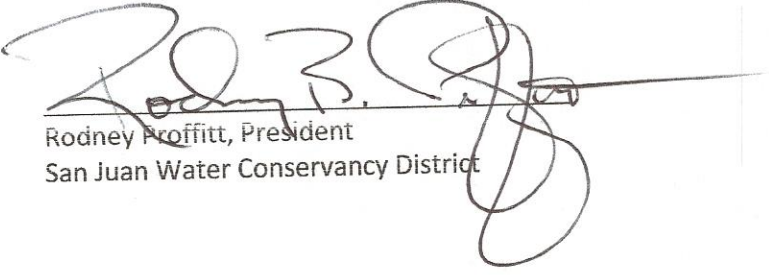
WHEREAS, the Board of Directors of the District has made provision in the budget for revenue in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Juan Water Conservancy District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

General Fund: \$168,700

ADOPTED THIS 14TH DAY OF DECEMBER, 2016.


Rodney Proffitt, President
San Juan Water Conservancy District