

DATE UPDATED									
PROPOSED REPRO		DEC - JUL		TO REFLECT 8/30 MTG QUESTIONS					
EXPENSE CATEGORY	2012 BUDGETED AMNT	PAYEE	AMOUNT BILLED	REDUCED AMOUNT	ADJUSTED BALANCE	PAYMENTS	REMAINING BUDGETED		
ACCOUNTING	\$600.00	Colorado CPA				\$400.00			
	\$260.00								\$460.00
ADVERTISING	\$280.00	Daily Press							
\$260 budgeted moved to accounting 8/30/12 vote	(\$260.00)								
		RB Herald Times							
									\$0.00
INSURANCE	\$1,500.00	Mountain West Ins.	\$252.00			\$252.00			
		Philadelphia Ins	\$1,010.00			\$1,010.00			
			\$100.00			\$100.00			\$138.00
LEGAL NOTICES	\$500.00	RB Herald Times							
		Daily Press B&G	\$89.64		\$89.64				
									\$500.00
LEGAL FEES/APPEAL	\$10,000.00	White & Jankowski	\$93,080.29	(\$47,080.29)		\$2,500.00			
DEBT RELIEF	\$5,000.00					\$6,500.00			
	\$4,000.00					\$8,000.00			
									\$4,000.00
LEGAL FEES SEC-CO	\$5,000.00	CZB	\$28,042.39	(\$11,042.39)		\$1,000.00			
						\$1,000.00			
	\$4,000.00	B&G	\$12,988.00	(\$12,988.00)		\$3,000.00			
			\$1,493.50		\$1,493.50				\$4,000.00
YJ STUDY	\$20,000.00	Applegate	\$780.12		\$0.00	\$780.12			
\$11,000 MOVE TO OTHER NEEDS PROPOSAL	(\$11,000.00)								
		Project Manager B&G	\$2,644.00		\$0.00	\$2,644.00			
			\$721.50		\$721.50				\$5,575.88
ENGINEERING&SURVEY	\$0.00	AMEC	\$2,156.00		\$1,906.00	\$250.00			
	\$2,000.00		\$2,808.00		\$2,808.00				
		JSC	\$80.00		\$0.00				\$1,750.00
EXPENSE PAYMENTS	\$0.00	B&G	\$223.91			\$223.91			
	\$1,000.00	USPS	\$56.00			\$56.00			
		WITHDRAWAL	\$27.05			\$27.05			
		ROUTE COURT B&G	\$10.00		\$10.00				
									\$693.04
EXPENSE TOTALS	\$42,880.00		\$146,562.40	(\$71,110.68)	\$59,028.64	\$25,743.08			\$17,116.92
						REPORT BALANCE			
INCOME	2012 BUDGETED	HELD FOR FUTURE	AVAILABLE	OUTSTANDING					
11/30/11 BALANCE	\$2,283.98		\$2,283.98	\$0.00					
CD	\$5,000.00	\$5,000.00	\$5,000.00	\$0.00	\$14,344.51				
MILL LEVY	\$31,099.00		\$32,210.26	\$1,111.26	\$9,344.51 W/O CD				
HIGHLAND DITCH	\$762.00			(\$762.00)					
CD INTEREST			\$115.49		\$21,888.63 PER BANK				
MISC			\$497.88		\$12,524.12 DIFFERENCE				
INCOME TOTALS	\$39,124.98	\$5,000.00	\$40,087.59	\$349.26					
NEW DEPOSITS		MILL LEVY PMNTS	\$459.94		\$14,804.45 AVAILABLE				

$\Delta = \$2,541.91$

**YELLOW-JACKET WATER CONSERVANCY DISTRICT
PROPOSED BUDGET FOR 2013
SUBMITTED FOR BOARD REVIEW AND APPROVAL**

The attached proposed budget is prepared for consideration by the Board of Directors of the Yellow Jacket Water Conservancy District ("District"). The primary funding source for the District comes from property tax revenues from Rio Blanco, Moffat, and Garfield Counties. The assessed value of property within the District has remained relatively stable over the past several years with slight variations. In addition, the District has funds deposited in certificates of deposit, CDs, which generate a relatively small amount of interest based on current economic conditions. This budget considers revenues remaining relatively stable for 2013.

Expenditures of the District, however, have increased considerably over the past several years due primarily to litigation over its portfolio of conditional water rights. These water rights were cancelled by court order in 2011 and an appeal of that decision was filed in 2012. A decision on that appeal is expected in 2013. The District incurred legal fees from outside counsel in 2012 that exceeded the budgeted amounts for 2012. While these legal fees have been reduced, this budget considers ongoing legal fees in 2013 and potential payment for previously incurred fees as funds are available. The budget considers total legal fees in the amount of \$22,000 for 2013.

The District also began a study to determine the feasibility of certain reservoir sites in 2011 and continued through 2012 through a grant from the Colorado Water Conservation Board. The budget considers ongoing matching funds for that study in 2012 in the amount of \$5,000 for 2013. Additionally, it considers payment of \$3,000 for engineering fees.

The budget considers creating a new "Reserve Fund" in the amount of \$5,000, which will be funded from the existing CD. The District has a remaining fund balance of roughly \$5,301, which will be used to fund any shortfalls that may occur.

The District has also changed the format of the "Expenditures" table for 2013. Previous years' budget proposals combined expenses such items as "Meetings, Supplies and Meals" with legal fees. These items are more appropriately defined as "Operating Expenses." "Operating Costs" now includes: Postage, Office Supplies, Checks, CPA Fees, Publication Fees, Meetings, Supplies, Meals and miscellaneous reimbursement for unanticipated expenses. "Legal Fees" are limited to such fees and do not include other costs.

INCOME	2011	2012 Estimated	2013 Proposed
Fund Balance January 1 st	\$14,391.10 (Corrected)	\$2,263.96 (\$632.69)?	\$6,916.45
YJ CDs	\$10,000.00	\$10,000.00	\$5,000.00
Property Tax	\$28,212.00	\$32,670.20	
Rio Blanco			\$26,218.00 26,093.00
Moffat			\$5,587.00 5,560.00
Garfield			\$ 367.56 est 334.00
Highland Ditch	\$0.00	\$762.00	\$762.00.00
Misc. *	\$332.55 Corrected	\$613.37	\$450.00.00
Total Available Funds	\$52,935.65	\$46,309.53	\$45,301.01 45,115.45

*Misc. includes CD interest, rebates from insurance, bank adjustments, etc.

Expenditures categories for 2013 have been slightly modified for 2013 for clarity and ease of use.

Expenditures	2011	2012 Estimated	2013 Proposed
Administration Costs: Filing/Fees/Secretary Counsel Fees/Board Meeting/Supplies/Meals /Diligence Litigation	\$22,141.00	\$26,000.00	Legal Fees \$22,000.00
Administration Costs: Insurance, Postage, Office Supplies, Checks, CPA Fees/Publication Fees	\$1,437.00	\$1,968.96	Operating Expenses \$5,000.00
Engineering-Survey Fees	\$11,638.00	\$2,000.00	\$3000.00
Consultant Fees	\$0.00	\$0.0	\$0.00
Travel Expenses, Director Education/Meetings	\$0.00	\$0.0	\$0.00
USGS Joint Funding	\$0.00	\$0.00	\$0.00
YJ Study Matching Funds	\$4,823.00	\$4,424.12	\$5,000.00
Reserve (new line)	\$0.00	\$0.00	\$5,000.00
Ending Fund Balance	\$12,896.65 Corrected	\$11,916.45	\$5,301.01 5,115.45

Discretionary obligations based on the availability of funds.

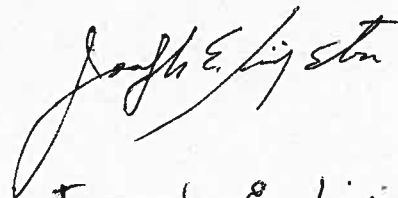
White & Jankowski	Requested \$20,000.00
Cooley Zagar-Brown	Requested \$5,000.00

Scott Grosscup, Esq.
Balcomb & Green, P.C.
818 Colorado Avenue
Glenwood Springs, CO 81601

Re: Yellow Jacket Water Conservancy District 2013 Budget Protest

Mr. Grosscup:

Pursuant to C.R.S. 29-1-107, any elector of the Yellow Jacket Water Conservancy District ("YJWCD") has the right to protest a proposed budget prior to its adoption. YJCD recently published notice of its 2013 Budget which included approximately \$25,000.00 in "discretionary obligations" to White & Jankowski, LLP and Cooley Zagar-Brown, P.C. According to accepted Government Accounting Standards, obligations enforced by contract for goods and services already exchanged are liabilities that must be properly accounted for in a proposed budget. White & Jankowski and Cooley Zagar-Brown provided services under contract in 2011 that must be reflected as legally enforceable liabilities in the 2013 Budget. Furthermore, according to the Local Government Budget Law, appropriations may not exceed available revenue plus reserves and liabilities may not exceed appropriations. Under the Taxpayer Bill of Rights, liabilities in excess of restricted revenues may not be carried from year-to-year. Funds budgeted for 2013 may not be applied to expenses from 2011. I submit this objection to YJWCD's 2013 Budget.



Joseph E. Livingston
P.O. Box 2490
Meeker, CO 81641

11/8/2012

Ted Edmonds
1222 Colorado Avenue
Glenwood Springs, CO 81601

November 8, 2012

Scott Grosscup, Esq.
Balcomb & Green, P.C.
818 Colorado Avenue
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