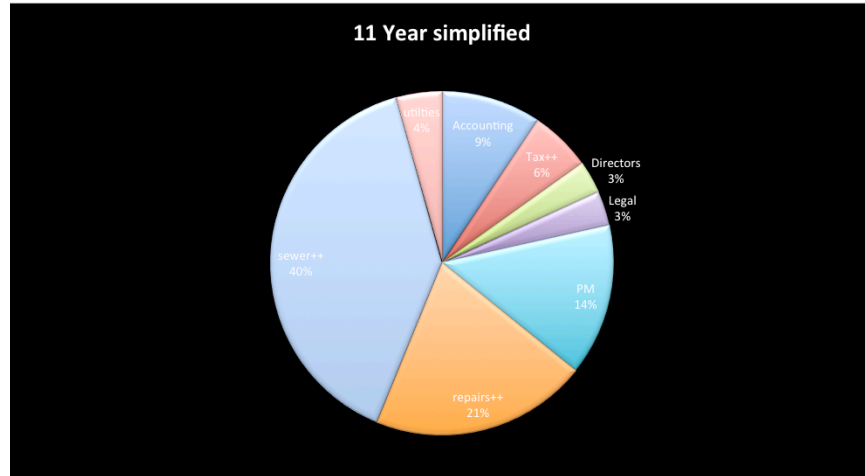


**Cherry Hills North  
Metropolitan District**

Special Meeting April 2014

## Where do the \$ go?



Please note that Director fees have dropped to zero, as the Board has chosen to not accept the reimbursement due.

Merging with another District *might* lower some of the “fixed” administrative costs. However, most Districts use a user-fee model which inherently has higher costs. Our Legal fees are lower than average. Our District Manager is the accountant, which makes accounting fees appear a bit higher than average, but overall results in savings as we don’t have a second post to pay for.

Note: merging with another District would eliminate the possibility of the District paying for anything having to do with the HOA signs.

Finally, before merging, a successor District may require expensive upgrades

## What's the problem?

- Need updated spreadsheet with the gap analysis to generate appropriate charts

The core problem is that we have been running a small deficit, rather than increasing our reserves. Eventually, a major repair will be required, and such repairs tend to be quite expensive (digging up streets, etc.). We have been proactive about our preventative maintenance so this is a fairly small chance in any given year. But over time, it is inevitable. It is difficult for a small District to obtain a line of credit, and repairs need to be paid for close to the time of service.

Our biggest expense is not under our control, that is the fees due to process our wastewater. The processing facility determines our liability as a percentage of their costs.

## What can we do?

1. Raise taxes once
2. Allow flexibility to adjust as necessary within limits
3. Abandon taxation, adopt the more common “user fee” model

## User Fees

- These would be billed periodically
- These can change without a ballot
- Costs of administration are higher
- Costs to Homeowner are higher, as user fees aren't Federal Tax deductible the way local taxes are

## One time tax increase

- Would be higher than floating
- Could not be increased without another election
- Elections have historically had non-trivial costs

A one time increase would be larger than a floating increase, as we would not want to incur the cost of multiple elections ... we would depend on forecasting multiple years ahead and need to act conservatively with respect to likely cost increases.

## Floating tax

- Enables the Board to most closely match income with expenses
- Requires “faith” that future Boards won’t abuse the flexibility

## What we need from YOU

- Which approach appeals most to you? To minimize the election cost(s) we want to know what is likely to pass
- Please note: if we do not have a ballot solution, we will be required to adopt a user-fee model