

Snake River Water District

P.O. Box 2595
Dillon, Colorado 80435
(970) 468-0328

January 31, 2022

Customers of the Snake River Water District

Dear Customer:

It is my pleasure to provide the Snake River Water District budget for 2022.

This budget message is prepared in accordance with state statutes and highlights important aspects of the budget for 2022. Formal adoption of the 2022 Snake River Water District Budget was approved by the Board at the regular meeting on November 9, 2021 at 4:00 p.m. via an online Zoom virtual meeting. The financial projections mentioned herein were produced in October 2021, and the actual financial statements will not be complete until the official annual audit process concludes in May 2022. No budget amendments are expected at this time.

OVERALL ASSESSMENT

The Snake River Water District continues its history of successful financial management, and the 2022 budget reflects a **net operating income of \$105,858** (after contingency). In previous years, the District budgeted for Depreciation and deducted it from Operating Income. The District's auditors recommended a change in that policy so that Depreciation will not be reflected in Operating Income, nor will Contribution of Assets be included in the Change in Net Position. The Board approved the recommended changes and both Depreciation and Contribution of Assets will now be reflected in a new section of the Profit & Loss Statement and Budget that is titled "Non-Cash Accounts".

Relative to projected 2021 year-end levels, the 2022 budget includes a 12% increase in operating revenue and a 36% increase in operating expense (before contingency). The 2022 budget shows a 14% increase in operating revenue and a 20% increase in operating expenses (before contingency) relative to the 2021 budget.

The 2022 Change in Net Position is budgeted for a decrease of \$1,210,142. The primary reason for this negative Change in Net Position is that the District expects \$4,965,000 in capital expenditures for system improvements and \$525,000 in Maintenance Expenses.

The District has approved an increase in the Water User Fees of 12% per year for the next three years. The increase will pay for expected capital improvements and necessary expenses to repair and maintain the aging distribution system.

Relative to operating costs, the District continues to experience major failures in older water mains. Several large expenses were delayed from 2021 until 2022 because of availability of materials. Some portions of the distribution system are over fifty years old, which are beginning to experience leaks that are expensive to repair. The Operations Superintendent, Ron Mentch has recommended that the Board increase the Maintenance Expense budget for 2022 by \$130,000 – a 25% increase. The inside of the Pilot Lode Tank must be recoated in 2022, and the expense is estimated to be \$300,000. Maintenance Expenses are projected to be about \$200,000 in 2021, which is 52% under budget.

Other than Maintenance, the budgeted 20% increase in operating expenses for 2022 over 2021's budget is mostly attributable to major impact from the new Base 3 water plant. Insurance is expected to increase by 82%. Also, the costs of Computer Support & Hardware are budgeted for an increase of 525% over 2021 budget because of mandatory metering software upgrades and redesigning the IT infrastructure to improve stability and lower risk.

The addition of new capitalized assets for 2022 is estimated to be \$3,280,000. A new pumping station and major pipeline replacements are expected to go into service in 2022.

Tap fees for 2021 are projected to be \$761,000, which is 77% above budget. The Kindred/One River Run development did not begin in the summer of 2021 as expected, and it is difficult to calculate the anticipated tap fees, but \$325,000 has been budgeted for 2022 and \$325,000 added to the 2021 projection.

OPERATING REVENUE AND EXPENSE

Summary

2021 actual Operating Income is projected to be a gain of \$319,275 as compared to a budgeted gain of \$8,943 (without Depreciation). This better-than-expected result is primarily the result of Maintenance Expenses being \$220,000 below budget and no contingency (\$143,798) needed.

2022 Operating Income is budgeted at \$105,858. This decline from 2021 projections would mostly result from \$325,000 (+163%) higher-than-2021 Maintenance Expenses.

Detail

Operating Revenue for 2022 is budgeted to be \$1,527,540 which is 14% above the 2021 budget and 12% above the 2021 projected actual. The reason for this increase is simply because the Board approved a 12% annual increase in water user fees to position the District to pay for the

\$38.5 million capital improvements defined by the 10-year Master Plan. The actual Operating Revenue for 2021 is estimated to be \$1,365,120 which is \$29,920 (2%) above the 2021 budget.

Operating Expenses (not including contingency) for 2022 are budgeted to be \$1,421,682 which is 20% above the 2021 budget and 36% above 2021 projected actual. The primary reason for this significant increase is that the Pilot Lode Storage Tank project has been delayed from 2021 to 2022, and the project cost of approximately \$300,000 is more than double the original expectation. The 2021 Operating Expenses are estimated to be \$1,045,845 and 12% below the 2021 budget.

Operating Contingency for 2022 is budgeted at \$182,455 which was calculated as 20% of Operating Expenses other than the Operations and Administrative contracts.

Depreciation for 2022 is expected to be \$644,000. The actual depreciation for 2021 is estimated to be \$602,000. Note that depreciation is no longer budgeted as an operating expense because it does not impact cash, so the auditors requested that change.

NON-OPERATING REVENUE AND EXPENSE

Non-Operating Revenue for 2022 is budgeted to be \$369,000 and is 22% lower than the 2021 budget of \$474,000. Tap Fees are budgeted for 2022 at \$325,000, and Development Review Fees are budgeted at \$1,000. Tap Fees received in 2021 are projected to be \$761,000 which is above budget by \$332,000. Development Review Fees in 2021 are estimated to be \$18,000 which is above budget by \$15,000. Investment Income is budgeted to be \$10,000 for 2022. Investment Income in 2021 is projected to be \$14,000 which is above budget by \$4,000.

In 2022, the expected Contribution of Assets is \$33,000. All of Wintergreen's new water mains valued at \$464,300 were transferred to the District in 2021. Contribution of Assets, while considered a benefit for the District's financial accounting, does not provide cash to the District because it measures the increase in the asset base that occurs when the District assumes ownership and repair obligations of new water lines. There are no significant new water mains expected for 2022, and the Kindred/One River Run development already has most of the water mains built from 10 years ago.

Non-Operating Expenses for 2022 are budgeted at \$4,965,000, and the actual projection for 2021 is \$160,000. The District's new Master Plan contains a capital improvement list that was approved by the Board. The District expects to complete two of the highest priority projects in 2022 at a cost of \$3,280,000.

CHANGE IN NET POSITION

In 2022, the District's Change in Net Position is budgeted as a decline of \$1,821,142. This decrease is attributable primarily to the \$1,685,000 of capital expenditures that will not be in service in 2022, so those expenses will not be transferred to assets until after 2022. In 2021, the Change in Net Position is expected to be an increase of \$1,124,275 due to both higher-than-expected Operating Income of \$319,275 and Non-Operating Revenues of 825,000. Additionally, the expenses related to system improvements are projected to be \$125,000 lower-than-budgeted.

FEES

Based on the newly adopted 10-year Master Plan, capital expenditures over the next decade are expected to be \$38.5 million. To fund these capital improvements, the Board adopted the recommendations of the financial consultants FCS, which include a projected 12% per year increase in water fees for each of the next ten years.

SNAKE RIVER WATER DISTRICT CASH PROJECTIONS

The total of all the District's funds on January 1, 2021 was \$7,027,169 and is projected to be \$7,976,538 on January 1, 2022; also, the total at the end of 2022 is projected to be \$3,303,941. In each of these balances \$1,500,000 is allocated for Emergency Reserves and approximately \$250,000 is maintained for daily operations; thus, the amount available for capital investment is \$1,750,000 less than funds in asset accounts.

BASIS OF ACCOUNTING

Our proposed budget is on an accrual basis. Non-cash items such as depreciation of District assets or contribution of assets have been removed from the normal financial profit & loss calculations in 2022, but they are reflected "below the line" for reference. This approach is also consistent with the District's financial reporting and has been approved by the auditors.

BOARD APPROVAL

The Board of Directors approved the following resolutions at the regular meeting on November 9, 2021:

1. Resolution #6-2021 to adopt the 2022 Budget
2. Resolution #7-2021 to appropriate sums of money for the 2022 Budget
3. Resolution #8-2021 to set the mill levy for 2022

Please contact me if you have any questions regarding any aspect of this budget.

Respectfully Submitted,

Scott Price

Scott Price
Administrator- Executive Director
P.O. Box 2595
Dillon, CO 80435
Phone 970-468-0328
Email executivedirector@snakeriverwater.com

**SNAKE RIVER WATER DISTRICT
2022 Operations and Administrative Budget**

	12/31/2019 (audited)	12/31/2020 (audited)	2021 Budget (approved)	2021 Actual (projection)	2022 Budget (proposed)	2022 Proposed % of 2021 Projection	2022 Proposed % of 2021 Approved
OPERATING REVENUE							
Water User Fees	1,260,591	1,326,635	1,325,000	1,352,000	1,514,240	112%	114%
Connection Fees	14,000	15,792	9,000	12,000	12,000	100%	133%
Temporary Water	9,655	1,516	1,200	1,120	1,300	116%	108%
TOTAL OPERATING REVENUE	1,284,246	1,343,943	1,335,200	1,365,120	1,527,540	112%	114%
OPERATING EXPENSE							
Operations Contract	237,595	245,555	253,167	253,167	264,559	105%	105%
Lab Testing	10,293	12,232	18,000	20,000	21,000	105%	117%
Chemicals/Chlorine	2,484	21,417	27,000	25,000	28,000	112%	104%
Maint Parts/Materials	175,454	273,992	420,000	200,000	525,000	263%	125%
GIS Engineering-Ops	5,699	8,284	7,000	5,000	5,000	100%	71%
Utilities	69,883	75,046	113,413	105,000	115,500	110%	102%
811 Notification System	-	-	5,000	1,000	1,100	110%	22%
TOTAL OPERATIONS AND MAINTENANCE	501,408	636,525	843,579	609,167	960,159	158%	114%
Admin Contract	197,369	213,980	210,304	210,304	244,848	116%	116%
Audit Fees	8,278	9,197	9,200	8,500	9,200	108%	100%
Insurance	24,441	29,656	33,000	49,000	60,000	122%	182%
Legal -- General	5,560	6,820	7,000	9,000	10,000	111%	143%
Legal Fees -- Water Rights	520	5,245	2,500	3,000	6,000	200%	240%
Board Expenses	3,770	15,465	8,000	9,000	8,000	89%	100%
Master Plan Expenses	-	68,330	20,000	30,000	10,000	33%	50%
AWIA Compliance Expenses	-	-	-	40,000	-	0%	
Rate Increase Expenses	-	-	-	28,000	5,000	18%	
Misc Expenses	3,229	2,740	3,500	3,500	3,500	100%	100%
Ofc/Tele/Postage/Bank	8,951	8,693	8,500	8,500	9,000	106%	106%
Election	-	75	-	-	100		
Computer Support & Hardware	9,235	23,349	12,000	18,000	75,000	417%	625%
Windy Gap Water Fee	1,250	1,250	1,250	1,250	1,250	100%	100%
Forest Service Lease	7,481	7,329	7,625	7,625	7,625	100%	100%
Water Rights Engineering	3,840	12,970	16,000	11,000	12,000	109%	75%
TOTAL GENERAL AND ADMINISTRATION	273,924	405,100	338,879	436,679	461,523	106%	136%
TOTAL OPERATING EXPENSES	775,332	1,041,625	1,182,459	1,045,845	1,421,682	136%	120%
Operating contingency	-	-	143,798	-	182,455		127%
OPERATING INCOME	508,914	302,318	8,943	319,275	105,858	33%	1184%
NON-OPERATING REVENUE							
Investment Income	298,027	59,237	10,000	14,000	10,000	71%	100%
Lease Revenue	31,181	30,831	32,000	32,000	33,000	103%	103%
Tap Fees	456,370	570,105	429,000	761,000	325,000	43%	76%
Development Review Fees	1,228	-	3,000	18,000	1,000	6%	33%
DOLA Grant	475,000	25,000	-	-	-		
Non-operating revenue other	1,515	1	-	-	-		
TOTAL NON-OPERATING REVENUES	1,263,321	685,174	474,000	825,000	369,000	45%	78%
loss on asset disposal	63,117	-	-	-	-		
less total SYSTEM IMPROVEMENTS	-	-	285,000	160,000	4,965,000	3103%	1742%
plus Capitalized System Improvements	-	-	80,000	140,000	3,280,000		
CHANGE IN NET POSITION BEFORE NON-CASH ITEMS	1,709,118	987,492	277,943	1,124,275	(1,210,142)		
NON-CASH ACCOUNTS							
Depreciation Expense	269,129	364,212	658,922	602,000	644,000	107%	98%
Contribution of Assets	71,515	76,643	33,000	464,300	33,000	7%	100%
CHANGE IN NET POSITION AFTER NON-CASH ITEMS	1,511,504	699,923	(347,979)	986,575	(1,821,142)	-185%	523%
SYSTEM IMPROVEMENTS							
New Base II Tank	-	2,892,268	285,000	160,000	4,965,000		
Corrosion Control Implementation	-	60,000	-	-	185,000		
Base III Pump Station	-	2,782,268	-	60,000	-		
Engineering & Design	-	-	285,000	100,000	200,000		
Base 3 to Base 2 Pump Station	-	-	-	-	1,800,000		
Base 2 GWUDI	-	-	-	-	1,000,000		
Pipeline Replacements	-	-	-	-	1,480,000		
Hydrant Replacements	-	-	-	-	165,000		
Well Improvements	-	-	-	-	135,000		
TOTAL REVENUE AND EXPENSE (CASH BASIS)							
<i>Total Revenue (excludes Contribution of Assets)</i>			1,809,200	2,190,120	1,896,540		
<i>Total Expense (excludes Depreciation)</i>			1,611,256	1,205,845	6,569,137		
<i>Total Net</i>	-	-	197,944	984,275	(4,672,597)		

**SNAKE RIVER WATER DISTRICT
SUMMIT COUNTY, COLORADO**

**RESOLUTION #6-2021
RESOLUTION TO ADOPT THE 2022 DISTRICT BUDGET**

A RESOLUTION TO SUMMARIZE EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPT A BUDGET FOR THE SNAKE RIVER WATER DISTRICT, SUMMIT COUNTY, COLORADO, FOR THE DISTRICT FISCAL YEAR WHICH IS REFLECTED IN THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2022 AND ENDING ON THE FINAL DAY OF DECEMBER 2022.

WHEREAS, the Board of Directors of the Snake River Water District has appointed Scott Price, District Administrator, to prepare and submit a proposed budget to the governing body of the District at the proper time, and;

WHEREAS, upon due and proper notice, published in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, with an opportunity for review, and a public hearing was subsequently held on November 9, 2021, and interested electors were given the opportunity to state, file or otherwise register any objections to the proposed budget, 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, and;

WHEREAS, notwithstanding any operating loss and negative change in net position, the District has sufficient reserves and liquidity to meet all its obligations on a timely basis.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the *SNAKE RIVER WATER DISTRICT*, Summit County, Colorado:

SECTION 1. That the estimated expenditures for 2022, including contingencies, are as follows:

Operations and Administrative Expenditures	\$1,604,137
<u>Capital/System Improvements</u>	<u>\$4,965,000</u>
Total Expenditures	\$6,569,137

SECTION 2. That the estimated revenues for 2022 are as follows:

Total Operating Revenue	\$1,527,540
Non-Operating Revenue	\$369,000
<u>General Property Tax</u>	<u>\$0</u>
Total Revenue	\$1,896,540

SECTION 3. That the emergency reserve account is as follows:

Carryover from Previous Years	\$1,500,000
<u>Transfers into or out of the Emergency Reserve Account</u>	<u>\$0</u>
Total Projected Emergency Reserves on 12-31-22	\$1,500,000

SECTION 4. That projected capital/system improvement expenditures for 2022 are \$4,965,000.

SECTION 5. That total funds (checking and savings) for the District are as follows for 2022:

Beginning Balance	\$7,976,538
<u>Estimated Net Revenue</u>	<u>-\$4,672,597</u>
Estimated Total Cash and Securities	\$3,303,941

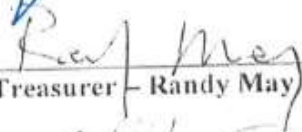
SECTION 6. That the total funds on 12-31-22 without restriction are as follows:


Total Estimated Cash and Securities	\$3,303,941
Less:	
2022 Estimated Year End Emergency Reserve Balance	\$1,500,000
<u>2022 Estimated Year End Capital System Improvement Balance</u>	<u>\$373,171</u>
Estimated 12-31-21 Total Funds Without Restriction	\$1,430,770

SNAKE RIVER WATER DISTRICT, Summit County, Colorado.

ADOPTED this 9th day of November 2021.


 11/09/21
 President – David Heimler


 Treasurer – Randy May


 Attest:
 Secretary – Char Bloom

Snake River Water District
Summit County, Colorado

Resolution #7-2021
Resolution to appropriate sums of money
for the 2022 budget

A resolution to appropriate sums of money in the amounts and for the purposes as set forth below, for the Snake River Water District, Summit County, Colorado, for the 2022 budget year.

WHEREAS, the Board of Directors of the Snake River Water District has, after consideration of all evidence and testimony, adopted the annual budget in accordance with Division of Local Government regulations, the relevant statutes of the State of Colorado, and the Rules, Regulations, and Bylaws of the District, at a public hearing dated November 9th, 2021, and;

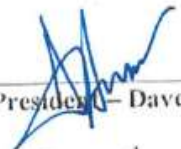
WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided for in the budget to and for the purposes described below, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SNAKE RIVER WATER DISTRICT, SUMMIT COUNTY, COLORADO:

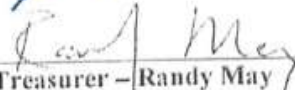
SECTION 1. That the following sums are hereby appropriated from the revenue of the Snake River Water District Fund for the purposes stated:

Operations and Administrative Expenditures	\$1,604,137
Capital/System Improvements	<u>\$4,965,000</u>
Total Expenditures	\$6,569,137


ADOPTED this 9th day of November 2021.

 11/13/21

President - Dave Helmer



Treasurer - Randy May



Secretary - Chair Bloom

**SNAKE RIVER WATER DISTRICT
SUMMIT COUNTY, COLORADO**

**RESOLUTION #8-2021
RESOLUTION TO SET THE MILL LEVY FOR 2022**

A RESOLUTION LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2021, TO HELP DEFRAID THE COSTS OF GOVERNMENT FOR THE *SNAKE RIVER WATER DISTRICT*, SUMMIT COUNTY, COLORADO, FOR THE 2022 BUDGET YEAR.

WHEREAS, on November 9, 2021, at a regularly scheduled public meeting of the Board of Directors of the *Snake River Water District* ("Board"), the Board reviewed and adopted the annual budget for the Snake River Water District ("District") in accordance with Colorado Division of Local Government regulations and the required applicable statutes under Colorado law, including without limitation the Colorado Local Government Budget Act, CRS Sec. 29-1-101, et. seq. of the State of Colorado, and;

WHEREAS, the amount of money necessary to balance the budget for payment of general obligation bonds and interest is \$ 0.00, and;

WHEREAS, the current year's Gross Total Taxable assessed valuation for the *Snake River Water District* as certified by the County Assessor is \$190,089,120.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the *SNAKE RIVER WATER DISTRICT*, Summit County, Colorado:

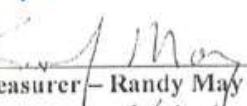
SECTION 1. That for the purpose of meeting general obligation bonds and interest of the *Snake River Water District* during the 2022 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the *Snake River Water District* for the year of 2022. This remains the same as the previous year.

SECTION 2. That Scott Price, District Administrator, is hereby authorized and directed to certify to the Board of County Commissioners of Summit County, Colorado, the mill levy for the *Snake River Water District* as herein determined.

ADOPTED this 9th day of November 2021.



President - Dave Helmer



Treasurer - Randy May



Attest: Secretary Char Bloom