

# Snake River Water District

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October 13, 2023

Board of Directors  
Snake River Water District  
P.O. Box 2595  
Dillon, Colorado 80435

Dear Board:

It is my pleasure to submit the proposed Snake River Water District budget for 2024.

This budget message is prepared in accordance with state statutes and highlights important aspects of the proposed budget for 2024. I am including this letter and attachments for formal adoption of the 2024 Snake River Water District Budget in the Board packet for the regular meeting on November 14, 2023 at 4:00 p.m.

## OVERALL ASSESSMENT

The Snake River Water District continues its history of successful financial management, and the proposed 2024 budget reflects a **net operating income of \$487,773** (after contingency).

Relative to the approved 2023 budget, the proposed 2024 budget shows a 12% increase in operating revenue and a 9% increase in operating expenses (before contingency). Relative to projected 2023 year-end levels, the proposed 2024 budget includes a 10% increase in operating revenue and a 6% increase in operating expense (before contingency).

The 2024 Change in Net Position is budgeted for an increase of \$1,280,418. The primary reasons for this significant improvement are \$487,773 in Operating Income, \$920,000 in Non-Operating Revenue, and a zero P&L impact of \$4,013,694 capital system improvements. The system improvements will consume cash, but the resulting new assets will be added to the balance sheet; thus, removing the expenditures from the P&L. The District has approved an increase in the Water User Fees of 12% for next year. The increase is part of the approval for the Master Plan and associated rate study financial analysis, and the increases are expected to pay for expected expenses for new infrastructure and replacing components of the aging distribution system.

Comparing this year's budget to next year's budget, most operating costs will be similar, although an inflation rate of 5% has been applied to account for the expected increase in normal expenses.

Regarding capital expenses for system improvements, the District successfully completed the construction of the new Base 2 to Base 3 Pump Station and replacing the Schoolmarm Transmission Line. Both projects were on budget. In 2024, the largest expenditures are budgeted for the new Base 2 Storage Tank. It is anticipated that specifications and construction plans for the tank will be complete in the spring of 2024. The road access construction and new transmission line are budgeted for 2024, and the new tank will be constructed in 2025. All work on the Storage Tank will be dependent on final approval for the special use permit from the US Forest Service.

Tap fees and Interest Income for 2023 are projected to be \$1,445,000, which is 602% above budget. The budget for Tap Fees in 2024 is \$300,000 based on anticipated developments planned and an increase in the Tap Fee per EQR from \$8,500 to \$12,000 beginning January 1, 2024. The budget for Interest Income is \$585,000 based on the current yield at ColoTrust and the estimated cash monthly balances.

## **OPERATING REVENUE AND EXPENSE**

In 2023, actual Operating Income is projected to be \$535,153 as compared to a budget of \$394,820. This better-than-expected result is primarily the result of not needing the \$129,884 Operating Contingency.

In 2024, Operating Income is budgeted at \$487,773. This decrease from 2023 projections would generally result from \$144,799 for Operating Contingency and \$100,000 budgeted for unknown PFAS expenditures related to the recent EPA detection of unregulated contaminants at the Base 3 Water Plant.

Operating Revenue for 2024 is budgeted to be \$1,709,000 which is 12% above the 2023 budget, simply based on the rate increase to fund the Master Plan. Operating Expenses (not including contingency) for 2024 are budgeted to be \$1,285,616 which is 9% above the 2023 budget and 6% above the 2023 projected actual. The largest percentage increase in operating expenses for 2024 versus 2023's budget are Lab Testing Expenses based on unknown expectations from the EPA and CDPHE regarding new regulations. Operating Contingency for 2024 is budgeted at \$144,799 which was calculated as 20% of Operating Expenses other than the Operations and Administrative contracts (fixed amounts).

## **NON-OPERATING REVENUE AND EXPENSE**

Non-Operating Revenue for 2024 is budgeted to be \$920,000 and is 236% higher than the 2023 budget of \$273,990. Investment Income is budgeted to be \$585,000 because the District has approximately \$12 million in cash reserves earning an annual yield of about 5%. Even with

reductions to the cash reserves to pay for \$4 million in capital projects next year, the Investment Income is expected to be the highest in SRWD history.

In 2024, the expected Contribution of Assets is \$122,163. 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.

Non-Operating Expenses for 2024 are budgeted at \$4,141,069. These expenses are comprised of \$127,375 in Interest Expense from the current \$3 million capital improvement loan and \$4,013,694 for capital projects. Construction of the Loveland Pass Village pipeline replacements, beginning the new Storage Tank project, Base 2 Water Plant improvements, hydrant replacements, well improvements, and engineering 2025 pipeline replacements are all included in the 2024 budget.

## **SNAKE RIVER WATER DISTRICT CASH PROJECTIONS**

The total of all the District's funds on January 1, 2024 was \$12,445,699 and is projected to be \$11,548,941 on January 1, 2024; also, the total at the end of 2024 is projected to be \$8,112,712.

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.

## **BOARD APPROVAL**

As District Administrator, I respectfully request the Board consider, discuss, revise, and approve the draft budget presented. The November 14<sup>th</sup>, 2023 Board meeting will have resolutions presented to adopt the budget, appropriate funds, and set the mill levy. Please contact me if you have any questions regarding any aspect of this proposed budget.

Respectfully Submitted,

*Scott Price*

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**SNAKE RIVER WATER DISTRICT**  
**2024 Operations and Administrative Budget**

	12/31/2021 (audited)	12/31/2022 (audited)	2023 Budget (approved)	2023 Actual (projection)	2024 Budget (proposed)	2024 Proposed % of 2023 Projection	2024 Proposed % of 2023 Approved
<b>OPERATING REVENUE</b>							
Water User Fees	1,340,385	1,528,741	1,702,400	1,719,928	1,906,688	111%	112%
Connection Fees	14,220	13,386	5,000	21,300	10,000	47%	200%
Temporary Water	433	1,005	1,600	1,800	1,500	83%	94%
<b>TOTAL OPERATING REVENUE</b>	<b>1,355,038</b>	<b>1,543,132</b>	<b>1,709,000</b>	<b>1,743,028</b>	<b>1,918,188</b>	<b>110%</b>	<b>112%</b>
<b>OPERATING EXPENSE</b>							
Operations Contract	253,167	264,560	277,788	277,788	291,677	105%	105%
Lab Testing	20,584	7,284	15,000	16,000	20,000	125%	133%
Chemicals/Chlorine	25,647	31,264	33,000	35,000	36,750	105%	111%
Maint Parts/Materials	170,667	97,379	200,000	210,000	220,500	105%	110%
O&M Engineering	4,606	20,982	2,500	2,000	2,000	100%	80%
GIS Engineering-Ops	1,230	-	5,000	4,500	5,000	111%	100%
Utilities	93,848	103,109	120,000	115,000	120,750	105%	101%
811 Notification System	565	681	1,000	900	1,000	111%	100%
<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<b>570,314</b>	<b>525,259</b>	<b>654,288</b>	<b>661,188</b>	<b>697,677</b>	<b>106%</b>	<b>107%</b>
Admin Contract	210,304	244,848	257,090	257,090	269,944	105%	105%
Audit Fees	8,500	9,314	9,765	11,966	12,564	105%	129%
Insurance	48,617	52,304	55,000	45,000	47,250	105%	86%
Legal -- General	11,155	6,750	12,600	12,000	12,600	105%	100%
Legal Fees -- Water Rights	2,762	25,019	25,000	23,000	24,150	105%	97%
Board Expenses	5,156	6,172	8,000	7,500	8,000	107%	100%
Master Plan Expenses	27,861	46,396	50,000	33,000	34,650	105%	69%
PFAS Expenses	-	-	-	50,000	100,000	200%	
AWIA Compliance Expenses	36,375	-	-	-	-		
Rate Increase Expenses	24,508	-	-	-	-		
Misc Expenses	2,272	3,490	4,200	4,000	4,200	105%	100%
Ofc/Tele/Postage/Bank	10,286	11,154	11,025	11,800	12,390	105%	112%
Election	-	72	100	82	100	122%	100%
Computer Support & Hardware	12,705	16,805	75,000	70,000	40,000	57%	53%
Windy Gap Water Fee	1,250	1,250	1,250	1,250	1,250	100%	100%
Forest Service Lease	7,518	15,070	7,854	8,000	8,240	103%	105%
Water Rights Engineering	11,031	7,838	13,125	12,000	12,600	105%	96%
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>420,299</b>	<b>446,482</b>	<b>530,009</b>	<b>546,688</b>	<b>587,939</b>	<b>108%</b>	<b>111%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>990,613</b>	<b>971,741</b>	<b>1,184,296</b>	<b>1,207,876</b>	<b>1,285,616</b>	<b>106%</b>	<b>109%</b>
Operating contingency	-	-	129,884	-	144,799		111%
<b>OPERATING INCOME</b>	<b>364,426</b>	<b>571,391</b>	<b>394,820</b>	<b>535,153</b>	<b>487,773</b>	<b>91%</b>	<b>124%</b>
<b>NON-OPERATING REVENUE</b>							
Investment Income	3,237	133,006	40,000	545,000	585,000	107%	1463%
Lease Revenue	31,546	35,436	33,990	34,000	35,020	103%	103%
Tap Fees	449,580	2,180,307	200,000	900,000	300,000	33%	150%
Development Review Fees	18,270	-	-	-	-		
<b>TOTAL NON-OPERATING REVENUES</b>	<b>502,633</b>	<b>2,348,749</b>	<b>273,990</b>	<b>1,479,000</b>	<b>920,020</b>	<b>62%</b>	<b>336%</b>
less Interest Expense for Capital Projects Loan		(67,500)		(131,802)	(127,375)		
less total SYSTEM IMPROVEMENTS	(126,128)	(1,339,082)	(2,794,700)	(2,665,000)	(4,013,694)	151%	144%
plus Capitalized System Improvements	126,128	1,339,082	2,794,700	2,665,000	4,013,694		144%
<b>CHANGE IN NET POSITION BEFORE NON-CASH ITEMS</b>	<b>867,059</b>	<b>2,852,640</b>	<b>668,810</b>	<b>1,882,351</b>	<b>1,280,418</b>		<b>191%</b>
<b>NON-CASH ACCOUNTS</b>							
Depreciation Expense	569,426	572,731	700,000	650,000	750,000	115%	107%
Contribution of Assets	464,300	-	100,000	245,994	122,163	50%	122%
<b>CHANGE IN NET POSITION AFTER NON-CASH ITEMS</b>	<b>761,932</b>	<b>2,279,908</b>	<b>68,810</b>	<b>1,478,345</b>	<b>652,581</b>		
<b>SYSTEM IMPROVEMENTS</b>	<b>126,128</b>	<b>1,339,082</b>	<b>2,794,700</b>	<b>2,665,000</b>	<b>4,013,694</b>		
New Base II Tank	-	41,628	678,000	100,000	2,176,950		
Base III Pump Station	54,673	-	-	-	-		
Engineering & Design	71,456	79,056	-	-	-		
Base 3 to Base 2 Pump Station	-	763,723	-	575,000	-		
Base 2 GWUDI	-	62,362	-	-	-		
Pipeline Replacements	-	116,547	1,736,700	1,700,000	148,044		
Hydrant Replacements	-	-	165,000	190,000	200,000		
Well Improvements	-	275,767	115,000	-	125,000		
Base 2 Treatment (chlorine, soda ash)	-	-	100,000	50,000	300,000		
Loveland Pass Village (Rasor Dr.)	-	-	-	50,000	1,063,700		
	-	-	-	-	-		