

**Eagle River Water and Sanitation District  
Vail, Colorado**

**Financial Statements  
December 31, 2023**

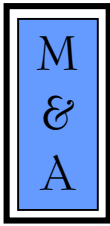


**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District  
Financial Statements  
December 31, 2023**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B9
Basic Financial Statements:	
Statement of Net Position	C1 – C2
Statement of Revenues, Expenses and Changes in Fund Net Position	C3
Statement of Cash Flows	C4 – C5
Notes to the Financial Statements	D1 – D28
Supplementary Information:	
Schedule of Revenues, Expenditures and Funds Available – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis	E1 – E3
Schedules of Debt Service Requirements to Maturity	E4 – E14
Statistical Section:	
Single Family Equivalents (SFEs) in Service – Ten Year Comparison	F1
Water Demand Compared to Capacity Vail Water – Five Year Comparison	F2
Wastewater Loadings Compared to Facility Capacity – Five Year Comparison	F3 – F4
Wastewater Loadings Compared to Facility Capacity – Five Year Comparison	F3 – F4
Top 10 Customers Schedule	F5
Water Demand Compared to Capacity Combined Water – Five Year Comparison	F6
Rate Maintenance Covenant – Five Year Comparison	F7 – F8
Assessed Valuation, Property Taxes Levied and Collected – Five Year Comparison	F9 – F10
Schedule of Water and Storage Rights	F11 – F12



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Eagle River Water and Sanitation District  
Vail, Colorado**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities of Eagle River Water and Sanitation District (the "District"), as of and for the year ended December 31, 2023, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Eagle River Water and Sanitation District, as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note V to the financial statements, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Agreements*. Our opinion is not modified with respect to this matter

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Eagle River Water and Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Eagle River Water and Sanitation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle River Water and Sanitation District's basic financial statements. The budgetary comparisons and debt service schedules in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons and debt services schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual financial report. The other information comprises the statistical information in Section F but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
Avon, Colorado  
June 14, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023**

The discussion and analysis is designed to provide an analysis of Eagle River Water and Sanitation District's (the District) financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

**Financial Highlights**

In 2023, overall net position increased by \$9,389,238. As part of the long term capital improvement program, the District spent cash on capital assets of \$25,381,636 (capital outlay). In addition, the District's capital assets were depreciated \$9,649,939.

The District's 2023 financial activity generated an increase of \$37,786,900 in net position on a budgetary basis. In accordance with Generally Accepted Accounting Principles (GAAP), \$9,649,939 of capital asset depreciation was expensed, which does not represent cash funding for capital assets in the current period. The District reconciliation from budgetary basis to GAAP basis, which includes depreciation expense, can be found on page E3 of the financial statements. The net result was an increase in net position of \$9,389,238 for 2023, compared to a \$5,329,115 increase in 2022.

In 2023, total revenues were \$53,431,020, which was an increase of \$9,886,508 over 2022 levels. Service fees revenue increased \$3,183,848. This was a result of a increases in water usage and service rates. Operating revenue increased \$3,620,039. This was a result of an increase in contract services provided. Additional details can be found on page E1 – E3 of the financial statements.

In 2023, total expenses were \$44,041,782, which was an increase of \$5,826,385 over 2022 levels. The increase was largely attributable to the higher expenses associated with utility services and engineering costs. Additional details can be found on page E1 – E3 of the financial statements.

The water service rate structure is designed to encourage wise use of water and is based upon the customer's Single-Family Equivalents (SFE) usage. Water service rates in 2023 were increased from 2022 rates. The water service base rate is \$22.10 per SFE. The usage rates for tier one (0 to 6,000 gallons) is \$3.59 per 1,000 gallons. The usage rates for tier two (6,001 to 12,000 gallons), tier three (12,001 to 18,000 gallons), tier four (18,001 to 24,000 gallons) and tier five (24,001 and over) are \$6.52, \$12.89, \$26.86 and \$40.30 per 1,000 gallons, respectively. The Capital Replacement Program fee was \$7.48 per month per SFE for Water and \$5.31 per month per SFE for Wastewater. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2017 Wastewater bonds, 2017 Water bonds, 2019 Water bonds and 2020 Wastewater bonds. For 2023 the bond rates were established at \$2.77, \$6.44, \$2.28 and \$7.89 per month per SFE, respectively.

Water service rates in 2022 were increased from 2021 rates. The water service base rate is \$20.09 per SFE. The usage rates for tier one (0 to 7,000 gallons) is \$3.39 per 1,000 gallons. The usage rates for tier two (7,001 to 14,000 gallons), tier three (14,001 to 21,000 gallons), tier four (21,001 to 28,000 gallons), and tier five (28,001 and over) are \$5.93 and \$11.72, \$22.02 and \$33.03 per 1,000 gallons, respectively. The Capital Replacement Program fee was \$6.23 per month per SFE for Water and \$2.95 per month per SFE for Wastewater. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2017 Wastewater bonds, 2017 Water bonds, 2019 Water bonds and 2020 Wastewater bonds. For 2022 the bond rates were established at \$2.77, \$6.44, \$2.28 and \$7.89 per month per SFE, respectively.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**Overview of the Financial Statements**

The financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services.

The *Statements of Net Position* present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the District's cash flows from operating, capital and related financing, and investing activities.

These financial statements distinguish functions of the District that will be principally supported by service charges and Taxes. The functions of the District include effective and economical operation of water and wastewater sanitation systems within the jurisdictional boundaries of the District. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

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**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**NET POSITION**

	<b>1/1/23 Beginning Balance (restated)</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>12/31/23 Ending Balance</b>
<b>Water</b>				
Capital assets, not being depreciated:				
Water rights	1,496,416	-	-	1,496,416
Construction in progress	2,716,621	1,673,238	(422,884)	3,966,975
Total capital assets, not being depreciated	<u>4,213,037</u>	<u>1,673,238</u>	<u>(422,884)</u>	<u>5,463,391</u>
Capital assets, being depreciated and amortized:				
Treatment plants	4,684,615	17,965	-	4,702,580
Distribution systems	56,273,895	778,030	-	57,051,925
Computers, equipment and vehicles	4,218,799	275,646	-	4,494,445
Intangible subscription assets, net	193,897	-	-	193,897
Leased assets	190,052	(2,000)	(36,011)	152,041
Total capital assets being depreciated and amortized	<u>65,561,258</u>	<u>1,069,641</u>	<u>(36,011)</u>	<u>66,594,888</u>
Less accumulated depreciation and amortization for:				
Treatment plants	(2,781,979)	(162,387)	-	(2,944,366)
Distribution systems	(25,890,659)	(1,617,224)	-	(27,507,883)
Computers, equipment and vehicles	(2,899,790)	(237,876)	9,555	(3,128,111)
Leased assets	(61,768)	(2,850)	-	(64,618)
Total accumulated depreciation and amortization	<u>(31,634,196)</u>	<u>(2,020,337)</u>	<u>9,555</u>	<u>(33,644,978)</u>
Total capital assets, being depreciated and amortized, net	<u>33,927,062</u>	<u>(950,696)</u>	<u>(26,456)</u>	<u>32,949,910</u>
<b>Total capital assets, net - Water</b>	<u><b>38,140,099</b></u>	<u><b>722,542</b></u>	<u><b>(449,340)</b></u>	<u><b>38,413,301</b></u>

As noted earlier, net position may serve, over time, as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$30,958,483 and \$97,235,683 for water and sanitation, respectively, as of December 31, 2023 and \$27,047,590 and \$91,757,338 for water and sanitation, respectively, as of December 31, 2022.

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, excluding unspent bond proceeds. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**NET POSITION (continued)**

During 2023, overall net position increased \$9,389,238. Overall assets increased \$51,573,429.

As of December 31, 2023, total net capital assets are \$223,057,153, which is an increase of \$16,896,948 from the 2022 amount of \$206,160,205. The change in net capital assets of \$16,896,948 is net of the current year additions, deletions, and depreciation. Capital asset details can be found on pages D13 – D14.

During 2023, total liabilities increased \$41,824,892. The increase in total liabilities is related to the issuance of Series 2023 Wastewater Improvement Bonds.

During 2022, overall net position increased \$5,329,112. In 2022, current and other assets decreased \$20,584,466 due to construction activity.

Capital asset additions net of deletions in 2022 of \$20,898,282 and depreciation were part of the District's long term capital improvement program.

During 2022, total liabilities decreased \$4,932,173. The decrease in liabilities is related to ongoing payments of existing debt.

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**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**REVIEW OF REVENUES**

	2023			904		
	Water	Sanitation	Total	1097 (restated)	Sanitation (restated)	Total (restated)
<b>Revenues:</b>						
Operating revenues:						
Service fees	8,641,929	20,431,809	29,073,738	7,614,996	18,274,894	25,889,890
Contract services	-	8,518,900	8,518,900	-	8,459,112	8,459,112
Meter sales and rentals	-	1,711,133	1,711,133	-	1,547,177	1,547,177
Other	131,892	840,970	972,862	191,121	569,294	760,415
Non-operating revenues:						
Property taxes	1,360,180	1,967,800	3,327,980	1,516,730	1,970,193	3,486,923
Specific ownership taxes	78,032	117,749	195,781	89,120	111,354	200,474
Investment income	78,479	801,943	880,422	10,793	74,411	85,204
Gain (loss) on investments	89,912	2,582,189	2,672,101	5,689	43,523	49,212
Technology subscription issuances	-	-	-	-	-	-
Transfer of EPRC stock	-	-	-	-	-	-
Interest credit - Build America Bonds	-	-	-	-	-	-
Other	1,525,121	178,641	1,703,762	53,785	161,354	215,139
Capital contributions:						
Tap fees	151,035	2,679,006	2,830,041	259,212	2,437,698	2,696,910
Contributed assets	670,594	674,287	1,344,881	-	154,056	154,056
Other	32,068	167,351	199,419	-	-	-
<b>Total Revenues</b>	<b>12,759,242</b>	<b>40,671,778</b>	<b>53,431,020</b>	<b>9,741,446</b>	<b>33,803,066</b>	<b>43,544,512</b>

In 2023, total revenues were \$53,431,020, which is an increase of \$9,886,508 over 2022 revenues of \$43,544,512.

Service fee revenue increased \$3,183,848 in 2023. This resulted from increasing water usage and increased fees. Overall operating revenue increased \$3,620,039 in 2023. This was a result of an increase in contract services provided and increased service fees.

In 2022, total revenues were \$43,544,512, which is an increase of \$8,861,290 over 2021 levels.

Service fee revenue in 2022 increased \$2,700,059. This was a result of increased water usage and increased fees. Overall operating revenue increased \$4,147,683. This was a result of an increase in contract services provided.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**REVIEW OF EXPENSES**

	2023			2022		
	Water	Sanitation	Total	Water (restated)	Sanitation (restated)	Total (restated)
<b>Expenses:</b>						
Operating Expenses:						
Maintenance	1,139,228	2,988,852	4,128,080	863,261	2,674,156	3,537,417
Water operations	3,080,133	1,446,237	4,526,370	3,258,220	1,513,960	4,772,180
Utility services	414,930	2,043,623	2,458,553	765,105	1,396,122	2,161,227
Wastewater treatment	-	9,794,319	9,794,319	-	8,449,451	8,449,451
Engineering	451,633	1,565,623	2,017,256	495,654	1,348,429	1,844,083
Laboratory	182,463	729,852	912,315	186,305	558,914	745,219
Employee housing	137	472,407	472,544	-	348,580	348,580
General and administrative	2,858,810	11,003,358	13,862,168	3,242,407	9,405,149	12,647,556
Non-operating expenses:						
Interest expense	680,166	4,602,177	5,282,343	718,714	2,886,258	3,604,972
Refund of contributions	-	-	-	-	-	-
Bond issuance costs	-	487,885	487,885	-	-	-
Treasurer's fees	40,849	59,100	99,949	45,543	59,169	104,712
<b>Total Expenses</b>	<b>8,848,349</b>	<b>35,193,433</b>	<b>44,041,782</b>	<b>9,575,209</b>	<b>28,640,188</b>	<b>38,215,397</b>
<b>Change in Net Position</b>	<b>3,910,893</b>	<b>5,478,345</b>	<b>9,389,238</b>	<b>166,237</b>	<b>5,162,878</b>	<b>5,329,115</b>
<b>Net Position - Beginning of Year</b>	<b>27,047,590</b>	<b>91,757,338</b>	<b>118,804,928</b>	<b>27,075,248</b>	<b>86,400,565</b>	<b>113,475,813</b>
<b>Net Position - End of Year</b>	<b>30,958,483</b>	<b>97,235,683</b>	<b>128,194,166</b>	<b>27,241,485</b>	<b>91,563,443</b>	<b>118,804,928</b>

In 2023, total expenses were \$44,041,782, which was an increase of \$5,826,385 over 2022 expenses of \$38,215,397.

Operating expenses increased \$3,665,892 in 2023. The increase was largely attributable to the higher expenses associated with personnel services, distribution repairs, and meters.

In 2022, total expenses were \$38,215,397, which was an increase of \$1,999,556 over 2021 levels.

Operating expenses increased \$2,005,506 in 2022. The increase was largely attributable to the higher expenses associated with utility services and engineering costs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District's investment in capital assets on December 31, 2023 and 2022 amounted to \$223,057,153 and \$206,160,205 (net of accumulated depreciation), respectively. This investment in capital assets includes land and easements, water rights, treatment plants, distribution systems, employee housing, computers, equipment and vehicles. Capital assets are shown on the Statement of Net Position at the cost on the day of acquisition.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

Most of the water and storage rights currently used by the District were provided by previous government water providers at no cost to the District. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the District's Statement of Net Position at historic cost, totaling \$1,496,416. This cost represents mostly legal expenditures to establish the District's ability to use these rights to provide water to its customers and some additional acquisitions of new rights. Also, in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost of \$3,298,908. The change in capital assets in 2023 is as follows:

	<b>1/1/23 Beginning Balance (restated)</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>12/31/23 Ending Balance</b>
<b>Water</b>				
Capital assets, not being depreciated:				
Water rights	1,496,416	-	-	1,496,416
Construction in progress	2,716,621	1,673,238	(422,884)	3,966,975
Total capital assets, not being depreciated	<u>4,213,037</u>	<u>1,673,238</u>	<u>(422,884)</u>	<u>5,463,391</u>
Capital assets, being depreciated and amortized:				
Treatment plants	4,684,615	17,965	-	4,702,580
Distribution systems	56,273,895	778,030	-	57,051,925
Computers, equipment and vehicles	4,218,799	275,646	-	4,494,445
Intangible subscription assets, net	193,897	-	-	193,897
Leased assets	190,052	(2,000)	(36,011)	152,041
Total capital assets being depreciated and amortized	<u>65,561,258</u>	<u>1,069,641</u>	<u>(36,011)</u>	<u>66,594,888</u>
Less accumulated depreciation and amortization for:				
Treatment plants	(2,781,979)	(162,387)	-	(2,944,366)
Distribution systems	(25,890,659)	(1,617,224)	-	(27,507,883)
Computers, equipment and vehicles	(2,899,790)	(237,876)	9,555	(3,128,111)
Leased assets	(61,768)	(2,850)	-	(64,618)
Total accumulated depreciation and amortization	<u>(31,634,196)</u>	<u>(2,020,337)</u>	<u>9,555</u>	<u>(33,644,978)</u>
Total capital assets, being depreciated and amortized, net	<u>33,927,062</u>	<u>(950,696)</u>	<u>(26,456)</u>	<u>32,949,910</u>
<b>Total capital assets, net - Water</b>	<u><u>38,140,099</u></u>	<u><u>722,542</u></u>	<u><u>(449,340)</u></u>	<u><u>38,413,301</u></u>

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

	<b>1/1/23 Beginning Balance (restated)</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>12/31/23 Ending Balance</b>
<b>Sanitation</b>				
Capital assets, not being depreciated:				
Land and easements	3,553,680	90,951	-	3,644,631
Construction in progress	67,281,945	23,740,666	(66,359,566)	24,663,045
Total capital assets, not being depreciated	<u>70,835,625</u>	<u>23,831,617</u>	<u>(66,359,566)</u>	<u>28,307,676</u>
Capital assets, being depreciated and amortized:				
Treatment plants	122,967,546	63,620,721	-	186,588,267
Distribution systems	58,196,886	1,499,934	-	59,696,820
Computers, equipment and vehicles	12,656,396	1,152,369	(39,968)	13,768,797
Employee housing	20,793,313	476,508	(4,500)	21,265,321
Leased assets	570,152	38,011	-	608,163
Total capital assets being depreciated and amortized	<u>215,959,881</u>	<u>66,787,543</u>	<u>(44,468)</u>	<u>282,702,956</u>
Less accumulated depreciation and amortization for:				
Treatment plants	(73,188,956)	(4,515,312)	-	(77,704,268)
Distribution systems	(32,347,000)	(1,470,925)	-	(33,817,925)
Computers, equipment and vehicles	(8,699,371)	(951,507)	38,221	(9,612,657)
Employee housing	(3,385,290)	(618,686)	-	(4,003,976)
Intangible subscription assets, net	-	-	-	-
Leased assets	(185,299)	(73,170)	-	(258,469)
Total accumulated depreciation and amortization	<u>(117,805,916)</u>	<u>(7,629,600)</u>	<u>38,221</u>	<u>(125,397,295)</u>
Total capital assets, being depreciated and amortized, net	<u>98,153,965</u>	<u>59,157,943</u>	<u>(6,247)</u>	<u>157,305,661</u>
<b>Total capital assets, net - Sanitation</b>	<u>168,989,590</u>	<u>82,989,560</u>	<u>(66,365,813)</u>	<u>185,613,337</u>

Additional information on the District's capital assets can be found on pages D13 –D14 in Note III in the Notes to Financial Statements.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2023  
(continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Long-term Debt**

At December 31, 2023, the District loans payable to the water loan for Eagle Park Reservoir shares from the Colorado Water Conservation Board (CWCB) had \$558,818 outstanding. Also, the Water General Obligation Bonds issued in 2012 for water system improvements had an outstanding balance at December 31, 2023 of \$3,905,000. The 2017 Water Revenue Refunding Bonds had outstanding principal of \$9,780,000. The 2019 Water Revenue bonds had outstanding principal of \$3,270,000. The 2012, 2017 and 2020 Sanitation District Revenue Bonds had principal outstanding of \$68,960,000. The 2016 Sanitation District General Obligation Bonds had principal outstanding of \$19,365,000. Other changes in debt in the current year are representative of scheduled reductions on long term obligations.

Additional detail on debt is in Note III in the Notes to Financial Statements.

**BUDGET VARIANCES AND FUTURE CONSIDERATIONS**

**Budget Variances**

In 2023, budgeted revenues were \$66,113,508. Actual revenues exceeded budget expectations by \$35,458,228, primarily due to the issuance of Series 2023 Wastewater Improvement Bonds. The original budget for expenditures was \$65,009,800. Actual expenditures amounted to \$63,784,896, coming in \$1,224,904 under budget. This variance is mainly attributable to multi-year capital project spending being carried forward.

**2024 Budget Considerations**

The District will continue to promote wise use of water and support a comprehensive water conservation program. Additionally, the Authority will explore opportunities to develop or acquire new water resources.

In 2024, the approved revenue budget is \$63,852,105 and the approved expenditure budget is \$62,135,986, including \$20,545,273 of new capital additions.

**REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Jim Cannava, Finance Manager, Eagle River Water and Sanitation District, 846 Forest Road, Vail, Colorado 81657.

**BASIC FINANCIAL STATEMENTS**



**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District**  
**Statement of Net Position**  
**December 31, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>			<b>2022</b> <b>(Restated)</b>
	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>	<b>Total</b>
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents - Unrestricted	2,417,342	7,666,422	10,083,764	15,923,513
Cash and cash equivalents - Restricted	695,047	-	695,047	6,784,614
Investments - Unrestricted	673,057	22,177,698	22,850,755	2,486,313
Investments - Restricted	-	26,611,134	26,611,134	903,107
Receivables, net of allowance for uncollectibles:				
Service	803,815	3,215,261	4,019,076	3,814,653
Property taxes	1,402,632	2,209,245	3,611,877	3,324,068
Current portion of notes receivable	-	6,470	6,470	4,413
Interest	26,956	370,875	397,831	12,142
Other	1,908,479	2,632,270	4,540,749	5,006,031
Inventory	786,683	677,538	1,464,221	1,663,659
Prepaid expenses	151,961	632,044	784,005	384,195
<b>Total Current Assets</b>	<b>8,865,972</b>	<b>66,198,957</b>	<b>75,064,929</b>	<b>40,306,708</b>
<b>Non-current Assets:</b>				
<b>Other Assets:</b>				
Notes receivable - Due in more than one year	-	734,145	734,145	638,350
Patronage dividend receivable	140,081	418,510	558,591	547,009
Other receivables	89,596	-	89,596	124,179
Investment in Eagle Park Reservoir Company	3,298,908	-	3,298,908	3,453,442
<b>Total Other Assets</b>	<b>3,528,585</b>	<b>1,152,655</b>	<b>4,681,240</b>	<b>4,762,980</b>
<b>Capital Assets:</b>				
Land and easements	-	3,644,631	3,644,631	3,553,680
Water rights	1,496,416	-	1,496,416	1,496,416
Construction in progress	3,966,975	24,663,045	28,630,020	69,998,566
Treatment plants	4,702,580	186,588,267	191,290,847	127,652,160
Distribution systems	57,051,925	59,696,820	116,748,745	114,470,782
Computers, equipment, and vehicles	4,494,445	13,768,797	18,263,242	16,875,195
Employee housing	-	21,265,321	21,265,321	20,793,313
Intangible subscription assets, net	193,897	775,588	969,485	969,485
Leased assets	152,041	608,163	760,204	760,204
Less: Accumulated depreciation and amortization	(33,644,978)	(125,397,295)	(159,042,273)	(149,440,111)
<b>Total Capital Assets</b>	<b>38,413,301</b>	<b>185,613,337</b>	<b>224,026,638</b>	<b>207,129,690</b>
<b>Total Non-current Assets</b>	<b>41,941,886</b>	<b>186,765,992</b>	<b>228,707,878</b>	<b>211,892,670</b>
<b>Total Assets</b>	<b>50,807,858</b>	<b>252,964,949</b>	<b>303,772,807</b>	<b>252,199,378</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	855,061	-	855,061	926,551
<b>Total Deferred Outflows of Resources</b>	<b>855,061</b>	<b>-</b>	<b>855,061</b>	<b>926,551</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>51,662,919</b>	<b>252,964,949</b>	<b>304,627,868</b>	<b>253,125,929</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Statement of Net Position**  
**December 31, 2023**  
**(With Comparative Totals for 2022)**  
**(Continued)**

	<b>2023</b>			<b>2022</b>
	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>	<b>(Restated)</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	332,355	4,534,939	4,867,294	7,653,932
Service fees payable	-	2,811,804	2,811,804	3,470,947
Accrued payroll and related liabilities	14,792	59,168	73,960	108,084
Interest payable	61,205	427,468	488,673	327,456
Loans, bonds and leases payable - Due within one year	1,309,009	3,211,347	4,520,356	3,625,564
Deposits	-	85,418	85,418	83,204
<b>Total Current Liabilities</b>	<b>1,717,361</b>	<b>11,130,144</b>	<b>12,847,505</b>	<b>15,269,187</b>
<b>Non-current Liabilities:</b>				
Compensated absences - Due in more than one year	158,968	635,872	794,840	739,897
Loans, bonds and leases payable - Due in more than one year	17,425,475	141,754,005	159,179,480	114,987,849
<b>Total Non-current Liabilities</b>	<b>17,584,443</b>	<b>142,389,877</b>	<b>159,974,320</b>	<b>115,727,746</b>
<b>Total Liabilities</b>	<b>19,301,804</b>	<b>153,520,021</b>	<b>172,821,825</b>	<b>130,996,933</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable property tax revenue	1,402,632	2,209,245	3,611,877	3,324,068
<b>Total Deferred Inflows of Resources</b>	<b>1,402,632</b>	<b>2,209,245</b>	<b>3,611,877</b>	<b>3,324,068</b>
<b>Net Position:</b>				
Net investment in capital assets	19,678,817	40,647,985	60,326,802	106,167,263
Restricted for:				
Debt	695,047	600,000	1,295,047	7,687,408
Capital projects	-	26,011,134	26,011,134	-
Unrestricted	10,584,619	29,976,564	40,561,183	4,950,257
<b>Total Net Position</b>	<b>30,958,483</b>	<b>97,235,683</b>	<b>128,194,166</b>	<b>118,804,928</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>			<b>2022 (Restated)</b>
	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Service fees	8,641,929	20,431,809	29,073,738	25,889,890
Contract services	-	8,518,900	8,518,900	8,459,112
Meter sales and rental income	-	1,711,133	1,711,133	1,547,177
Other charges for services	131,892	840,970	972,862	760,415
<b>Total Operating Revenues</b>	<b>8,773,821</b>	<b>31,502,812</b>	<b>40,276,633</b>	<b>36,656,594</b>
<b>Operating Expenses:</b>				
Maintenance	1,139,228	2,988,852	4,128,080	3,537,417
Water operations	3,080,133	1,446,237	4,526,370	4,772,180
Utility services	414,930	2,043,623	2,458,553	2,161,227
Wastewater treatment	-	9,794,319	9,794,319	8,449,451
Engineering	451,633	1,565,623	2,017,256	1,844,083
Laboratory	182,463	729,852	912,315	745,219
Employee housing	137	472,407	472,544	348,580
General and administrative	2,858,810	11,003,358	13,862,168	12,647,556
<b>Total Operating Expenses</b>	<b>8,127,334</b>	<b>30,044,271</b>	<b>38,171,605</b>	<b>34,505,713</b>
<b>Operating Income (Loss)</b>	<b>646,487</b>	<b>1,458,541</b>	<b>2,105,028</b>	<b>2,150,881</b>
<b>Non-operating Revenues (Expenses):</b>				
Property taxes	1,360,180	1,967,800	3,327,980	3,486,923
Specific ownership taxes	78,032	117,749	195,781	200,474
Investment income	78,479	801,943	880,422	85,204
Gain (loss) on investments	89,912	2,582,189	2,672,101	49,212
Gain (loss) on disposal of capital assets	1,496,831	77,863	1,574,694	80,401
Other non-operating revenues	28,290	100,778	129,068	134,738
Interest expense, net of amortization expense	(680,166)	(4,602,177)	(5,282,343)	(3,604,972)
Treasurer's fees	(40,849)	(59,100)	(99,949)	(104,712)
Bond issuance costs	-	(487,885)	(487,885)	-
<b>Total Non-operating Revenues (Expenses)</b>	<b>2,410,709</b>	<b>499,160</b>	<b>2,909,869</b>	<b>327,268</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>3,057,196</b>	<b>1,957,701</b>	<b>5,014,897</b>	<b>2,478,149</b>
<b>Capital Contributions:</b>				
Tap fees	151,035	2,679,006	2,830,041	2,696,910
Contributed assets - physical assets	670,594	674,287	1,344,881	154,056
Fees in lieu of water and sewer lines	-	89,600	89,600	-
Contributed assets - cash	32,068	77,751	109,819	-
<b>Total Capital Contributions</b>	<b>853,697</b>	<b>3,520,644</b>	<b>4,374,341</b>	<b>2,850,966</b>
<b>Change in Net Position</b>	<b>3,910,893</b>	<b>5,478,345</b>	<b>9,389,238</b>	<b>5,329,115</b>
<b>Net Position - Beginning of Year</b>	<b>27,047,590</b>	<b>91,757,338</b>	<b>118,804,928</b>	<b>113,475,813</b>
<b>Net Position - End of Year</b>	<b>30,958,483</b>	<b>97,235,683</b>	<b>128,194,166</b>	<b>118,804,928</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended 2022)**

	2023			2022
	Water	Sanitation	Total	Total
<b>Cash Flows From Operating Activities:</b>				
Cash received from customers and others	7,967,806	32,604,271	40,572,077	34,395,402
Cash payments for goods and services	(2,767,035)	(9,917,192)	(12,684,227)	(10,833,495)
Cash payments to employees and for benefits	(3,174,055)	(14,290,745)	(17,464,800)	(15,552,449)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,026,716</b>	<b>8,396,334</b>	<b>10,423,050</b>	<b>8,009,458</b>
<b>Cash Flows From Non-capital Financing Activities:</b>				
Property taxes levied for operations, net	597,455	576,353	1,173,808	1,038,566
Specific ownership taxes received	35,337	35,556	70,893	61,664
Patronage dividend received	9,954	27,874	37,828	41,582
Other cash receipts	15,932	63,726	79,658	83,306
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>658,678</b>	<b>703,509</b>	<b>1,362,187</b>	<b>1,225,118</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Proceeds from bond issuance, including premium	-	49,553,099	49,553,099	-
Property taxes levied for debt service, net	721,876	1,332,347	2,054,223	2,343,644
Specific ownership taxes received	42,695	82,193	124,888	138,810
Cash received from tap fees	151,035	2,679,006	2,830,041	2,696,910
Proceeds from sale of capital assets	1,496,004	279,981	1,775,985	106,460
Cash received (paid) related to capital asset deposit	-	2,214	2,214	(452)
Fees in lieu of water and sewer lines	32,068	167,351	199,419	-
Cash paid for principal on debt	(1,262,676)	(2,362,888)	(3,625,564)	(3,706,253)
Cash paid for interest on debt	(705,845)	(4,707,092)	(5,412,937)	(3,972,766)
Cash paid for debt issuance costs	-	(487,885)	(487,885)	-
Cash paid for capital acquisitions	(1,780,527)	(26,098,552)	(27,879,079)	(30,035,120)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,305,370)</b>	<b>20,439,774</b>	<b>19,134,404</b>	<b>(32,428,767)</b>
<b>Cash Flows From Investing Activities:</b>				
Interest income received	139,567	1,173,167	1,312,734	352,336
Proceeds from sales and maturities of investments	15,535	25,661,303	25,676,838	4,088,024
Principal received on notes receivable	-	-	-	4,413
(Purchase) sale of stock in Eagle Park Reservoir Company	154,533	-	154,533	-
Purchase of investments	(540,643)	(69,354,564)	(69,895,207)	(1,170,545)
Issuance of notes receivable	-	(97,855)	(97,855)	(511,615)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(231,008)</b>	<b>(42,617,949)</b>	<b>(42,848,957)</b>	<b>2,762,613</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,149,016</b>	<b>(13,078,332)</b>	<b>(11,929,316)</b>	<b>(20,431,578)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>1,963,373</b>	<b>20,744,754</b>	<b>22,708,127</b>	<b>43,139,705</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>3,112,389</b>	<b>7,666,422</b>	<b>10,778,811</b>	<b>22,708,127</b>
<b>Represented by Balance Sheet captions:</b>				
Cash and cash equivalents - Unrestricted	2,417,342	7,666,422	10,083,764	15,923,513
Cash and cash equivalents - Restricted	695,047	-	695,047	6,784,614
<b>Cash and Cash Equivalents - End of Year</b>	<b>3,112,389</b>	<b>7,666,422</b>	<b>10,778,811</b>	<b>22,708,127</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended 2022)**  
**(Continued)**

	<b>2023</b>			<b>2022</b>
	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	646,487	1,458,541	2,105,028	2,150,879
<b>Adjustments:</b>				
Depreciation and amortization	2,020,338	7,629,601	9,649,939	8,720,742
(Increase) decrease in accounts receivable	(806,015)	1,101,458	295,443	(2,261,188)
(Increase) decrease in inventory	86,759	112,680	199,439	(702,852)
(Increase) decrease in deposits	-	-	-	-
(Increase) decrease in prepaid expenses	(64,512)	(335,298)	(399,810)	332,557
Increase (decrease) in accounts payable	181,894	(970,559)	(788,665)	(1,588,922)
Increase (decrease) in service fees payable	-	(659,143)	(659,143)	1,286,160
Increase (decrease) in payroll liabilities	(12,229)	(21,895)	(34,124)	14,353
Increase (decrease) in accrued compensated absences	(26,006)	80,949	54,943	57,729
<b>Total Adjustments</b>	<b>1,380,229</b>	<b>6,937,793</b>	<b>8,318,022</b>	<b>5,858,579</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,026,716</b>	<b>8,396,334</b>	<b>10,423,050</b>	<b>8,009,458</b>
<b>Non-cash Investing, Capital, and Financing Activities:</b>				
Contribution of capital assets from developers	670,594	674,287	1,344,881	154,056
Unrealized gain (loss) on investments	4,886	750,070	754,956	(288,770)
<b>Total non-cash Investing, Capital and Financing Activities:</b>	<b>675,480</b>	<b>1,424,357</b>	<b>2,099,837</b>	<b>(134,714)</b>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**



**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**

**I. Summary of Significant Accounting Policies**

Eagle River Water and Sanitation District (the “District”) was formed July 1, 1996, pursuant to an agreement to consolidate the sanitation functions of the Upper Eagle Valley Consolidated Sanitation District and the water service functions of the Vail Valley Consolidated Water District, both of which are located in Eagle County, Colorado. The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was established to ensure a more effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District. Seven elected board members govern the District.

The 1996 consolidation of Upper Eagle Valley Consolidated Sanitation District and Vail Valley Consolidated Water District was accomplished pursuant to Colorado law which specifically provides that a separate ad valorem tax be levied against the area comprising the consolidating districts which, together with any other special rates, tolls, fees or charges for service within the consolidating District area, will be sufficient to pay the principal and interest on the consolidating Districts' outstanding bonds.

The District's financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. Based upon these criteria, the District is not a component unit of any other government. The District has three blended component units and while they are legally separate entities they are in substance part of the District's operations:

**Eagle River Water and Sanitation District Water Subdistrict** - The Eagle River Water and Sanitation District Water Subdistrict (the “Water Subdistrict”) was incorporated in 2002 and formed for the purpose of creating a separate taxing district pursuant to the Special District Act. The boundaries of the Subdistrict are generally identical to the boundaries of the Town, but include some properties which are not within the Town. The Subdistrict issued bonds in 2002, 2004, 2009, 2011, 2012, 2017 and 2019 for the construction of various facilities. The financial data of the Subdistrict is reported as part of the primary government because it is fiscally dependent upon the District and provides financing solely to the District. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Water Fund.

**Wolcott Water and Sewer Subdistrict** – During 2013, the District incorporated the Wolcott Water and Sewer Subdistrict (the “Wolcott Subdistrict”) for the purpose of creating a separate taxing district pursuant to the Special District Act near the town of Wolcott, Colorado. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Sanitation Fund.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

Bighorn Terrace Sewer Subdistrict – During 2018, the District incorporated the Bighorn Terrace Sewer Subdistrict (the “Bighorn Terrace Subdistrict”) for the purpose of creating a separate taxing district pursuant to the Special District Act. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Sanitation Fund.

**B. Fund Accounting**

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its activities, providing water and wastewater treatment services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Long-term Economic Focus and Accrual Basis**

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Financial Statement Presentation**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies**

**1. Cash, Cash Equivalents and Investments**

For purposes of the Statements of Cash Flows, the District considers cash on hand, demand deposits, U.S. government obligations and other highly liquid with maturities of three months or less when purchased to be cash equivalents.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy is detailed at note III.A.

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. An allowance for doubtful accounts in the amount of \$24,285 and \$80,256 had been established at December 31, 2023 and 2022, respectively, to estimate uncollectible accounts.

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

**4. Inventory**

Inventory is determined at the lower of cost (determined on the first-in, first-out basis) or market.

**5. Capital Assets**

Capital assets, which include land and easements, water rights, construction in progress, treatment plants, distribution systems, computers, equipment, vehicles, and employee housing, are reported in the financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of water rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not depreciated. All other costs, including costs incurred for the protection of those rights, are expensed. See the Schedule of Water and Storage Rights in the Statistical Section (pages F10-F13) for additional information.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies (continued)**

**5. Capital Assets (continued)**

Treatment plants, distribution systems, computers, equipment, leased assets, vehicles, and employee housing are depreciated or amortized using the straight-line method over the following estimated useful lives or length of the lease:

<u>Assets</u>	<u>Years</u>
Treatment plants	5 - 40
Distribution systems	5 - 40
Computers, equipment, and vehicles	2 - 10
Employee housing	40

**6. Net Position**

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**7. Compensated Absences**

Earned but unused vacation and sick leave benefits are accrued when incurred in the financial statements.

**8. Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in Statement of Net Position. Bond premiums and discounts are deferred and amortized over the respective life of the respective debt using a combination of the effective-interest and straight-line methods. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred. The deferred cost on bond refunding is being amortized over the lesser of the life of the new bond or the remaining life of the refunded bonds using the straight-line method which approximates the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

**9. Leases**

Lessee – The District is lessee for noncancellable leases of office space. The District recognizes a lease liability and an intangible right-to-use lease asset. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies (continued)**

**9. Leases (continued)**

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines the following:

**Discount Rate:** The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses its incremental rate of borrowing.

**Lease Term:** The lease term includes the noncancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.

**Lease Payments:** Lease payments included in the measurement of the lease liability are composed of fixed increasing payments, and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**10. Subscription Based Information Technology Arrangements**

The District is party to a noncancellable right-of-use subscription asset. The District recognizes a subscription liability and an intangible right-to-use subscription asset.

At the commencement of a lease, the District initially measures the subscription liability at the present value of payments expected to be made during the term.

Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies (continued)**

**10. Subscription Based Information Technology Arrangements**

Key estimates and judgments related to subscriptions include how the District determines the following:

**Discount Rate:** The District uses the interest rate charged by the vendor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the vendor is not provided, the District uses its incremental rate of borrowing.

**Term:** The subscription term includes the noncancellable period of the agreement and extended term(s) that the District is reasonably certain to exercise.

**Payments:** Subscription payments included in the measurement of the subscription liability are composed of fixed increasing payments, and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

**11. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. It is unavailable revenue that is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts and Accounting Policies (continued)**

**11. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**12. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**13. Comparative Data**

The financial statements include certain prior year comparative information in total, but not by segment. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2022, from which comparative totals were derived.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2023.

1. For the 2023 budget year, prior to August 25, 2022, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District submitted, on or before October 15, 2022, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2022, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**II. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from state and local governments, are excluded from the provisions of TABOR. The District's management believes its operations qualify for this exclusion.

The District believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amounts of the District's petty cash, demand deposits and investments were \$60,240,700 and \$26,097,547 as of December 31, 2023 and 2022, respectively.

*Fair Value of Investments*

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2023, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
United States Treasury notes	40,565,320	-	40,565,320	-
Federal agency securities	6,700,626	-	6,700,626	-
United States Corporate bonds	1,412,439	-	1,412,439	-
Commercial Paper	783,504	-	783,504	-
<u>Investments Measured at Net Asset Value</u>	<u>Total</u>			
Money Market	2,433,581			
Colostrust	4,467,947			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;

The investment pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pools is determined by the pool's share price. The District has no regulatory oversight for the pool.

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. The investment policy also limits types of investments to specific maturity dates. Finally, the policy requires the District, at all times, to maintain 10% of its total investment portfolio in instruments maturing in 120 days or less.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

**Credit Risk.** Colorado statutes and the District investment policy specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District's investment policy has further restricted the investment of District funds to U.S. Treasury obligations, Federal agency securities, commercial paper, U. S. Corporate securities, eligible banker's acceptances, written repurchase agreements collateralized by certain authorized securities, local government investment pools, time certificates of deposit, and certain money market funds. The District's investment policy requires all investments to be highly rated by nationally recognized statistical rating agencies as follows:

	<b>Required Ratings</b>
Federal agency securities	AAA
Commercial paper	A-1
United States Treasury notes	AAA
Eligible bankers acceptances	A-1
Local government investment pools	AAA <sub>m</sub>
Money market mutual funds	AAA <sub>m</sub>

In addition, the District's investment policy requires that approved counterparties to repurchase agreements have at least a short-term debt rating of A-1 and a long-term debt rating of A.

At December 31, 2023, unrealized gains were \$754,956, which reflects changes in the fair market value of investments. At December 31, 2023, the District had the following cash and investments with the following maturities:

	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>One to five years</b>
<i>Deposits:</i>				
Checking	Not rated	3,877,283	3,877,283	-
Money market	AAA	2,433,581	2,433,581	-
Certificates of deposit	Not rated	-	-	-
<i>Investments:</i>				
Investment pools	AAA <sub>m</sub>	4,467,947	4,467,947	-
Commercial Paper	A-1/A-1+/AA+	783,504	783,504	-
United States Corporate bonds	AA+/AA-/AAA	1,412,439	-	1,412,439
United States Treasury notes	AA+	40,565,320	24,432,180	16,133,140
Federal agency securities	AA+	6,700,626	573,003	6,127,623
<b>Total</b>		<b>60,240,700</b>	<b>36,567,498</b>	<b>23,673,202</b>

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

**Concentration of Credit Risk.** The District's investment policy requires its portfolio to be adequately diversified to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The District may invest to the following maximum limits:

	<b>Maximum Percentage</b>
U.S. Treasury obligations	100%
Federal agency securities	100%
Repurchase agreements	100%
Certificates of deposit	50%
Local government investment pools	50%
Combined total in bankers acceptances and commercial paper	30%

Investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and external investment pools) that represented 5% or more of the total District investments at December 31, 2023 were as follows:

<b>Issuer</b>	<b>Reported Amount</b>	<b>Percentage of Investment Portfolio</b>
Federal agency securities	6,700,626	12%
Colotrust	4,467,947	8%

**B. Restricted Cash, Cash Equivalents and Investments**

At December 31, 2023, cash has been restricted for the following purposes:

	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>
Restricted for capital projects	-	26,011,134	26,011,134
Debt service reserves	95,047	-	95,047
Rate stabilization funds	600,000	600,000	1,200,000
<b>Total</b>	<b>695,047</b>	<b>26,611,134</b>	<b>27,306,181</b>

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**C. Summary of Cash and Investments**

The District's cash and cash equivalents are disclosed in the following financial statement captions:

	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
Cash and cash equivalents - Unrestricted	2,417,342	7,666,422	10,083,764
Cash and cash equivalents - Restricted	695,047	-	695,047
Investments - Unrestricted	673,057	22,177,698	22,850,755
Investments - Restricted	-	26,611,134	26,611,134
<b>Total</b>	<u>3,785,446</u>	<u>56,455,254</u>	<u>60,240,700</u>

**D. Notes Receivable**

The following is an analysis of changes in notes receivable for the year ended December 31, 2023:

	<u>1/1/23 Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/23 Ending Balance</u>
Employees	638,350	129,000	(26,735)	740,615
Sewer tap purchases	4,413	-	(4,413)	-
	<u>642,763</u>	<u>129,000</u>	<u>(31,148)</u>	<u>740,615</u>
Less: Current portion	(4,413)	-	(2,057)	(6,470)
Long-term portion	<u>638,350</u>	<u>129,000</u>	<u>(33,205)</u>	<u>734,145</u>

The following notes receivable were outstanding as of December 31, 2023:

**1. Employees**

The District provides down payment assistance to employees as part of its Employee Home Ownership Program. These non-interest bearing notes are secured by the related properties and will be collected over a period of fifteen years.

**2. Sewer tap purchases**

The District provides Sewer Tap deferral payment plans. These loans bear interest at 3.5% annually and are collected over a period of ten years.

**E. Patronage Dividend Receivable**

The District has a dividend receivable from Holy Cross Electric Association ("Holy Cross") which represents allocated refundable operating profits. These amounts are held by Holy Cross as working capital until the financial condition of Holy Cross permits a refund. Refunds are normally received annually approximately ten years in arrears. During the year ended December 31, 2023, the District received a refund of \$37,851 from Holy Cross. The balance due to the District at December 31, 2023 and 2022 was \$558,591 and \$547,009, respectively.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**F. Investment in Eagle Park Reservoir Company**

The Eagle Park Reservoir Company (the "Reservoir Company"), a Colorado nonprofit corporation was formed May 8, 1998 to acquire water diversion, storage facilities and water rights, and operate its water storage facilities located in Eagle County, Colorado, and to direct releases of water from the reservoir on behalf of its stockholders. An investment in the Reservoir Company allows the owner to augment its existing water rights.

In 1998, the District acquired 3,300 Class A Shares (approximately 16.4%) and 125 Class B shares of the stock in the Reservoir Company for \$1,909,732 and the contribution/pledge of certain water rights. The \$1,909,732 was financed through an assessment obligation payable to the Reservoir Company, which is explained in Note III.H.1, and is recorded as an investment in Eagle Park Reservoir Company, along with \$130,000 of legal costs related to the issuance of the assessment payable. Since 1998, the District has acquired additional shares of the Reservoir Company through various transactions.

During 2011 through 2017, the District's investment in the Reservoir Company was unchanged. In March 2018, the District transferred 16.8789 Class A, Series 2 shares to Upper Eagle Regional Water Authority, which had a historical cost of \$13,314. In 2023 the District transferred another 250 shares to the Authority.

As of December 31, 2023, the District held 4,078 Class A Shares (approximately 16.1%), 125 Class B Series 1 and 125 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$3,298,908. See the Schedule of Water and Storage Rights in the Statistical Section (pages F10-F13) for additional information.

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**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Capital Assets**

Capital asset activity related to water services for 2023 was as follows:

	<b>1/1/23 Beginning Balance (restated)</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>12/31/23 Ending Balance</b>
<b>Water</b>				
Capital assets, not being depreciated:				
Water rights	1,496,416	-	-	1,496,416
Construction in progress	2,716,621	1,673,238	(422,884)	3,966,975
Total capital assets, not being depreciated	4,213,037	1,673,238	(422,884)	5,463,391
Capital assets, being depreciated and amortized:				
Treatment plants	4,684,615	17,965	-	4,702,580
Distribution systems	56,273,895	778,030	-	57,051,925
Computers, equipment and vehicles	4,218,799	275,646	-	4,494,445
Intangible subscription assets, net	193,897	-	-	193,897
Leased assets	190,052	(2,000)	(36,011)	152,041
Total capital assets being depreciated and amortized	65,561,258	1,069,641	(36,011)	66,594,888
Less accumulated depreciation and amortization for:				
Treatment plants	(2,781,979)	(162,387)	-	(2,944,366)
Distribution systems	(25,890,659)	(1,617,224)	-	(27,507,883)
Computers, equipment and vehicles	(2,899,790)	(237,876)	9,555	(3,128,111)
Leased assets	(61,768)	(2,850)	-	(64,618)
Total accumulated depreciation and amortization	(31,634,196)	(2,020,337)	9,555	(33,644,978)
Total capital assets, being depreciated and amortized, net	33,927,062	(950,696)	(26,456)	32,949,910
<b>Total capital assets, net - Water</b>	<b>38,140,099</b>	<b>722,542</b>	<b>(449,340)</b>	<b>38,413,301</b>

Fully depreciated assets totaled \$9,265,640 for the year ended December 31, 2023.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**G. Capital Assets (continued)**

Capital asset activity related to sanitation services for 2023 was as follows:

	<b>1/1/23 Beginning Balance (restated)</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>12/31/23 Ending Balance</b>
<b>Sanitation</b>				
Capital assets, not being depreciated:				
Land and easements	3,553,680	90,951	-	3,644,631
Construction in progress	67,281,945	23,740,666	(66,359,566)	24,663,045
<b>Total capital assets, not being depreciated</b>	<b>70,835,625</b>	<b>23,831,617</b>	<b>(66,359,566)</b>	<b>28,307,676</b>
Capital assets, being depreciated and amortized:				
Treatment plants	122,967,546	63,620,721	-	186,588,267
Distribution systems	58,196,886	1,499,934	-	59,696,820
Computers, equipment and vehicles	12,656,396	1,152,369	(39,968)	13,768,797
Employee housing	20,793,313	476,508	(4,500)	21,265,321
Leased assets	570,152	38,011	-	608,163
<b>Total capital assets being depreciated and amortized</b>	<b>215,959,881</b>	<b>66,787,543</b>	<b>(44,468)</b>	<b>282,702,956</b>
Less accumulated depreciation and amortization for:				
Treatment plants	(73,188,956)	(4,515,312)	-	(77,704,268)
Distribution systems	(32,347,000)	(1,470,925)	-	(33,817,925)
Computers, equipment and vehicles	(8,699,371)	(951,507)	38,221	(9,612,657)
Employee housing	(3,385,290)	(618,686)	-	(4,003,976)
Intangible subscription assets, net	-	-	-	-
Leased assets	(185,299)	(73,170)	-	(258,469)
<b>Total accumulated depreciation and amortization</b>	<b>(117,805,916)</b>	<b>(7,629,600)</b>	<b>38,221</b>	<b>(125,397,295)</b>
<b>Total capital assets, being depreciated and amortized, net</b>	<b>98,153,965</b>	<b>59,157,943</b>	<b>(6,247)</b>	<b>157,305,661</b>
<b>Total capital assets, net - Sanitation</b>	<b>168,989,590</b>	<b>82,989,560</b>	<b>(66,365,813)</b>	<b>185,613,337</b>

Fully depreciated assets totaled \$44,745,206 for the year ended December 31, 2023.

Depreciation and amortization expense for the year ended December 31, 2023 was charged to the following departments:

	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>
Maintenance	62,207	248,827	311,034
Water operations	1,779,611	-	1,779,611
Wastewater treatment	-	5,986,238	5,986,238
General and administrative	178,520	1,394,536	1,573,056
<b>Total</b>	<b>2,020,338</b>	<b>7,629,601</b>	<b>9,649,939</b>

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**H. Long-Term Debt – Water**

The District has the following long-term debt outstanding related to its water operations:

**1. 1998 Assessment Obligation Note**

As previously explained in Note III.F, the District financed its 1998 investment in the Reservoir Company through the execution of an assessment obligation note in the amount of \$1,909,842. This note bears interest at 5.45% annually. Debt service payments of \$130,683 are due annually on September 16, through 2027.

The obligation is secured by the District's ownership of common stock of the Reservoir Company and certain water rights owned by participating members and leased to the District. The agreement contains release provisions for the collateral based on the timely payment of scheduled obligations. The assessment payable is subject to annual appropriation.

The District is maintaining a reserve equal to the next fiscal year's principal and interest payments for this obligation.

**2. General Obligation Water Bonds, Series 2012A**

The District, through the Water Subdistrict, issued \$1,000,000 of general obligation water bonds in December 2012, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rates on the bonds range from 2.30% to 2.50%. Interest is payable on June 1 and December 1, through 2029. The principal is payable on December 1 and matures in various increments through 2029.

Principal on the serial bonds is due beginning in 2023 through 2029 in amounts ranging from \$130,000 to \$155,000.

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**H. Long-Term Debt – Water (continued)**

**3. General Obligation Water Refunding Bonds, Series 2012B**

The District, through the Water Subdistrict, issued \$6,605,000 of general obligation water refunding bonds in December 2012, the proceeds of which were used to partially refund the aforementioned 2004 General Obligation Water Bonds (Note III.H.2) and pay the costs of issuance. The interest rates on the bonds range from 2.00% to 3.00%. Interest is payable on June 1 and December 1, through 2029. The principal is payable on December 1 and matures in various increments through 2029.

Principal on the serial bonds is due beginning in 2013 through 2029 in amounts ranging from \$25,000 to \$555,000.

The District realized a present value savings on the refunding of \$801,658.

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**4. Water Enterprise Revenue Refunding Bonds, Series 2017**

The District, through the Water Subdistrict, issued \$12,545,000 of water enterprise revenue bonds in May 2017, with annual interest rates ranging from 3.00% to 5.00%. Interest is payable June 1 and December, through 2039. The principal is payable on December 1 and matures in various increments through 2039. The proceeds were used to retire the 2009 water enterprise revenue bonds and pay the costs of issuance. The 2009 bonds are considered defeased and have been removed from long-term debt.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**H. Long-Term Debt – Water (continued)**

**4. Water Enterprise Revenue Refunding Bonds, Series 2017 (continued)**

Principal on the bonds is due beginning in 2017 through 2039 in amounts ranging from \$345,000 to \$780,000.

Only bonds maturing on and after December 1, 2028, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

In conjunction with the issuance of these bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

The District realized a present value savings on the refunding of \$1,096,697.

**5. Water Enterprise Revenue Bonds, Series 2019**

The District, through the Water Subdistrict, issued \$3,825,000 of water revenue bonds in December 2019, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rate on the bonds are 4.00%. Interest is payable on June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2039.

Principal on the serial bonds is due beginning in 2020 through 2039 in amounts ranging from \$125,000 to \$255,000.

Only bonds maturing on and after December 1, 2029, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**H. Long-Term Debt – Water (continued)**

**6. Water Enterprise Revenue Bonds, Series 2019 (continued)**

In conjunction with the issuance of these bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

**I. Long-Term Debt – Sanitation**

**1. Enterprise Wastewater Revenue Bonds, Series 2012**

The District issued \$28,060,000 of wastewater revenue bonds in December 2012, with annual interest rates ranging from 2.00% to 5.00%. Interest is payable June 1 and December 1, through 2042. The principal is payable on December 1 and matures in various increments through 2042. The proceeds of these bonds were used to finance improvements to the wastewater system.

As special, limited obligations of the District, principal and interest on the bonds are payable solely from Net Pledged Revenues, as defined in the bond documents. Such net revenue includes income from the operation and use of the wastewater treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the District has adopted a resolution imposing a new Sewer Debt Service Rate which is collected monthly from each equivalent ("SFE") in the system.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**I. Long-Term Debt – Sanitation (continued)**

**1. Enterprise Wastewater Revenue Bonds, Series 2012 (continued)**

These bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

In conjunction with the issuance of the 2012 Bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Bonds maturing on and before December 1, 2022, are not subject to optional prior redemption. Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**2. General Obligation Wastewater Bonds, Series 2016**

The District, through the Wastewater Subdistrict, issued \$23,295,000 of general obligation wastewater bonds in March 2016, the proceeds of which will be used to construct improvements to the District's wastewater system and pay the costs of issuance. The interest rates on the bonds range from 2.00% to 5.00%. Interest is payable on June 1 and December 1, through 2045. The principal is payable on December 1 and matures in various increments through 2045.

Principal on the serial bonds is due beginning in 2016 through 2045 in amounts ranging from \$315,000 to \$1,305,000.

The bonds are not secured by the Wastewater Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Wastewater Subdistrict and are ultimately secured by the Wastewater Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**3. Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017**

The District issued \$12,430,000 of enterprise wastewater revenue crossover refunding bonds in December 2017, with annual interest rates ranging from 3.00% to 5.00%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2039. The proceeds were used to retire the 2009B wastewater enterprise revenue bonds on the crossover date December 1, 2019. The 2009B bonds are considered defeased and have been removed from long-term debt.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**I. Long-Term Debt – Sanitation (continued)**

**3. Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017 (continued)**

The proceeds from the issuance are held in an escrow account until the crossover date. Principal on the bonds is due beginning in 2020 through 2039 in amounts ranging from \$440,000 to \$840,000.

Only bonds maturing on and after December 1, 2028, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District.

In conjunction with the issuance of these bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest on the bonds, was issued by Assured Guaranty Corporation concurrently with the issuance of these bonds.

**4. Enterprise Wastewater Revenue Bonds, Series 2020A**

The District issued \$35,220,000 of wastewater revenue bonds in June 2020, with annual interest rates ranging from 3.00% to 4.00%. Interest is payable June 1 and December 1, through 2049. The principal is payable on December 1 and matures in various increments through 2049. The proceeds of these bonds were used to finance improvements to the wastewater system.

As special, limited obligations of the District, principal and interest on the bonds are payable solely from Net Pledged Revenues, as defined in the bond documents. Such net revenue includes income from the operation and use of the wastewater treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the District has adopted a resolution imposing a new Sewer Debt Service Rate which is collected monthly from each single family equivalent ("SFE") in the system.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**I. Long-Term Debt – Sanitation (continued)**

**4. Enterprise Wastewater Revenue Bonds, Series 2020A (continued)**

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

As previously discussed, these bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

In conjunction with the issuance of the 2012 Bonds, and subsequently with the 2020A Bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Bonds maturing on and before December 1, 2029, are not subject to optional prior redemption. Bonds maturing on or after December 1, 2030, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**5. Enterprise Wastewater Revenue Refunding Bonds, Series 2020B**

The District issued \$24,930,000 of wastewater enterprise revenue bonds in June 2020, with annual interest rates ranging from 0.82% to 2.42%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2042. The proceeds were used to partially refund the 2012 wastewater enterprise revenue bonds. The 2012 bonds are considered partially defeased and have been partially removed from long-term debt.

Principal on the bonds is due through 2042 in amounts ranging from \$185,000 to \$1,575,000.

Only bonds maturing on and after December 1, 2030, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par plus accrued interest.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

As previously discussed, these bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**I. Long-Term Debt – Sanitation (continued)**

**5. Enterprise Wastewater Revenue Refunding Bonds, Series 2020B (continued)**

In conjunction with the issuance of the 2012 Bonds, and subsequently with the 2020A and 2020B Bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

The District realized a present value savings on the refunding of \$3,147,296.

**6. Enterprise Wastewater Revenue Bonds, Series 2023**

The District issued \$45,720,000 of 2023 Wastewater Revenue Bonds in January 2023, with interest rates ranging from 4.0% to 5.0%. Interest is payable June 1 and December 1, through 2052. The bonds were issued to finance a portion of its capital improvement program primarily relating to the Avon Wastewater Treatment Facilities Master Plan

Principal on the bonds is due through 2042 in amounts ranging from \$760,000 to \$2,710,000.

Only bonds maturing on and after December 1, 2033, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par plus accrued interest.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding District bonds.

**J. Long-term Lease Liability – Water and Sanitation**

The District executed an office lease on August 13, 2019. The lease term expires in September 2029. Payments under the lease include interest at 1.70%. Total lease expenses under this agreement were \$70,517 including \$8,979 of interest.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**K. Long-term Liability Activity Schedule**

Long-term liability activity for 2023 was as follows:

	<b>1/1/23 Beginning Balance (restated)</b>	<b>Additions</b>	<b>Reductions</b>	<b>12/31/23 Ending Balance</b>	<b>Due Within One Year</b>
<b>Water</b>					
1998 assessment obligation note	653,865	-	(95,047)	558,818	100,227
2012A general obligation bonds	1,000,000	-	(125,000)	875,000	130,000
2012B general obligation refunding bonds	3,470,000	-	(440,000)	3,030,000	460,000
2017 revenue refunding bonds	10,210,000	-	(430,000)	9,780,000	445,000
2019 revenue bonds	3,420,000	-	(150,000)	3,270,000	155,000
Unamortized bond premiums	1,060,799	-	(93,690)	967,109	-
Lease payable	140,023	-	(17,630)	122,393	18,782
Technology subscriptions	193,877	-	(62,713)	131,164	64,613
Accrued compensated absences	184,974	-	(26,006)	158,968	-
Subtotal - Water	<u>20,333,538</u>	<u>-</u>	<u>(1,440,086)</u>	<u>18,893,452</u>	<u>1,373,622</u>
<b>Sanitation</b>					
2012 wastewater revenue bonds	735,000	-	(735,000)	-	-
2016 general obligation bonds	19,920,000	-	(555,000)	19,365,000	585,000
2017 wastewater revenue refunding bonds	11,075,000	-	(480,000)	10,595,000	495,000
2020A wastewater revenue bonds	34,715,000	-	(260,000)	34,455,000	265,000
2020B wastewater revenue refunding bonds	24,190,000	-	(280,000)	23,910,000	1,050,000
2023 wastewater revenue bonds	-	45,720,000	-	45,720,000	760,000
Unamortized bond premiums	6,634,173	3,833,099	(438,757)	10,028,515	-
Lease payable	420,069	-	(52,887)	367,182	56,347
Technology subscriptions	775,572	-	(250,917)	524,655	258,453
Accrued compensated absences	554,923	80,949	-	635,872	-
Subtotal - Sanitation	<u>99,019,737</u>	<u>49,634,048</u>	<u>(3,052,561)</u>	<u>145,601,224</u>	<u>3,469,800</u>
<b>Total</b>	<u>119,353,275</u>	<u>49,634,048</u>	<u>(4,492,647)</u>	<u>164,494,676</u>	<u>4,843,422</u>

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**L. Debt Service Schedules**

Debt service requirements at December 31, 2023, were as follows for water operations:

<b>Water</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	1,290,227	659,331	1,949,558
2025      assets, net	1,345,689	601,819	1,947,508
2026	1,401,449	541,759	1,943,208
2027	1,472,524	479,184	1,951,708
2028	1,533,928	413,430	1,947,358
2029      g€      2033	4,730,000	1,373,875	6,103,875
2034      ed      2038	4,705,000	660,050	5,365,050
2039      ou      2043	1,035,000	34,950	1,069,950
2044	-	-	-
<b>Total water liabilities</b>	<b>17,513,817</b>	<b>4,764,398</b>	<b>22,278,215</b>

Other liabilities

Debt service requirements at December 31, 2023, were as follows for sanitation operations:

<b>Sanitation</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	3,155,000	5,129,616	8,284,616
2025      assets, net	3,240,000	5,041,874	8,281,874
2026	3,335,000	4,947,205	8,282,205
2027	3,450,000	4,833,817	8,283,817
2028	3,585,000	4,654,982	8,239,982
2029      g€      2033	20,010,000	21,405,848	41,415,848
2034      ed      2038	23,925,000	17,500,923	41,425,923
2039      ou      2043	28,605,000	12,800,326	41,405,326
2044	30,570,000	6,745,650	37,315,650
2049      Li      2049	14,170,000	1,201,000	15,371,000
<b>Total sanitation liabilities</b>	<b>134,045,000</b>	<b>84,261,241</b>	<b>218,306,241</b>

Long-term liabilities

Aggregate debt service requirements at December 31, 2023, were as follows for the District:

<b>Combined</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	4,445,227	5,788,947	10,234,174
2025	4,585,689	5,643,693	10,229,382
2026	4,736,449	5,488,964	10,225,413
2027	4,922,524	5,313,001	10,235,525
2028	5,118,928	5,068,412	10,187,340
2029      -      2033	24,740,000	22,779,723	47,519,723
2034      -      2038	28,630,000	18,160,973	46,790,973
2039      -      2043	29,640,000	12,835,276	42,475,276
2044      -      2048	30,570,000	6,745,650	37,315,650
2045      -      2049	14,170,000	1,201,000	15,371,000
<b>Total combined debt service</b>	<b>151,558,817</b>	<b>89,025,639</b>	<b>240,584,456</b>

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Detailed Notes on All Funds (continued)**

**L. Debt Service Schedules**

Lease payments at December 31, 2023, were as follows for water operations:

<b>Water</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	18,782	1,936	20,718
2025	19,991	1,608	21,599
2026	21,259	1,258	22,517
2027	22,340	887	23,227
2028	22,723	504	23,227
2029 - 2029	17,298	123	17,421
<b>Minimum lease payments</b>	<b>122,393</b>	<b>6,316</b>	<b>128,709</b>

Lease payments at December 31, 2023, were as follows for sanitation operations:

<b>Sanitation</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	56,347	5,809	62,156
2025	59,974	4,823	64,797
2026	63,777	3,774	67,551
2027	67,021	2,660	69,681
2028	68,170	1,512	69,682
2029 - 2029	51,893	368	52,261
<b>Minimum lease payments</b>	<b>367,182</b>	<b>18,946</b>	<b>386,128</b>

Aggregate lease payments at December 31, 2023, were as follows for the District:

<b>Combined</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	75,129	7,745	82,874
2025	79,965	6,431	86,396
2026	85,036	5,032	90,068
2027	89,361	3,547	92,908
2028	90,893	2,016	92,909
2029 - 2029	69,191	491	69,682
<b>Minimum lease payments</b>	<b>489,575</b>	<b>25,262</b>	<b>514,837</b>

Aggregate subscription-based information technology ("SBITA") payments at December 31, 2023, were as follows for the District:

<b>SBITA</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	323,066	19,666	342,732
2025	332,753	9,981	342,734
<b>Minimum payments</b>	<b>655,819</b>	<b>29,647</b>	<b>685,466</b>

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool ("the Pool"), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**B. Pension Plans**

**1. Defined Contribution Pension Plan - Section 401(a)**

Full-time, year-round employees of the District participate in a defined contribution pension plan which was established by the District and is maintained and administered by the Principal Financial Group. Additional plan oversight and advisory services are provided by Morton and Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees participate in the District's plan upon employment. Under this plan, 5% of the employees' compensation is withheld and remitted to the Plan Administrator. Following six months of the participant's employment, the District contributes a matching 5% of all eligible employees' compensation. In addition, the District contributes 6.2% of compensation for all eligible participants hired after March 31, 1986, or 7.65% of compensation for participants hired prior to March 31, 1986. This contribution begins upon employment.

The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for employees who leave employment before five years of participation are used to reduce the District's future contribution requirement. There is no liability for benefits under the plan beyond the District's required contributions. Plan provisions and contribution requirements are established and may be amended by the District.

The District's 2023 covered payroll was \$12,833,040. Contributions actually made, which equaled the required contributions, were \$641,652 for plan members and \$594,966 for the District for the year ended December 31, 2023. Forfeitures totaled \$79,658 and for the year ended December 31, 2023.

As of December 31, 2023, there were no outstanding contribution liabilities.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Other Information (continued)**

**B. Pension Plans (continued)**

**2. Deferred Compensation Plan**

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for full-time, year-round employees. This plan is administered by Principal Financial Group. Additional plan oversight and advisory services are provided by Morton and Company. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. During 2011, the District amended the plan to offer a Roth contribution option.

**C. Employee Housing Program**

The District operates a housing program that benefits its employees by providing affordable housing options as real estate prices in the Vail area are high. The objective of the program is to retain current employees and to attract new employees to the area. There are certain specified individuals who are not District employees who are also allowed to participate in the housing program depending on availability and whether they meet eligibility criteria established by the Board.

The District offers rental properties to employees as well as home buyers assistance options. The rental properties consist of condos, apartments and homes that are either built or purchased by the District. For employees using the housing program for rental properties, the District will set up a payroll deduction as a means to collect the rent. This is also done for employees using the home buyers' assistance option.

**D. Intergovernmental Agreements**

**1. Interconnect**

The District and Upper Eagle Regional Water Authority (the "Authority") entered into an intergovernmental agreement ("IGA") in 1994 to construct an interconnect between their two water systems to enable the transfer of water between the parties for the purposes of achieving operational flexibility. In accordance with the IGA, the deliveries between the two systems are to be measured daily (net distribution of water) with the net amount owed by either party to the other to be recorded by the owing party at a rate equal to 75 percent of the then current water rate charges by the owing party. The intent of the parties is to provide long-term service to each other through the availability of peak use season and emergency supplemental water supply. The agreement provides for a payment calculation year of May 1 to April 30. If at the end of the payment year there is a net distribution of water to one of the parties that party shall make payment to the other party. It should be noted that historically towards the end of each payment year (April 30) the system is run to create a zero balance outstanding, such that no payment is due to or from either party. For the payment years ended April 30, 2023 and 2022, the balance outstanding was \$0.

The value of water distributed by the District through the interconnect was \$89,596 and \$124,179 during the year ended December 31, 2023 and 2022, respectively. As the system is brought to a zero balance by the end of each payment year (April 30), the District has chosen to forgo immediate payment and carry this receivable forward. The District reserves the right to request payment from the Authority at any time in the future.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Other Information (continued)**

**D. Intergovernmental Agreements (continued)**

**2. Contract for Water Services**

Through an agreement, the District provides administration, operations, customer billing, system maintenance and capital program management services to the Authority. The District bills customers for the water service provided and collects and remits the monies to the Authority. The water service monies are not recognized as revenue of the District. In addition to the contract fees, the District bills the Authority for maintenance and supplies which are recognized as revenue. The District earned \$8,518,900 and \$8,459,112 of contract fees from the Authority during 2023 and 2022, respectively. The District has outstanding management fees due from the Authority as of December 31, 2023 and 2022 totaling \$4,213,158 and \$4,630,024, respectively, included in other receivables. There were other outstanding receivables, for operations services, due from the Authority as of December 31, 2023 and 2022 totaling \$3,315,428 and \$4,474,452, respectively, included in other accounts receivables. As of December 31, 2023 and 2022 there was \$2,091,167 and \$930,172 for water service billed, due to the Authority included in accounts payable, respectively.

The District earned \$36,156 and \$16,313 of contract fees from other governments which it has similar agreements (i.e. Town of Minturn and Eagle Park Reservoir Company) during 2023 and 2022, respectively.

**E. Commitments and Contingencies - Federal and State Grants and Financial Sources**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**F. Adoption of New Accounting Standard – GASB Statement No. 96, *Subscription Based Information Technology Arrangements***

During 2023, the District adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This standard requires the recognition of certain subscription assets and liabilities for agreements that previously were classified as operating agreements and inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for subscription accounting based on the foundational principle that the subscriptions are financings of the right to use an underlying asset. Under this standard, the District is required to recognize a subscription liability and an intangible right-to-use subscription asset. The District has applied this standard to the beginning of the earliest comparative period presented. The application of the new standard did not result in a restatement of net position.

**SUPPLEMENTARY INFORMATION**



**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District**  
**Schedule of Revenues, Expenditures, and Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended 2022)**

	2023			2022	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Water:</b>					
Service fees	8,679,654	8,679,654	8,641,929	(37,725)	7,614,996
Other charges for services	75,432	75,432	167,326	91,894	84,401
Property taxes	1,568,946	1,568,946	1,360,180	(208,766)	1,516,730
Specific ownership taxes	57,542	57,542	78,032	20,490	89,120
Investment income	4,038	4,038	78,479	74,441	10,793
Gain (loss) on investment	-	-	89,912	89,912	5,689
Proceeds from sale of assets	-	-	1,497,042	1,497,042	26,432
Tap fees	188,220	188,220	151,035	(37,185)	259,212
Contributed assets	-	-	32,068	32,068	-
Other	25,078	25,078	25,886	808	31,748
<b>Total Water Revenues</b>	<b>10,598,910</b>	<b>10,598,910</b>	<b>12,121,889</b>	<b>1,522,979</b>	<b>9,639,121</b>
<b>Sanitation:</b>					
Service fees	19,951,692	19,951,692	20,431,809	480,117	18,274,894
Contract services	7,425,000	7,425,000	8,518,900	1,093,900	8,459,112
Rental income	846,372	846,372	771,092	(75,280)	711,746
Meter sales	1,005,000	1,005,000	940,041	(64,959)	835,431
Other charges for services	463,193	463,193	845,427	382,234	569,294
Property taxes	2,024,675	2,024,675	1,967,800	(56,875)	1,970,192
Specific ownership taxes	64,807	64,807	117,749	52,942	111,354
Investment income	20,100	20,100	801,943	781,843	74,411
Gain (loss) on investment	303,608	303,608	2,582,189	2,278,581	43,523
Proceeds from sale of assets	-	-	77,652	77,652	80,028
Tap fees	448,556	448,556	2,679,006	2,230,450	2,437,698
Fees in lieu of sewer lines	-	-	89,600	89,600	-
Contributed assets	-	-	77,751	77,751	-
Proceeds from bond issue	-	45,720,000	45,720,000	-	-
Premium (discount) on debt issuance	-	3,833,099	3,833,099	-	-
Net loan (advances) repayments	-	-	(102,265)	(102,265)	(507,202)
Other	74,806	74,806	98,054	23,248	93,141
<b>Total Sanitation Revenues</b>	<b>32,627,809</b>	<b>82,180,908</b>	<b>89,449,847</b>	<b>7,268,939</b>	<b>33,153,622</b>
<b>Total Revenues</b>	<b>43,226,719</b>	<b>92,779,818</b>	<b>101,571,736</b>	<b>8,791,918</b>	<b>42,792,743</b>
<b>Expenditures - Water:</b>					
<b>Water Operations:</b>					
Salaries and benefits	3,877,676	3,938,529	3,165,691	772,838	3,488,772
Supplies and materials	606,080	590,015	464,012	126,003	611,184
Telephone and radio service	87,500	87,500	66,888	20,612	83,145
Insurance	93,919	93,919	84,508	9,411	83,229
Repairs and maintenance	246,014	243,930	508,807	(264,877)	229,897
Other	756,639	778,889	754,081	24,808	678,261
Utilities	356,834	356,834	273,180	83,654	284,958
Chemicals	90,956	90,956	99,247	(8,291)	113,080
Meter replacement	405,000	405,000	141,384	263,616	441,098
Outside services	36,250	18,750	12,183	6,567	17,162
<b>Total Water Operations</b>	<b>6,556,868</b>	<b>6,604,322</b>	<b>5,569,981</b>	<b>1,034,341</b>	<b>6,030,786</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Revenues, Expenditures, and Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended 2022)**  
**(Continued)**

	2023			2022	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Expenditures - Water (continued):</b>					
<b>General and Administrative:</b>					
Legal	30,000	30,000	43,640	(13,640)	85,165
Accounting and audit	22,103	22,103	20,910	1,193	33,224
Engineering	25,000	25,000	7,609	17,391	3,089
Management and consulting	184,708	223,587	264,625	(41,038)	338,635
Benefit administration	15,000	15,000	12,967	2,033	16,193
Community relations	31,003	67,003	78,300	(11,297)	36,412
Directors fees and expenses	39,375	14,375	5,476	8,899	6,884
Maintenance contracts	37,500	37,500	29,122	8,378	50,539
Water quality	138,544	138,544	111,038	27,506	129,708
Treasurer's fees	44,650	44,650	40,849	3,801	45,543
<b>Total General and Administrative</b>	<u>567,883</u>	<u>617,762</u>	<u>614,536</u>	<u>3,226</u>	<u>745,392</u>
<b>Debt Service:</b>					
Principal	1,452,854	1,452,854	1,240,047	212,807	1,390,135
Interest	717,616	717,616	702,366	15,250	749,800
<b>Subtotal - Debt Service</b>	<u>2,170,470</u>	<u>2,170,470</u>	<u>1,942,413</u>	<u>228,057</u>	<u>2,139,935</u>
<b>Purchases - Water Rights</b>	-	-	-	-	-
<b>Capital Outlay</b>	<u>2,455,785</u>	<u>2,455,785</u>	<u>1,539,172</u>	<u>916,613</u>	<u>3,384,453</u>
<b>Total Water Expenditures</b>	<u>11,751,006</u>	<u>11,848,339</u>	<u>9,666,102</u>	<u>2,182,237</u>	<u>12,300,566</u>
<b>Expenditures - Sanitation:</b>					
<b>Sanitation Operations:</b>					
Salaries and benefits	13,781,488	14,036,672	14,643,402	(606,730)	12,370,505
Supplies and materials	2,032,770	1,995,475	2,002,191	(6,716)	1,951,450
Telephone and radio service	262,500	262,500	267,552	(5,052)	249,434
Insurance	281,758	281,758	338,031	(56,273)	249,688
Repairs and maintenance	589,923	583,669	651,306	(67,637)	634,763
Other	1,254,839	1,213,089	1,337,636	(124,547)	1,345,362
Utilities	1,284,447	1,284,447	1,233,066	51,381	1,070,309
Meter replacement	1,005,000	1,005,000	950,678	54,322	424,239
Permits	45,727	45,727	43,963	1,764	44,367
Outside services	108,750	56,250	48,732	7,518	51,486
<b>Total Sanitation Operations</b>	<u>20,647,202</u>	<u>20,764,587</u>	<u>21,516,557</u>	<u>(751,970)</u>	<u>18,391,603</u>
<b>General and Administrative:</b>					
Legal	220,800	220,800	298,402	(77,602)	142,895
Accounting and audit	62,558	62,558	76,039	(13,481)	41,741
Engineering	22,500	22,500	23,604	(1,104)	9,267
Management and consulting	107,750	104,350	72,618	31,732	18,904
Benefit administration	45,000	45,000	51,867	(6,867)	48,579
Community relations	25,808	25,808	26,360	(552)	16,631
Directors fees and expenses	118,125	43,125	21,904	21,221	20,652
Maintenance contracts	162,500	112,962	123,882	(10,920)	166,041
Sanitation quality	220,250	220,250	167,119	53,131	182,106
Treasurer's fees	59,100	59,100	59,100	-	59,168
Debt issuance costs	-	487,885	487,885	-	-
<b>Total General and Administrative</b>	<u>1,044,391</u>	<u>1,404,338</u>	<u>1,408,780</u>	<u>(4,442)</u>	<u>705,984</u>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Revenues, Expenditures, and Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended 2022)**  
**(Continued)**

	2023			2022	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Expenditures - Sanitation (continued):</b>					
<b>Debt Service:</b>					
Principal	2,308,078	2,308,078	2,310,000	(1,922)	2,250,000
Interest	1,737,925	5,040,933	5,040,933	-	3,212,821
<b>Subtotal - Debt Service</b>	<u>4,046,003</u>	<u>7,349,011</u>	<u>7,350,933</u>	<u>(1,922)</u>	<u>5,462,821</u>
<b>Capital Outlay</b>	<u>27,840,306</u>	<u>27,840,306</u>	<u>23,842,464</u>	<u>3,997,842</u>	<u>26,130,880</u>
<b>Total Sanitation Expenditures</b>	<u>53,577,902</u>	<u>57,358,242</u>	<u>54,118,734</u>	<u>3,239,508</u>	<u>50,691,288</u>
<b>Total District Expenditures</b>	<u>65,328,908</u>	<u>69,206,581</u>	<u>63,784,836</u>	<u>5,421,745</u>	<u>62,991,854</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(22,102,189)	23,573,237	37,786,900	14,213,663	(20,199,111)
<b>Funds Available - Beginning of Year</b>	<u>31,375,088</u>	<u>31,375,088</u>	<u>25,339,003</u>	<u>(6,036,085)</u>	<u>45,538,114</u>
<b>Funds Available - End of Year</b>	<u>9,272,899</u>	<u>54,948,325</u>	<u>63,125,903</u>	<u>8,177,578</u>	<u>25,339,003</u>
<b>Funds available at year-end is computed as follows:</b>					
	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>		
Current assets	8,865,972	66,198,957	75,064,929		40,306,708
Current liabilities and unavailable property tax revenue	(3,119,993)	(13,339,389)	(16,459,382)		(18,593,255)
Current portion of long-term obligations	1,309,009	3,211,347	4,520,356		3,625,550
	<u>7,054,988</u>	<u>56,070,915</u>	<u>63,125,903</u>		<u>25,339,003</u>
<b>Reconciliation to GAAP Basis</b>					
	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>		<u>Total</u>
Excess (deficiency) of revenues over expenditures	2,455,787	35,331,113	37,786,900		(20,199,111)
Net loan receivable advances (repayments)	-	95,795	95,795		507,202
Change in patronage dividends receivable	2,404	9,178	11,582		9,849
Change in other long-term receivables	(34,583)	-	(34,583)		106,720
Increase (decrease) in investment in Eagle Park Res. Co. C	(154,534)	-	(154,534)		-
Purchase (amortization) of technology subscription assets	193,897	775,588	969,485		-
Capitalized assets	1,546,457	23,579,046	25,125,503		29,491,029
Contributed assets	670,594	674,287	1,344,881		154,056
Gain (loss) on disposition of property	-	-	-		(26,059)
Depreciation and amortization	(2,020,338)	(7,629,601)	(9,649,939)		(8,720,742)
Change in compensated absences	26,006	(80,949)	(54,943)		(57,729)
Proceeds from bond issue	-	(45,720,000)	(45,720,000)		-
(Premium) discount on debt issuance	-	(3,833,099)	(3,833,099)		-
Amortization of bond premiums, discounts, and refunding cc	93,690	438,755	532,445		357,648
Debt principal payments	1,245,047	2,310,000	3,555,047		3,640,135
Lease principal payments	17,630	52,887	70,517		66,117
Technology subscription issuances (payments)	(131,164)	(524,655)	(655,819)		-
<b>Change in Net Position - GAAP Basis</b>	<u>3,910,893</u>	<u>5,478,345</u>	<u>9,389,238</u>		<u>5,329,115</u>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District  
Schedule of Debt Service Requirements to Maturity - Water  
December 31, 2023**

**1998 Assessment Obligation Note  
Payable to Eagle Park Reservoir Company  
Capital assets, net  
Interest Rate - 5.45%**

<b>Year Ending December 31,</b>	<b>Principal Due September 16</b>	<b>Interest Due September 16</b>	<b>Total</b>
2024	100,227	30,456	130,683
2025	105,689	24,994	130,683
2026	111,449	19,234	130,683
2027	117,524	13,159	130,683
2028	123,929	6,754	130,683
	<u>558,818</u>	<u>94,597</u>	<u>653,415</u>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2023**

**2012 Water General Obligation Bonds**  
**Original Principal - \$1,000,000**

<b>Year Ending December 31,</b>	<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>
2024	130,000	35,000	165,000
2025	135,000	29,800	164,800
2026	145,000	24,400	169,400
2027	150,000	18,600	168,600
2028	155,000	12,600	167,600
2029	160,000	6,400	166,400
	<b>875,000</b>	<b>126,800</b>	<b>1,001,800</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2023**

**2012 General Obligation Water Refunding Bonds**  
**Original Principal - \$6,605,000**

<u>Year Ending December 31,</u>	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2024	460,000	121,200	581,200
2025	475,000	102,800	577,800
2026	490,000	83,800	573,800
2027	515,000	64,200	579,200
2028	535,000	43,600	578,600
2029	555,000	22,200	577,200
	<u>3,030,000</u>	<u>437,800</u>	<u>3,467,800</u>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2023**

**2017 Water Revenue Refunding Bonds**  
**Original Principal - \$12,545,000**

<b>Year Ending December 31,</b>	<b>Capital assets, net</b>		
<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>	
2024	445,000	364,325	809,325
2025	470,000	342,075	812,075
2026	490,000	318,575	808,575
2027	515,000	294,075	809,075
2028	540,000	268,325	808,325
2029	560,000	246,725	806,725
2030	585,000	224,325	809,325
2031	600,000	206,775	806,775
2032	620,000	188,775	808,775
2033	640,000	170,175	810,175
2034	660,000	149,375	809,375
2035	685,000	127,925	812,925
2036	705,000	103,950	808,950
2037	730,000	79,275	809,275
2038	755,000	53,725	808,725
2039	780,000	27,300	807,300
	<b>9,780,000</b>	<b>3,165,700</b>	<b>12,945,700</b>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2023**

**2019 Water Revenue Bonds**  
**Original Principal - \$3,825,000**  
**Capital assets, net**

<b>Year Ending December 31,</b>	<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>
2024	155,000	108,350	263,350
2025	160,000	102,150	262,150
2026	165,000	95,750	260,750
2027	175,000	89,150	264,150
2028	180,000	82,150	262,150
2029	190,000	74,950	264,950
2030	195,000	67,350	262,350
2031	200,000	61,500	261,500
2032	210,000	55,500	265,500
2033	215,000	49,200	264,200
2034	220,000	42,750	262,750
2035	225,000	36,150	261,150
2036	235,000	29,400	264,400
2037	240,000	22,350	262,350
2038	250,000	15,150	265,150
2039	255,000	7,650	262,650
	<u>3,270,000</u>	<u>939,500</u>	<u>4,209,500</u>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2023**

**2016 Wastewater General Obligation Bonds**  
**Principal - \$23,295,000**

<b>Year Ending December 31,</b>	<b>Capital assets, net</b>		
	<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>
2024	585,000	787,150	1,372,150
2025	595,000	772,525	1,367,525
2026	610,000	757,650	1,367,650
2027	630,000	740,875	1,370,875
2028	660,000	709,375	1,369,375
2029	695,000	676,375	1,371,375
2030	720,000	648,575	1,368,575
2031	750,000	619,775	1,369,775
2032	775,000	597,275	1,372,275
2033	795,000	574,025	1,369,025
2034	830,000	538,250	1,368,250
2035	870,000	500,900	1,370,900
2036	910,000	461,750	1,371,750
2037	950,000	420,800	1,370,800
2038	980,000	387,550	1,367,550
2039	1,015,000	353,250	1,368,250
2040	1,050,000	317,725	1,367,725
2041	1,085,000	280,975	1,365,975
2042	1,125,000	243,000	1,368,000
2043	1,185,000	186,750	1,371,750
2044	1,245,000	127,500	1,372,500
2045	1,305,000	65,250	1,370,250
	19,365,000	10,767,300	30,132,300

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2023**

**2017 Wastewater Revenue Crossover Refunding Bonds**  
**Original Principal - \$12,430,000**

<b>Year Ending December 31,</b>	<b>Capital assets, net</b>		
<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>	
2024	495,000	373,769	868,769
2025	510,000	358,919	868,919
2026	525,000	343,619	868,619
2027	550,000	317,369	867,369
2028	580,000	289,869	869,869
2029	605,000	260,869	865,869
2030	635,000	230,619	865,619
2031	655,000	211,569	866,569
2032	675,000	191,919	866,919
2033	695,000	171,669	866,669
2034	720,000	149,950	869,950
2035	740,000	127,450	867,450
2036	765,000	104,325	869,325
2037	790,000	79,463	869,463
2038	815,000	53,788	868,788
2039	840,000	27,296	867,296
	10,595,000	3,292,462	13,887,462

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2023**

**2020A Wastewater Reveune Improvement Bonds**  
**Original Principal - \$35,220,000**

<u>Year Ending December 31,</u>	<b>Capital assets, net</b>		
	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2024	265,000	1,336,700	1,601,700
2025	275,000	1,328,750	1,603,750
2026	285,000	1,317,750	1,602,750
2027	300,000	1,306,350	1,606,350
2028	310,000	1,294,350	1,604,350
2029	325,000	1,281,950	1,606,950
2030	340,000	1,268,950	1,608,950
2031	350,000	1,255,350	1,605,350
2032	365,000	1,241,350	1,606,350
2033	380,000	1,226,750	1,606,750
2034	395,000	1,211,550	1,606,550
2035	410,000	1,199,700	1,609,700
2036	415,000	1,187,400	1,602,400
2037	425,000	1,174,950	1,599,950
2038	445,000	1,162,200	1,607,200
2039	455,000	1,148,850	1,603,850
2040	1,340,000	1,135,200	2,475,200
2041	1,375,000	1,095,000	2,470,000
2042	1,430,000	1,040,000	2,470,000
2043	3,110,000	982,800	4,092,800
2044	3,235,000	858,400	4,093,400
2045	3,365,000	729,000	4,094,000
2046	3,500,000	594,400	4,094,400
2047	3,640,000	454,400	4,094,400
2048	3,785,000	308,800	4,093,800
2049	3,935,000	157,400	4,092,400
	<u>34,455,000</u>	<u>27,298,300</u>	<u>61,753,300</u>

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2023**

**2020B Wastewater Revenue Refunding Bonds**  
**Original Principal - \$24,930,000**

<b>Year Ending December 31,</b>	<b>Capital assets, net</b>		
	<b>Principal Due December 1</b>	<b>Interest Due June 1 and December 1</b>	<b>Total</b>
2024	1,050,000	573,347	1,623,347
2025	1,060,000	561,030	1,621,030
2026	1,075,000	547,536	1,622,536
2027	1,090,000	530,573	1,620,573
2028	1,110,000	511,738	1,621,738
2029	1,130,000	490,481	1,620,481
2030	1,150,000	468,277	1,618,277
2031	1,175,000	445,104	1,620,104
2032	1,200,000	420,018	1,620,018
2033	1,230,000	393,198	1,623,198
2034	1,255,000	364,724	1,619,724
2035	1,285,000	335,043	1,620,043
2036	1,320,000	304,010	1,624,010
2037	1,360,000	264,278	1,624,278
2038	1,395,000	223,342	1,618,342
2039	1,440,000	181,353	1,621,353
2040	1,480,000	138,009	1,618,009
2041	1,530,000	93,461	1,623,461
2042	1,575,000	47,407	1,622,407
	23,910,000	6,892,929	30,802,929

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2023**

**2023 Wastewater Revenue Bonds**  
**Original Principal - \$45,720,000**

<u>Year Ending December 31,</u>	<b>Capital assets, net</b>		
	<u>Principal Due December 1</u>	<u>Interest Due June 1 and December 1</u>	<u>Total</u>
2024	760,000	2,058,650	2,818,650
2025	800,000	2,020,650	2,820,650
2026	840,000	1,980,650	2,820,650
2027	880,000	1,938,650	2,818,650
2028	925,000	1,849,650	2,774,650
2029	970,000	1,848,400	2,818,400
2030	1,020,000	1,799,900	2,819,900
2031	1,070,000	1,748,900	2,818,900
2032	1,125,000	1,695,400	2,820,400
2033	1,180,000	1,639,150	2,819,150
2034	1,240,000	1,580,150	2,820,150
2035	1,300,000	1,518,150	2,818,150
2036	1,365,000	1,453,150	2,818,150
2037	1,435,000	1,384,900	2,819,900
2038	1,510,000	1,313,150	2,823,150
2039	1,585,000	1,237,650	2,822,650
2040	1,645,000	1,174,250	2,819,250
2041	1,710,000	1,108,450	2,818,450
2042	1,780,000	1,040,050	2,820,050
2043	1,850,000	968,850	2,818,850
2044	1,925,000	894,850	2,819,850
2045	2,005,000	817,850	2,822,850
2046	2,085,000	737,650	2,822,650
2047	2,185,000	633,400	2,818,400
2048	2,295,000	524,150	2,819,150
2049	2,410,000	409,400	2,819,400
2050	2,505,000	313,000	2,818,000
2051	2,610,000	212,800	2,822,800
2052	2,710,000	108,400	2,818,400
	45,720,000	36,010,250	81,730,250

The accompanying notes are an integral part of these financial statements.

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity**  
**December 31, 2023**

**Office Lease**  
**Original Principal - \$190,052**  
**Capital assets, net**

<b>Year Ending December 31,</b>	<b>Water</b>	<b>Water</b>	<b>Total</b>
	<b>Principal Due Monthly</b>	<b>Interest Due Monthly</b>	
2024	18,782	1,936	20,718
2025	19,991	1,608	21,599
2026	21,259	1,258	22,517
2027	22,340	887	23,227
2028	22,725	504	23,229
2029	17,298	123	17,421
	<u>122,395</u>	<u>6,316</u>	<u>128,711</u>

**Office Lease**  
**Original Principal - \$570,152**  
**Interest Rate - 1.70%**

<b>Year Ending December 31,</b>	<b>Sanitation</b>	<b>Sanitation</b>	<b>Total</b>
	<b>Principal Due Monthly</b>	<b>Interest Due Monthly</b>	
2024	56,347	5,809	62,156
2025	59,974	4,823	64,797
2026	63,777	3,774	67,551
2027	67,021	2,660	69,681
2028	68,170	1,512	69,682
2029	51,892	368	52,260
	<u>367,181</u>	<u>18,946</u>	<u>386,127</u>

**Subscription Based information Technology**

<b>Year Ending December 31,</b>	<b>Water</b>	<b>Water</b>	<b>Total</b>
	<b>Principal Due Monthly</b>	<b>Interest Due Monthly</b>	
2024	64,613	3,933	68,546
2025	66,551	1,996	68,547
	<u>131,164</u>	<u>5,929</u>	<u>137,093</u>

**Subscription Based information Technology**

<b>Year Ending December 31,</b>	<b>Sanitation</b>	<b>Sanitation</b>	<b>Total</b>
	<b>Principal Due Monthly</b>	<b>Interest Due Monthly</b>	
2024	258,453	15,733	274,186
2025	266,202	7,985	274,187
	<u>524,655</u>	<u>23,718</u>	<u>548,373</u>

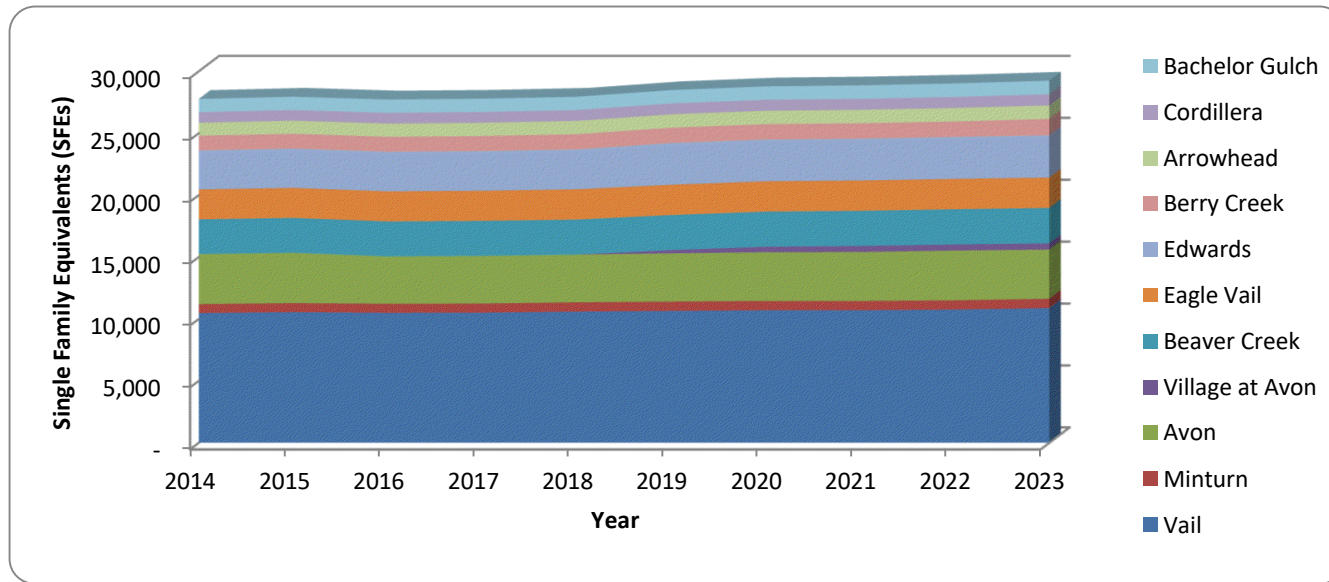
The accompanying notes are an integral part of these financial statements.

**STATISTICAL SECTION**



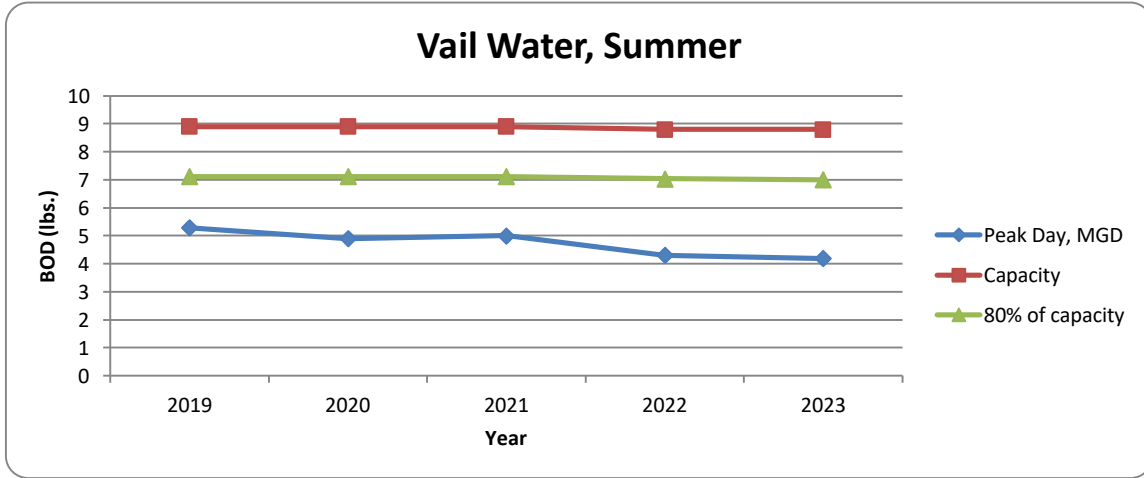
**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District  
Single Family Equivalents (SFEs) in Service  
Ten Year Comparison  
December 31, 2023  
(Unaudited)**

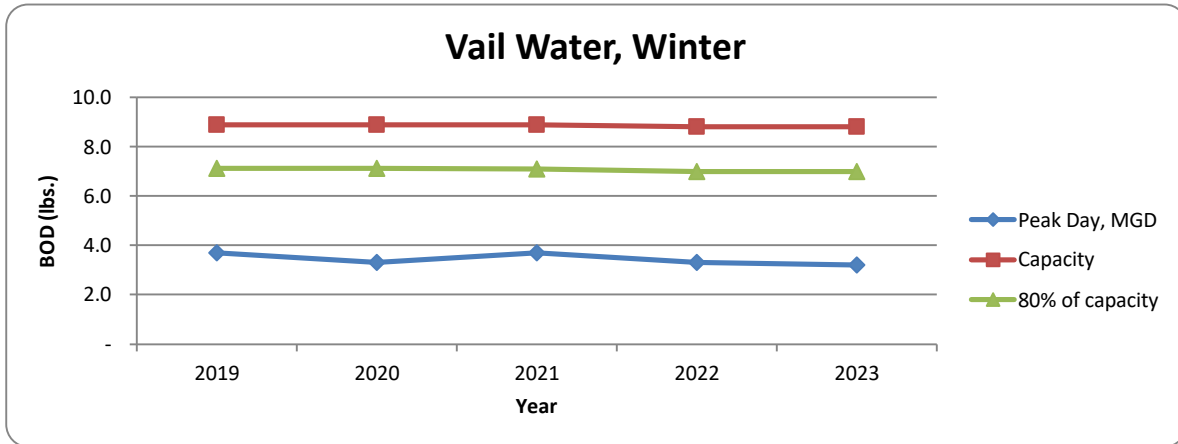


	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Vail	10,474	10,551	10,494	10,509	10,595	10,650	10,703	10,706	10,757	10,876
Minturn	724	726	732	733	748	752	751	741	747	752
Avon	4,038	4,062	3,823	3,847	3,855	3,890	3,934	3,955	4,016	3,973
Village at Avon	-	-	-	-	-	268	447	494	495	501
Beaver Creek	2,807	2,823	2,824	2,829	2,829	2,831	2,834	2,834	2,846	2,864
Eagle Vail	2,414	2,425	2,427	2,433	2,441	2,446	2,446	2,447	2,450	2,451
Edwards	3,150	3,174	3,197	3,202	3,220	3,366	3,375	3,382	3,386	3,406
Berry Creek	1,190	1,195	1,211	1,220	1,231	1,239	1,239	1,241	1,245	1,330
Arrowhead	1,040	1,050	1,062	1,063	1,071	1,079	1,082	1,088	1,091	1,089
Cordillera	862	868	880	877	882	884	886	888	897	904
Bachelor Gulch	1,069	1,076	1,072	1,076	1,075	1,079	1,083	1,090	1,091	1,097
<b>Total SFEs</b>	<u>27,768</u>	<u>27,948</u>	<u>27,722</u>	<u>27,789</u>	<u>27,947</u>	<u>28,484</u>	<u>28,780</u>	<u>28,866</u>	<u>29,021</u>	<u>29,243</u>
Percent increase	<u>0.32%</u>	<u>0.65%</u>	<u>-0.81%</u>	<u>0.24%</u>	<u>0.57%</u>	<u>1.92%</u>	<u>1.04%</u>	<u>0.30%</u>	<u>0.54%</u>	<u>0.76%</u>

**Eagle River Water and Sanitation District  
Water Demand Compared To Capacity  
Five Year Comparison  
December 31, 2023  
(Unaudited)**



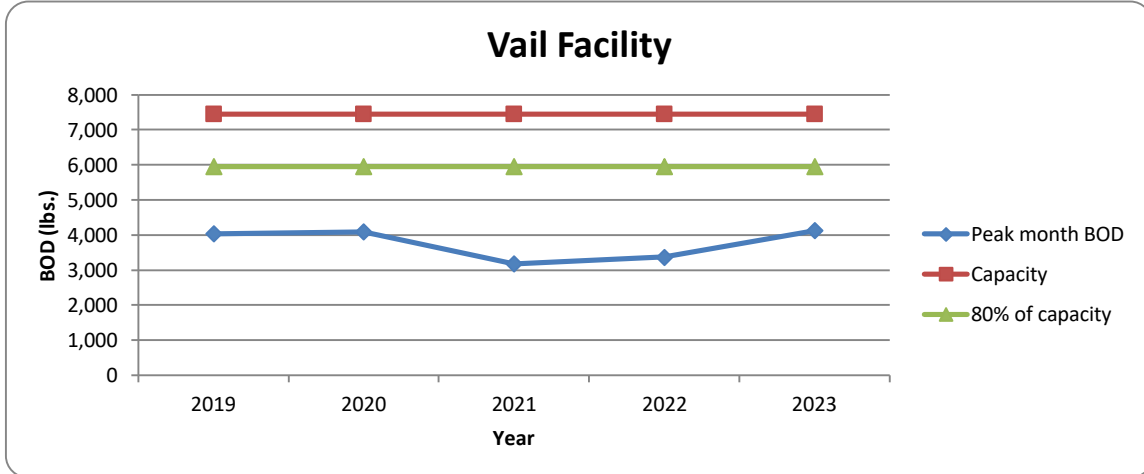
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak Day, MGD	5.3	4.9	5.0	4.3	4.2
Capacity	8.9	8.9	8.9	8.8	8.8
80% of capacity	7.1	7.1	7.1	7.0	7.0
Flow, MGD as a % Capacity	60%	55%	56%	49%	49%



	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak Day, MGD	3.7	3.3	3.7	3.3	3.2
Capacity	8.9	8.9	8.9	8.8	8.8
80% of capacity	7.1	7.1	7.1	7.0	7.0
Flow, MGD as a % Capacity	42%	37%	42%	38%	36%

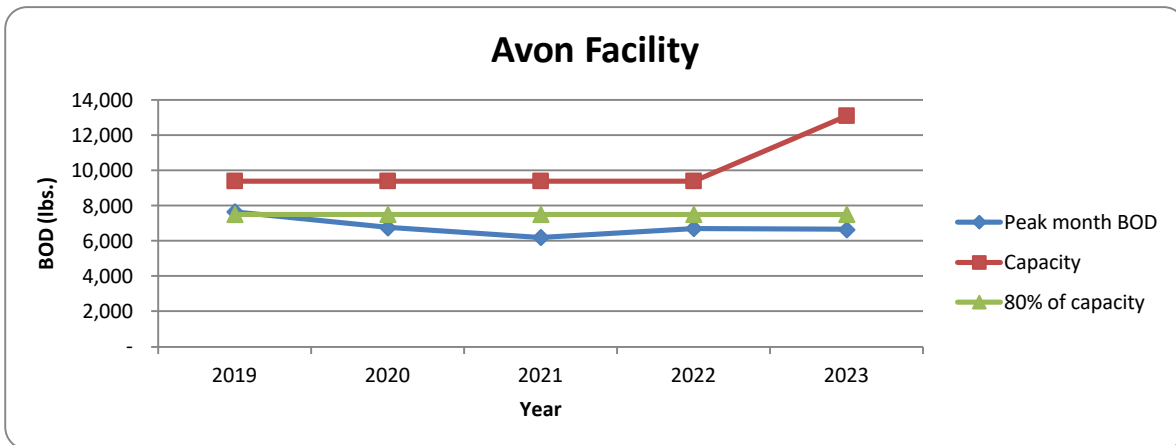
**Eagle River Water and Sanitation District  
Wastewater Loadings Compared to Facility Capacity  
Five Year Comparison  
December 31, 2023  
(Unaudited)**

Biochemical Oxygen Demand ("BOD") is the rate in which organisms use oxygen in wastewater while stabilizing decomposable organic matter under aerobic conditions. In decomposition, organic matter serves as food for the bacteria and energy results from its oxidation. BOD measurements are used as a surrogate measure of the organic strength of wastes in water.



**Vail Facility**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak month BOD	4,039	4,094	3,180	3,373	4,124
Capacity	7,450	7,450	7,450	7,450	7,450
80% of capacity	5,960	5,960	5,960	5,961	5,960
Peak month BOD as % of capacity	54%	55%	43%	45%	55%

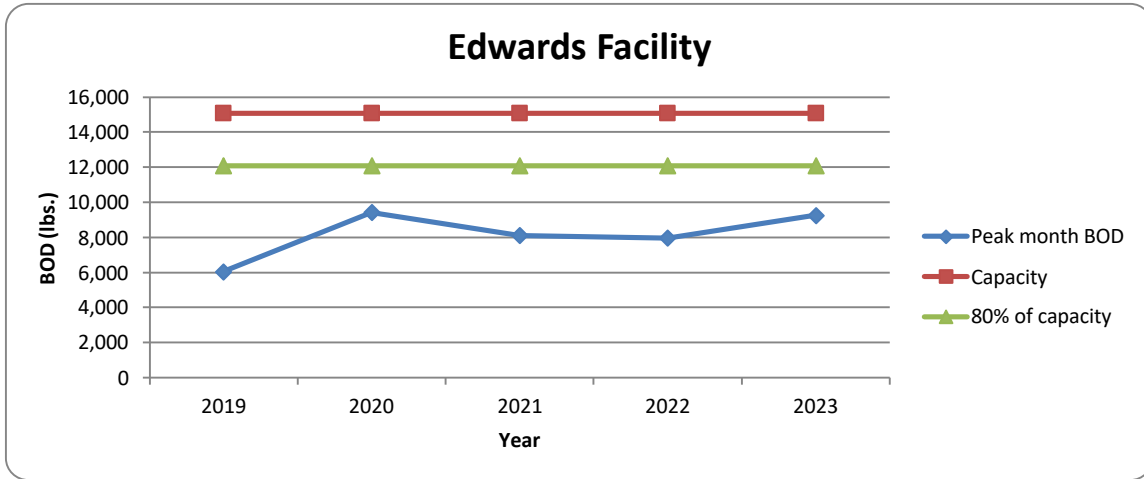


**Avon Facility**

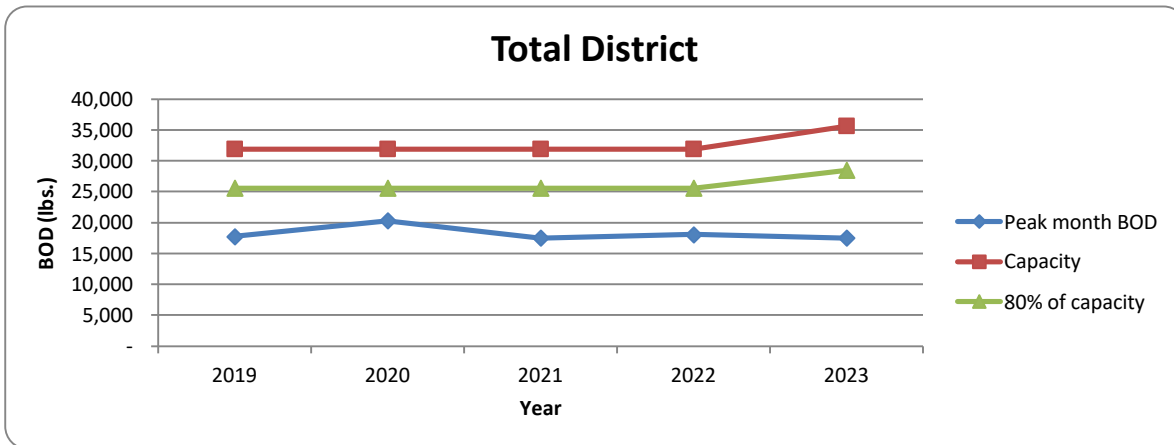
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak month BOD	7,659	6,755	6,201	6,701	6,643
Capacity	9,400	9,400	9,400	9,400	13,100
80% of capacity	7,520	7,520	7,520	7,520	7,520
Peak month BOD as % of capacity	81%	72%	66%	71%	51%

**Eagle River Water and Sanitation District  
Wastewater Loadings Compared to Facility Capacity  
Five Year Comparison  
December 31, 2023  
(Continued)  
(Unaudited)**

Biochemical Oxygen Demand ("BOD") is the rate in which organisms use oxygen in wastewater while stabilizing decomposable organic matter under aerobic conditions. In decomposition, organic matter serves as food for the bacteria and energy results from its oxidation. BOD measurements are used as a surrogate measure of the organic strength of wastes in water.



<u>Edwards Facility</u>		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak month BOD		6,057	9,426	8,102	7,972	9,267
Capacity		15,100	15,100	15,100	15,100	15,100
80% of capacity		12,080	12,080	12,080	12,080	12,080
Peak month BOD as % of capacity		40%	62%	54%	53%	61%

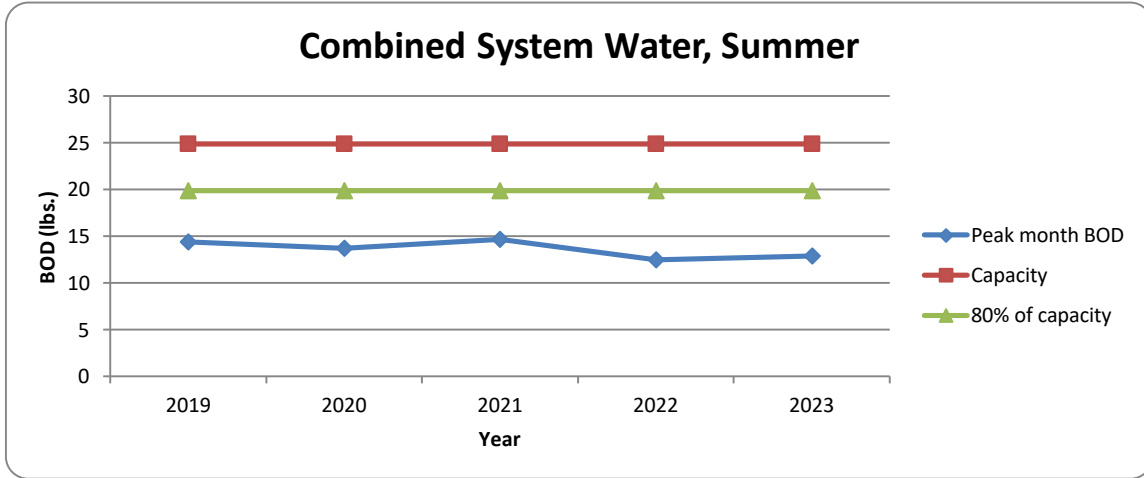


<u>Total District</u>		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak month BOD		17,755	20,275	17,483	18,046	17,486
Capacity		31,950	31,950	31,950	31,950	35,650
80% of capacity		25,560	25,560	25,560	25,560	28,520
Peak month BOD as % of capacity		56%	63%	55%	56%	49%

**Eagle River Water and Sanitation District  
Top 10 Customers  
Five Year Comparison  
December 31, 2023  
(Unaudited)**

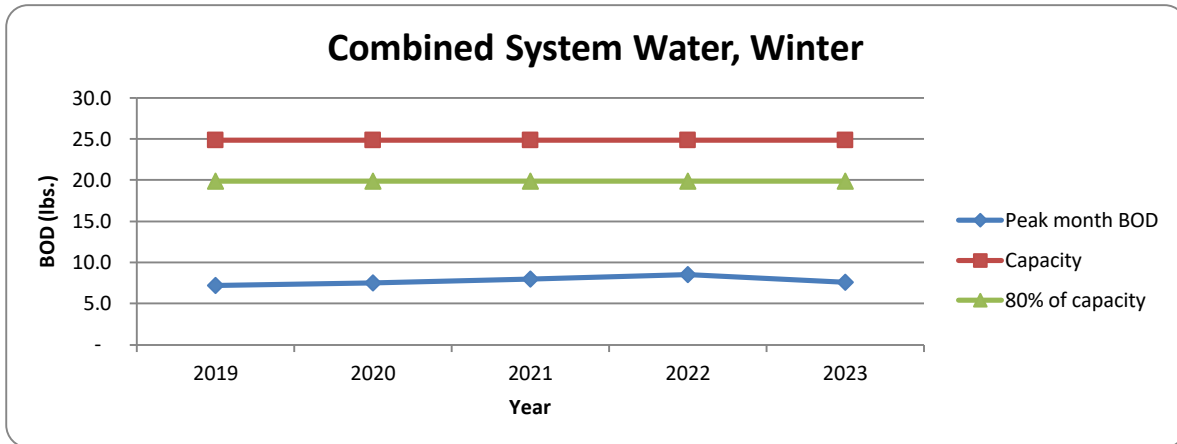
<b>Customer Type</b>	<b>1,000 Capital assets, net</b>	<b>Sales Dollar Amount</b>	<b>% of Total Sales Dollars</b>
<b><u>Vail Water Sales</u></b>			
Ski Company/Resort	31,781	174,832	2.0%
Hotel/Resort	17,355	160,473	1.9%
Hotel/Resort	20,082	160,226	1.9%
Town of Vail	19,487	155,238	1.8%
Condominiums/Resort	8,469	117,193	1.4%
Hotel/Resort	11,742	96,615	1.1%
Hotel/Resort	12,335	92,768	1.1%
Hospital	17,943	90,125	1.0%
Hotel/Resort	11,420	81,594	0.9%
Condominiums/Resort	11,121	80,262	0.9%
<b>Total - Top 10 Customers</b>	<b>161,735</b>	<b>\$ 1,209,326</b>	<b>14.0%</b>
<b>Total - All Other Customers</b>	<b>419,390</b>	<b>7,432,603</b>	<b>86.0%</b>
<b>Total Service Fees</b>	<b>581,125</b>	<b>\$ 8,641,929</b>	<b>100.0%</b>
<b><u>Wastewater Sales</u></b>			
Ski Company/Resort		\$ 341,089	1.7%
Mobile Home Park		243,389	1.2%
Hotel/Resort		229,893	1.1%
Hotel/Resort		192,417	0.9%
Hospital		148,275	0.7%
Apartment Complex		134,187	0.7%
Condominiums/Resort		133,381	0.7%
Condominiums/Resort		131,235	0.6%
Apartment Complex		126,465	0.6%
Condominiums/Resort		125,759	0.6%
<b>Total - Top 10 Customers</b>		<b>\$ 1,806,090</b>	<b>8.8%</b>
<b>Total - All Other Customers</b>		<b>18,625,719</b>	<b>91.2%</b>
<b>Total Service Fees</b>		<b>\$ 20,431,809</b>	<b>100.0%</b>

**Eagle River Water and Sanitation District  
Water Demand Compared to Capacity  
Five Year Comparison  
December 31, 2023  
(Continued)**



**Combined System Water, Summer**

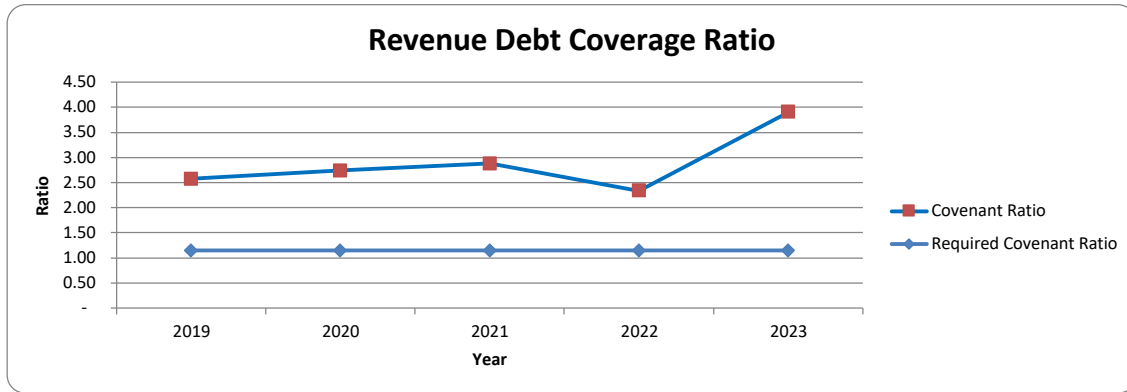
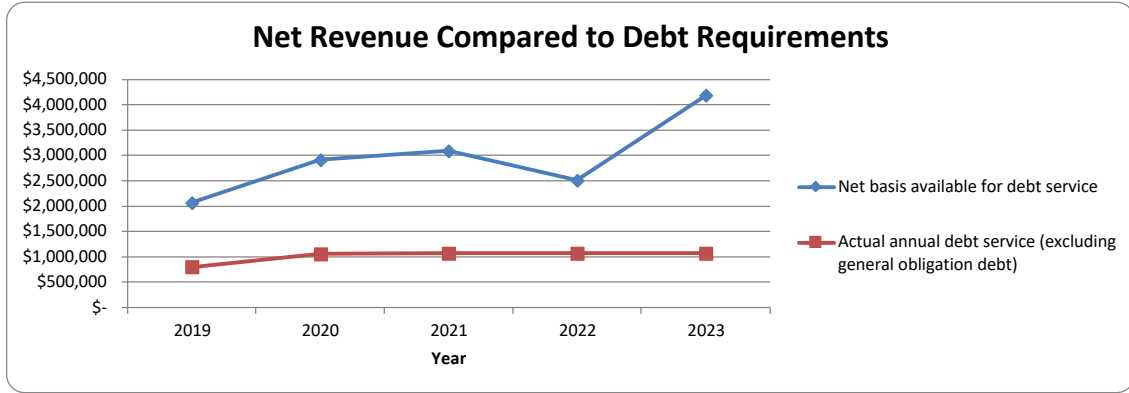
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak month BOD	14.4	13.7	14.7	12.5	12.9
Capacity	24.9	24.9	24.9	24.9	24.9
80% of capacity	19.9	19.9	19.9	19.9	19.9
Peak month BOD as % of capacity	58%	55%	59%	50%	52%



**Combined System Water, Summer**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Peak month BOD	7.2	7.5	8.0	8.5	7.6
Capacity	24.9	24.9	24.9	24.9	24.9
80% of capacity	19.9	19.9	19.9	19.9	19.9
Peak month BOD as % of capacity	29%	30%	32%	34%	31%

**Eagle River Water and Sanitation District  
Rate Maintenance Covenant - Water  
Five Year Comparison  
December 31, 2023  
(Unaudited)**



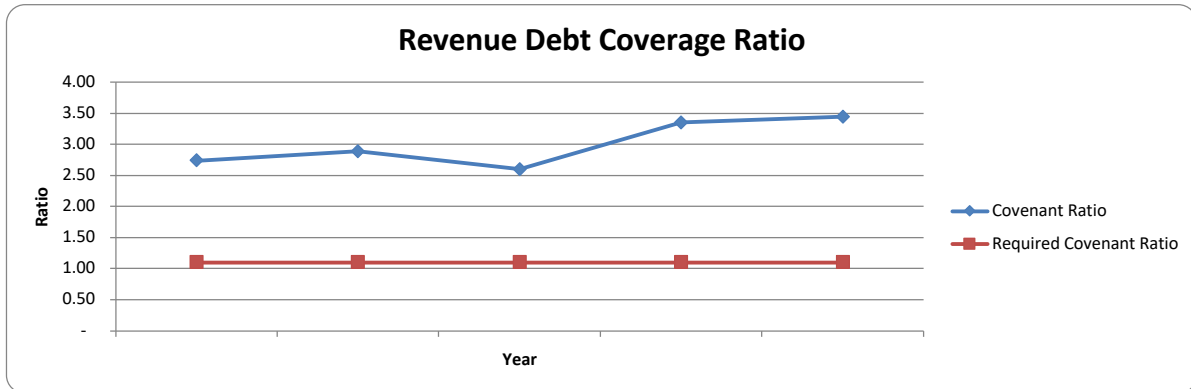
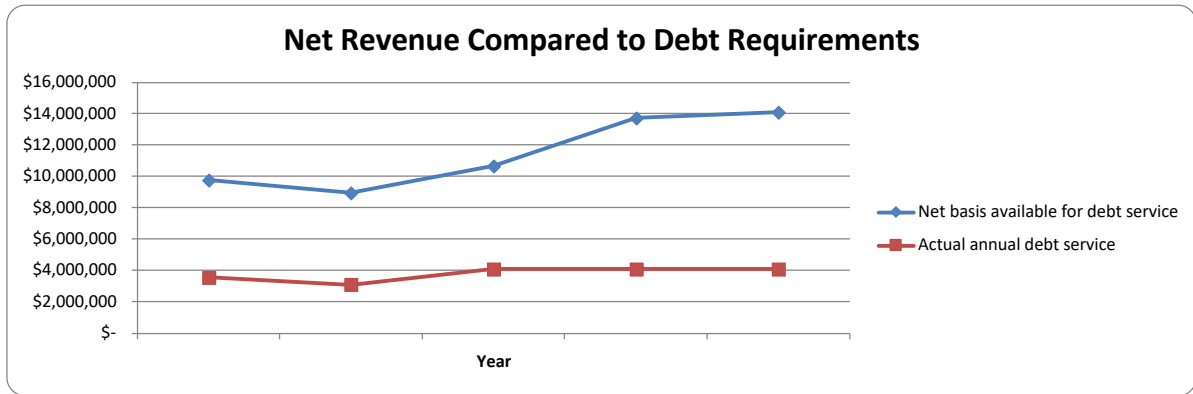
Per the bond covenants, the District is to assess a fee to cover operations and maintenance and 115% of water debt service.

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Operating revenue	5,711,618	6,589,015	7,038,240	7,806,117	8,773,821
Plus:					
Tap fees and other contributed cash	143,987	307,504	677,841	259,212	151,035
Investment income	66,762	66,067	(991)	10,793	78,479
Property taxes for general operating	509,210	518,481	533,141	543,099	651,290
Other non-operating revenues	12,137	19,734	29,817	33,664	28,290
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
<b>Total revenues available for debt service</b>	<b>7,043,714</b>	<b>8,100,801</b>	<b>8,878,048</b>	<b>9,252,885</b>	<b>10,282,915</b>
Expenses	7,853,847	8,201,005	8,545,226	9,529,666	8,807,500
Less:					
Interest expense	(762,740)	(808,026)	(764,891)	(718,714)	(680,166)
Depreciation	(1,982,937)	(1,979,712)	(1,980,544)	(2,073,977)	(2,020,338)
Life cycle capital expenses					
Non-reoccurring or replacement expenses	(136,937)	(228,434)	(6,999)	-	(11,420)
<b>Total expenses available for debt service</b>	<b>4,971,233</b>	<b>5,184,833</b>	<b>5,792,792</b>	<b>6,736,975</b>	<b>6,095,576</b>
<b>Net basis available for debt service</b>	<b>2,072,481</b>	<b>2,915,968</b>	<b>3,085,256</b>	<b>2,515,910</b>	<b>4,187,339</b>
<b>Actual annual debt service (excluding general obligation debt)</b>	<b>805,600</b>	<b>1,065,263</b>	<b>1,071,600</b>	<b>1,073,900</b>	<b>1,070,500</b>
<b>Covenant Ratio</b>	<b>2.57</b>	<b>2.74</b>	<b>2.88</b>	<b>2.34</b>	<b>3.91</b>
<b>Required Covenant Ratio</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>

**Rate Maintenance Covenant:** The District's Water Enterprise Series 2017 and 2019 bonds include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 115% of each Fiscal Year's Bond Requirements of the Bonds, (iii) any amounts required to pay all Policy Costs then due and owing and all sums, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable there from.

The above Rate Maintenance Covenant is tested annually. It is the District's policy to use unrestricted cash and investments (\$1,712,067 at December 31, 2023) to meet the Rate Maintenance Covenant if necessary.

**Eagle River Water and Sanitation District  
Rate Maintenance Covenant - Sanitation  
Five Year Comparison  
December 31, 2023  
(Unaudited)**



Per the bond covenants, the District is to assess a fee to cover operations and maintenance and 110% of sewer debt service.

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Operating revenue	20,474,799	22,407,469	25,470,671	28,850,477	31,502,812
Plus:					
Tap fees and other contributed cash	2,147,390	668,867	1,297,552	2,437,698	2,756,757
Investment income	1,015,644	334,133	(18,024)	74,411	801,943
Interest credit - Build America Bonds	275,490	-	-	-	-
Property taxes for general operating	563,588	581,078	587,406	589,286	629,754
Other non-operating revenues	36,410	53,250	89,451	101,053	100,778
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
Total revenues available for debt service	<u>25,113,321</u>	<u>24,644,797</u>	<u>28,027,056</u>	<u>32,652,925</u>	<u>36,392,044</u>
Expenses	26,313,016	26,104,467	27,548,968	28,581,021	34,646,448
Less:					
Interest expense	(3,162,889)	(2,532,808)	(2,847,190)	(2,886,258)	(4,602,177)
Depreciation	(7,539,257)	(7,679,104)	(7,115,752)	(6,646,765)	(7,629,601)
Major capital additions	(253,368)	(211,190)	(207,358)	(135,687)	(116,145)
Total expenses available for debt service	<u>15,357,502</u>	<u>15,681,365</u>	<u>17,378,668</u>	<u>18,912,311</u>	<u>22,298,525</u>
<b>Net basis available for debt service</b>	<u>9,755,819</u>	<u>8,963,432</u>	<u>10,648,388</u>	<u>13,740,614</u>	<u>14,093,519</u>
<b>Actual annual debt service (excluding general obligation debt)</b>	<u>3,563,477</u>	<u>3,102,063</u>	<u>4,094,691</u>	<u>4,096,083</u>	<u>4,093,364</u>
<b>Covenant Ratio</b>	<u>2.74</u>	<u>2.89</u>	<u>2.60</u>	<u>3.35</u>	<u>3.44</u>
<b>Required Covenant Ratio</b>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>

**Rate Maintenance Covenant:** The District's Wastewater Revenue Bonds, Series 2009, 2012, 2017 and 2020 include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 110% of each Fiscal Year's Bond Requirements of the Bonds, (iii) any amounts required to pay all Policy Costs then due and owing and all sums, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable there from.

The above Rate Maintenance Covenant is tested annually. It is the District's policy to use unrestricted cash and investments to meet the Rate Maintenance Covenants, if necessary.

**Eagle River Water and Sanitation District**  
**Assessed Valuation, Property Taxes Levied and Collected - Water**  
**Five Year Comparison**  
**December 31, 2023**  
**(Unaudited)**

<b>Calendar Year Ended December 31</b>	<b>Capital assets, net Valuation for Current Year Property Tax Levy</b>	<b>Total Mills Levied</b>		<b>Total Property Tax</b>		<b>% Collected to Levied</b>
		<b>Operating Mills Levied</b>	<b>Debt Service Mills Levied</b>	<b>Levied</b>	<b>Collected</b>	
2019	1,227,930,380	0.418	0.775	1,464,920	1,453,306	99.2%
2020	1,232,671,960	0.444	0.765	1,490,300	1,486,928	99.8%
2021	1,229,647,670	0.471	0.764	1,518,392	1,516,730	99.9%
2022	1,211,075,770	0.509	0.615	1,361,246	1,360,180	99.9%
2023	1,640,505,630	0.400	0.455	1,402,632		

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

**Eagle River Water and Sanitation District**  
**Assessed Valuation, Property Taxes Levied and Collected - Sanitation**  
**Five Year Comparison**  
**December 31, 2023**  
**(Unaudited)**

Calendar Year Ended December 31	Capital assets, net Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Tax		% Collected to Levied
		Operating Mills Levied	Debt Service Mills Levied	Levied	Collected	
2019	2,565,975,770	0.231	0.585	1,965,537	1,951,056	99.3%
2020	2,563,646,580	0.231	0.535	1,963,902	1,961,888	99.9%
2021	2,597,766,990	0.231	0.535	1,971,705	1,970,192	99.9%
2022	2,565,776,260	0.231	0.534	1,962,819	1,967,800	100.3%
2023	3,261,713,630	0.231	0.379	2,209,245		0.0%

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

**Eagle River Water and Sanitation District  
Schedule of Water & Storage Rights  
December 31, 2023  
(Unaudited)**

Most of the water and storage rights currently used by the District were provided by the previous water utilities at no cost to the District. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the District's Statement of Net Position at historic cost, totaling \$1,496,416. This cost represents mostly legal expenditures to establish the District's ability to use these rights to provide water directly to the customers and a small acquisition of new rights. Also in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost of \$3,453,442. Management of the District believes the actual value of these water and storage rights used by the District to be greater than historical cost as of December 31, 2023.

The appraisal value as of April 19, 2023, performed by Somach Simmons and Dunn (Special Water Rights Counsel for the District) is recited here solely for informational purposes.

<b>Water Right</b>	<b>Quantity (a.f.)</b>	<b>Price per a.f.</b>	<b>Historical Cost</b>	<b>Appraisal Value</b>
Eagle Park Reservoir Water	432.81211	\$66,063	\$3,453,442	\$28,592,866
Homestake Reservoir	250	66,063	0	16,515,750
Green Mtn. Res. contract	934	2,000	0	1,868,000
Wolford Mtn. Res. contract	500	3,805	0	1,902,500
Black Lakes storage	425	66,063	0	28,076,775
Conditional storage	584.45	100	0	58,445
In-basin consumptive use	902	10,500	1,496,416	9,471,000
Direct flow HUP water (winter)	89	66,063	0	5,879,607
<b>TOTAL</b>			<b>\$4,949,858</b>	<b>\$92,364,943</b>

**Eagle Park Reservoir**

The value of Eagle Park Reservoir is based on the District's dedication replacement cost of \$66,063 per acre-foot. That replacement cost is established by the District's 2023 water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area.

**Homestake Reservoir**

The value of Homestake Reservoir storage is based on the District's dedication replacement cost of \$66,063 per acre-foot. That replacement cost is established by the District's 2023 water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area.

**Green Mountain Reservoir**

Green mountain Reservoir contract water value is based on the fact that Green Mountain Reservoir is a finite pool, that there are effectively no new contracts being let by the U.S. Bureau of Reclamation for this pool, but also reflecting its lower value compared with Wolford Mountain Reservoir contract water due to less reliability and transfer issues with the Bureau. The term of the Green Mountain Reservoir contract is also less than the term of the Wolford Mountain Reservoir contract.

**Eagle River Water and Sanitation District**  
**Schedule of Water & Storage Rights**  
**December 31, 2023**  
**(Unaudited)**  
**(Continued)**

**Wolford Mountain Reservoir**

Wolford Mountain Reservoir contract water value is based on a ten (10) year cost at \$380.50 per acre-foot per year, or a total of \$3,805 per acre-foot. A ten year lease cost is an approximation of the purchase value of this water.

**Black Lakes**

The value of Black Lakes storage is based on the District's dedication replacement cost of \$66,063 per acre-foot. That replacement cost is established by the District's 2023 water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area.

**Conditional Storage**

Conditional in-basin storage was given a nominal value (\$100 per acre-foot) due to the high cost (land) of developing these storage rights.

**In-Basin Consumptive Use**

In-basin consumptive use credits are valued at the District's dedication replacement cost of \$10,500 per acre-foot of irrigation season water. This irrigation season water replacement cost is established by the District's 2022 water dedication policy.

**Direct Flow Historical Users' Pool**

The District's historical users' pool (HUP) beneficiary water rights are decreed for non-irrigation season use as HUP rights, and the fact that 4.35 cfs of the District's HUP rights are senior to the CWCB instream flow water right. As a result, 89 acre-feet of winter use is not subject to curtailment. This quality makes these rights as valuable as in-basin storage such as Eagle Park Reservoir water, so we assigned a value of \$66,063 to these rights. That replacement cost is established by the District's 2023 water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area.