

**SNAKE RIVER WATER DISTRICT
DILLON, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2024



Crady, Puca & Associates

Certified Public Accountants & Consultants

**SNAKE RIVER WATER DISTRICT
DILLON, COLORADO**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Snake River Water District
Dillon, Colorado

Opinions

We have audited the accompanying financial statements of the business-type activities of the Snake River Water District as of and for the year ended December 31, 2024, and related notes to the financial statements, which collectively comprise Snake River Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Snake River Water District as of December 31, 2024, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Snake River Water 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Snake River Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Snake River Water 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 Snake River Water 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.

Report on Summarized Comparative Information

We have previously audited the District's December 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through xiv 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 the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis), page 18 and the Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Net Position, page 19, are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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. The other information comprises the Continuing Disclosure Undertaking listed in the table of contents: History of EQRs and Tap Fee Collections on page 20; Water Customers on page 21; and Water Sales by Category on page 22 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Crady, Puca & Associates

Aurora, Colorado
May 13, 2025

Management's Discussion and Analysis

2024

This Management's Discussion and Analysis (MD&A) for the Snake River Water District provides readers with an overview of the District's financial status and performance for the fiscal year ended on December 31, 2024.

This MD&A includes the following sections:

- I. Financial Highlights
- II. Overview of Financial Statements
- III. Condensed Comparative Data
- IV. Overall Financial Analysis
- V. Analysis of Budget Variations
- VI. Capital Assets
- VII. Discussion of Currently Known Facts, Decisions or Conditions of Future Significance
- VIII. Additional Financial Information

In reviewing this MD&A, please note that Sections II, III and IV are all interrelated. Section II provides an outline of the purpose of each financial statement; Section III provides the basic data for each statement and Section IV provides discussion on each financial component presented in Section III.

I. Financial Highlights

The Snake River Water District is well-positioned to face a financial future of growing operations and major system improvements. Many of these improvements are constructing new assets needed in the distribution system, and some are repairs and replacements of aging physical assets. The District's Master Plan has driven large projects to be completed in the past three years, and the highest priority components were successfully finished. The next highest priority projects are underway with engineering and design, necessary governmental approvals, and contractor solicitation. The District has funded projected capital improvements as defined by the Master Plan through a bond issuance in March of 2024.

Management and the SRWD Board of Directors use financial projections for the annual budget which follow economic trends. Budgets are prepared with projected capital improvements and maintenance outlay for the year. Funds not utilized by December 31st are retained in cash & investments for future capital projects.

Some of the more notable indicators of the District's financial health include:

1. At the end of 2024, the District's Total Net Position increased from 2023 by \$1,231,074 bringing the District's Total Net Position to \$33,056,820.
2. The District had an Operating Income before Depreciation and Amortization of \$654,650.
3. The Total Current Assets were \$39,351,868.
4. The Total Assets and Deferred Outflows increased by \$28,574,486.
5. The Total Liabilities and Deferred Inflows increased by \$27,343,412.

II. Overview of the Financial Statements

The Financial Statements of the District utilize the accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. All of these statements pertain to the District's only fund which is a Proprietary Fund.

Statement of Net Position includes statistics on the District's assets and liabilities and delineates information about the nature and amounts of investments placed in resources (assets) and the obligations to the District's creditors (liabilities).

Statement of Revenues, Expenses and Changes in Net Position identifies the District's income and expenses for the years ended December 31, 2024 and 2023. This statement provides information on the District's operations over the past two fiscal years and can be used to determine whether the District has recovered all of its actual costs through user fees and other revenues.

III. CONDENSED COMPARATIVE DATA

STATEMENT OF NET POSITION

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Assets & Deferred Outflows			
Current Assets	\$ 39,351,868	\$ 12,275,282	\$ 27,076,586
Capital Assets, net	23,878,447	22,623,564	1,254,883
Other Assets	77,271	10,939	66,332
Deferred Outflows	176,685	-	176,685
Total Assets & Deferred Outflows	<u>63,484,271</u>	<u>34,909,785</u>	<u>28,574,486</u>
Liabilities & Deferred Inflows			
Current Liabilities	1,526,006	285,508	1,240,498
Noncurrent Liabilities	28,890,506	2,754,016	26,136,490
Deferred Inflows	10,939	44,515	(33,576)
Total Liabilities & Deferred Inflows	<u>30,427,451</u>	<u>3,084,039</u>	<u>27,343,412</u>
Net Position			
Invested in Capital Assets	20,351,198	19,767,859	583,339
Restricted	22,325	22,325	-
Unrestricted	12,683,297	12,035,562	647,735
Total Net Position	<u>\$ 33,056,820</u>	<u>\$ 31,825,746</u>	<u>\$ 1,231,074</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2024	2023	Increase (Decrease)
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues	\$ 1,945,344	\$ 1,745,129	\$ 200,215
Less: Operating Expenses	1,290,694	1,160,457	130,237
Less: Depreciation and amortization	678,640	610,422	68,218
Net Income (loss) from Operations	<u>(23,990)</u>	<u>(25,750)</u>	<u>1,760</u>
Non-operating Revenues (expenses)	831,831	1,658,535	(826,704)
Capital Contributions	423,233	105,900	317,333
Increase in Net Position	1,231,074	1,738,685	(507,611)
Net Position, Beginning of Year	<u>31,825,746</u>	<u>30,087,061</u>	<u>1,738,685</u>
Net Position, End of Year	<u>\$ 33,056,820</u>	<u>\$ 31,825,746</u>	<u>\$ 1,231,074</u>

IV. Overall Financial Analysis

Assets

Current assets of the District are principally cash, short-term deposits, and investments. Current assets increased from \$12,275,282 in 2023 to \$39,351,868 in 2024. This increase of \$27,076,586 is largely attributable to the issuance of bonds to fund the Master Plan capital projects, and the bond proceeds are maintained in a new interest-bearing account at COLOTRUST. The District's capital assets increased from \$22,623,564 in 2023 to \$23,878,447 in 2024. This increase is a net increase of \$1,254,883 in total net capital assets after depreciation. There were \$423,233 in capital contributions from water main extension projects in 2024. The depreciation and amortization expense for 2024 was \$678,640.

The District's overall assets, including deferred outflows, increased from \$34,909,785 in 2023 to \$63,484,271 in 2024.

Liabilities

Total liabilities, including deferred inflows, increased from \$3,084,039 in 2023 to \$30,427,451. The increase of \$27,343,412 is due primarily to the bonds payable. Additionally, accrued interest was \$429,683 which relates to the bonds. An arbitrage liability of \$313,823 has been calculated for 2024 based on the interest earned from the investment of bond proceeds that exceeds the interest expense accrued on the bonds. That arbitrage calculation will be calculated by the District's bond attorneys on an annual basis until the arbitrage amount must be rebated to the IRS in 2029. Also, the note payable to Fresno First Bank was paid off in June of 2024 using the bond proceeds.

Revenue

Total operating revenue for fiscal year 2024 increased by \$200,215 to \$1,945,344 from \$1,745,129 in 2023 due to growth in District EQRs and an increase in water user fee rates. Total non-operating revenue received by the District was \$2,135,066. The net non-operating revenue was \$831,831 after removing interest expense and the cost of bond issuance. Investment income increased \$873,993 due to an increase in investment balances and tap fees decreased \$645,540 in 2024 compared to 2023.

Expenses

Total operating expenses before depreciation and amortization were \$1,290,694 in 2024 which is an increase from \$1,160,457 in 2023. The \$130,237 increase included \$100,976 in higher legal fees due to the District's water rights complaint against the State Engineer. In 2024, costs related to PFAS detection were \$124,819 higher; however, those expenses were mostly offset by \$118,814 in grant revenue.

Increase in Net Position

The increase in the District's net position in 2024 was \$1,231,074, bringing the District's total net position as of December 31, 2024 to \$33,056,820.

V. Analysis of Budgetary Variations

The following analysis compares the final audited numbers with the District budget as approved by the Board of Directors. Refer to page 18 of the audit. Significant variations between what was approved by the Board and what was realized are discussed below:

1. The single largest variance from budget for 2024 was the Capital Outlay/System Improvements account. The actual expense was \$1,428,677 which was \$2,585,017 below budget. The primary reason for the variance was that construction did not begin on the New Base 2 Storage Tank project due to awaiting the US Forest Service approval. Approval has been received in 2025, and the project is expected to proceed in 2025. The Loveland Pass Village project was completed \$27,872 under budget at a cost of \$1,035,828.
2. The next largest variance in terms of budget was for the Investment Income account. The actual revenue was \$1,478,111 which was \$893,111 above budget. The issuance of bonds was not in the budget, and the proceeds earned much more interest than the unrestricted reserves.
3. The next largest variance in terms of budget was for the Interest Expense account. The actual expense was \$980,464 and was \$853,089 above budget because issuing bonds was not calculated into the budget. The budgeted interest expense was based on the existing note payable.
4. The next largest variance in terms of budget was for the Cost of Bond Issuance account. The actual expense was \$322,771 and none was budgeted because issuing bonds was not calculated into the budget.
5. The next largest variance in terms of budget was for the System Investment/Tap Fee account. The actual revenue was \$506,525 which was \$206,525 above budget. The budget was conservative because development projects are unpredictable.
6. The next largest variance in terms of budget was for the Operating Contingency account. The actual expense was \$0 which was \$144,799 below budget.
7. The next largest variance in terms of budget was for the Maintenance, Parts, and Materials account. The actual expenses were \$93,620 which was \$126,880 below budget. No significant leaks occurred in 2024.
8. The next largest variance in terms of budget was for the Grant Revenue account. The actual revenue was \$118,814 and was not budgeted because the availability of PFAS-related grants was not anticipated.
9. The next largest variance in terms of budget was for the Legal Fees account. The actual expense was \$131,060 which was \$94,310 above budget due to the complaint against the State Engineer for water rights accounting changes.
10. The next largest variance in terms of budget was for the PFAS Detection account. The actual expense was \$156,152 which was \$56,152 above budget. However, \$118,814 was received from the state in grant revenue to reimburse the District for PFAS-related expenses. It was very difficult to anticipate the work necessary to address the PFAS detection, as well as the available grant funds from CDPHE.

VI. Capital Assets

The District addresses asset replacement funding and reports on the funds available during the budget process. The Board, in adopting the budget for 2024, approved Fund Projections for 2024. Highlights of these projections relating to capital included:

- i) \$4,013,694 to be spent on major capital improvements in 2024, primarily the highest priorities defined in the Master Plan.
- ii) \$1,500,000 being held in the emergency reserve account.
- iii) \$7,315,665 estimated as the 2024 year-end balance to fund future capital/system improvements. Issuing bonds was not budgeted for 2024.

The District's total net capital assets as of December 31, 2024 were \$23,878,447 and were \$22,623,564 in 2023, which is an increase of \$1,254,883. Construction in Progress assets at the end of 2024 were \$339,939.

The District's total depreciable capital assets as of December 31, 2024 were \$26,650,173 and were \$24,865,023 in 2023, an increase of \$1,785,150. The District's accumulated depreciation increased from \$10,093,575 in 2023 to \$10,772,215 in 2024.

	2024	2023	Increase (Decrease)
Collection, storage and distribution system	\$ 21,656,979	\$ 19,953,442	\$ 1,703,537
Buildings and improvements	4,666,419	4,666,419	-
General equipment	68,694	68,694	-
Computer software and equipment	176,468	176,468	-
Intangibles: Right-to-use subscription	81,613	-	81,613
	<u>26,650,173</u>	<u>24,865,023</u>	<u>1,785,150</u>
Less: accumulated depreciation	<u>(10,772,215)</u>	<u>(10,093,575)</u>	<u>678,640</u>
Net depreciable capital assets	15,877,958	14,771,448	1,106,510
Land and water rights	7,660,550	7,660,550	-
Construction in Progress	<u>339,939</u>	<u>191,566</u>	<u>148,373</u>
			-
Net capital assets	<u>\$ 23,878,447</u>	<u>\$ 22,623,564</u>	<u>\$ 1,254,883</u>

VII. Discussion of Currently Known Facts, Decisions or Conditions of Future Significance

The District is strategically investing in system improvements as specified by the District's Master Plan. The Loveland Pass Village project was completed under budget in 2024. This continues the successful upgrades to the District's distribution system, and the top three highest priority capital improvement projects are now complete. These capital expenditures will reap benefits for the customers of the District for many years to come because:

- The Base 2 pressure zone has significantly decreased risk of supply failure
- The oldest water mains in the District have been replaced
- The Base 3 water treatment plant can now service all customers in the District

The next highest priority remaining project in the Master Plan is the new Base 2 Storage Tank. This additional storage will address fire flow issues in the high density area of the District. It will also provide redundancy by adding a second tank in the Base 2 pressure zone. The District has finalized the site selection and received approval from the US Forest Service to construct a road, water supply piping, and a tank. The special use permit will be similar to the other storage tanks owned by the District. The process of building road access and pipeline installation will begin in summer 2025. The road will allow access to the tank site by equipment to conduct soil samples necessary to finalize the tank design. Construction of the tank is anticipated to be completed in 2026.

The District updated its capital investment plan in 2024 and decided that a bond offering would be the best option to fund the remaining projects in the Master Plan. In March of 2024, the District successfully completed the issuance of bonds with proceeds of approximately \$29 million. The District's \$3 million capital loan was paid off. The bond proceeds are being used to pay for the new storage tank, pipeline replacements, well improvements, and hydrant replacements. Several distribution system components are fifty years old as identified in the Master Plan, and those components are being replaced and upgraded which will reduce maintenance costs in the future. Additionally, the Base 2 water treatment plant is undergoing significant improvements in efficiency and safety by replacing older disinfection technologies and installing new soda ash handling equipment.

The District continues its partnership with the Colorado Department of Public Health and Environment (CDPHE) in addressing the detection of Per- and Polyfluoroalkyl Substances (PFAS) in some Base 3 wells. CDPHE has assured the water districts with PFAS detections that there is not an immediate public health risk related to drinking tap water. The District is working with its engineering firm to comply with new EPA regulations announced in April 2024. The compliance schedule specifies that in 2029 maximum contamination level violations will be reported on a district's consumer confidence report. Thus, the District has set the goal to design and implement a solution by the end of 2027 that will reduce PFAS levels. The data for 2029's deadline will also include 2028 PFAS sampling.

Under CDPHE's guidance, and with the help of the Colorado School of Mines laboratory testing, the District has conducted a feasibility study regarding PFAS removal methods that are the best solution for its water. The engineers' evaluation of possible solutions has resulted in two options to pursue further:

- Install new advanced filtration equipment or
- Utilize different source water that does not contain PFAS

The District is exploring the use of a previously abandoned well that may provide water at a quality and quantity to replace the usage of the contaminated wells. It is possible that new wells could be drilled adjacent to the abandoned well that would take advantage of water rights owned by the District. The process of testing and analyzing this well has begun, and if the results meet expectations, then the engineers will create a preliminary design with an estimated cost of this solution.

The advanced filtration solution would require a new building to be constructed to house equipment. Technologies available for performing the treatment include reverse osmosis, ion exchange, and granular activated carbon. The engineers will use the testing data and analysis from the Colorado School of Mines to estimate the costs of the best treatment solutions.

VIII. Additional Financial Information

This financial report is designed to provide the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have any questions regarding the information included in this Management's Discussion and Analysis report, please contact:

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Please visit www.snakeriverwater.com for budget and financial postings, as well as scheduled meeting dates.

SNAKE RIVER WATER DISTRICT**Statement of Net Position****December 31, 2024****(With Summarized Financial Information as of December 31, 2023)**

	<u>2024</u>	<u>2023</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 13,404,531	12,200,044
Restricted cash	25,830,157	-
Accounts receivable	18,046	15,568
Grant receivable	83,934	-
Prepaid expenses, current portion	4,261	26,094
Lease receivable, current portion	10,939	33,576
Total current assets	<u>39,351,868</u>	<u>12,275,282</u>
Noncurrent assets:		
Lease receivable	-	10,939
Prepaid bond insurance	77,271	-
Capital assets:		
Capital assets, not being depreciated	8,000,489	7,852,116
Capital assets, being depreciated, net	15,877,958	14,771,448
	<u>23,878,447</u>	<u>22,623,564</u>
Total noncurrent assets	<u>23,955,718</u>	<u>22,634,503</u>
Total assets	<u>63,307,586</u>	<u>34,909,785</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	176,685	-
LIABILITIES:		
Current liabilities:		
Accounts payable	163,642	151,534
Accrued interest	429,683	-
Plan review deposits	16,956	32,285
Subscription liability, current portion	15,725	-
Bond payable, current portion	900,000	-
Note payable, current portion	-	101,689
Total current liabilities	<u>1,526,006</u>	<u>285,508</u>
Noncurrent liabilities:		
Subscription liability	24,205	-
Arbitrage liability	313,823	-
Bond payable	28,552,478	-
Note payable	-	2,754,016
Total noncurrent liabilities	<u>28,890,506</u>	<u>2,754,016</u>
Total liabilities	<u>30,416,512</u>	<u>3,039,524</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflow - Leases	10,939	44,515
NET POSITION		
Net investment in capital assets	20,351,198	19,767,859
Restricted	22,325	22,325
Unrestricted	12,683,297	12,035,562
Total net position	<u>\$ 33,056,820</u>	<u>\$ 31,825,746</u>

The accompanying notes are an integral part of this statement.

SNAKE RIVER WATER DISTRICT**Statement of Revenues, Expenses and Changes in Net Position****For the Year Ended December 31, 2024****(With Summarized Financial Information for the Year Ended December 31, 2023)**

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Water fees	\$ 1,945,344	\$ 1,745,129
Total operating revenues	<u>1,945,344</u>	<u>1,745,129</u>
Operating expenses:		
Operations and maintenance:		
Water treatment contract	300,853	286,254
Repairs and maintenance	93,620	253,878
Utilities	119,549	104,394
Chemicals, lab fees and supplies	48,710	50,856
Engineering and design	20,793	2,156
811 Notification System	1,708	1,020
Total operations and maintenance	<u>585,233</u>	<u>698,558</u>
General and administration:		
Administration contract	278,436	264,925
Audit fees	12,442	11,966
PFAS Detection	156,152	31,333
Master Plan expenses	12,316	35,239
Computer support	26,897	13,556
Water rights engineering	4,950	2,722
Insurance	50,301	42,437
Legal fees	131,060	30,084
Forest Service and water rights leases	9,813	9,597
Office supplies and expense	12,879	10,978
Election expense	-	82
Miscellaneous	3,826	1,644
Board expenses	6,389	7,336
Total general and administration	<u>705,461</u>	<u>461,899</u>
Total operating expenses	<u>1,290,694</u>	<u>1,160,457</u>
Operating income before depreciation and amortization	654,650	584,672
Depreciation and amortization	678,640	610,422
Operating loss	<u>(23,990)</u>	<u>(25,750)</u>
Non-operating revenues (expenses):		
Investment income	1,478,111	604,118
System investment fees	506,525	1,152,065
Lease revenue	31,616	34,154
Grant and other revenue	118,814	-
Cost of bond issuance	(322,771)	-
Interest expense	(980,464)	(131,802)
Total non-operating revenues (expenses)	<u>831,831</u>	<u>1,658,535</u>
Income before capital contributions	807,841	1,632,785
Capital contributions of assets	423,233	105,900
Change in net position	1,231,074	1,738,685
Net position, beginning of year	<u>31,825,746</u>	<u>30,087,061</u>
Net position, end of year	<u>\$ 33,056,820</u>	<u>\$ 31,825,746</u>

The accompanying notes are an integral part of this statement.

SNAKE RIVER WATER DISTRICT

Statement of Cash Flows

For the Year Ended December 31, 2024

(With Summarized Financial Information for the Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,942,866	\$ 1,750,240
Cash paid to suppliers of goods and services	(1,274,554)	(1,184,570)
Net cash provided by operating activities	<u>668,312</u>	<u>565,670</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,463,627)	(2,351,723)
Proceeds from revenue bonds payable	29,258,492	-
Bond issuance costs	(322,771)	-
Principal paid on installment note payable	(2,855,705)	(97,263)
Interest paid on bond and note payable	(615,012)	(131,802)
System investment fees	506,525	1,152,065
Net cash provided by (used in) capital and related financing activities	<u>24,507,902</u>	<u>(1,428,723)</u>
Cash flows from non-capital financing activities:		
Other non-operating revenues	66,496	13,280
Net cash provided by (used in) non-capital financing activities	<u>66,496</u>	<u>13,280</u>
Cash flows from investing activities:		
Interest on cash and investments	1,791,934	604,118
Net cash provided by investing activities	<u>1,791,934</u>	<u>604,118</u>
Net increase (decrease) in cash and cash equivalents	27,034,644	(245,655)
Cash and cash equivalents, beginning of year	12,200,044	12,445,699
Cash and cash equivalents, end of year (including \$25,830,157 in restricted accounts)	<u>\$ 39,234,688</u>	<u>\$ 12,200,044</u>
Reconciliation of operating loss to net cash provided by operations		
Operating loss	\$ (23,990)	\$ (25,750)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation expense	678,640	610,422
(Increase) decrease in:		
Accounts receivable	(2,478)	5,111
Prepaid expenses	26,094	(26,094)
(Decrease) increase in:		
Accounts payable	5,375	1,981
Plan review deposits	(15,329)	-
Total adjustments	<u>692,302</u>	<u>591,420</u>
Net cash provided by operating activities	<u>\$ 668,312</u>	<u>\$ 565,670</u>
Noncash capital activities:		
Contributions of assets	\$ 423,233	\$ 105,900
Capital assets acquired with accounts payable	117,693	110,959
Capital assets acquired under SBITAs	81,613	-

The accompanying notes are an integral part of this statement.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Snake River Water District, Dillon, Colorado, (the District), conform to accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies consistently applied in the preparation of the accompanying financial statements.

Reporting Entity

The District is a statutory, single-purpose, Special District governed by a seven-member Board of Directors pursuant to provisions of the Colorado Special District Act, C.R.S. Title 32. Qualified electors in the District elect the members of the Board. As required by US GAAP, these financial statements present the activities of the District which is legally separate and financially independent of other state and local governments.

The District provides domestic and municipal water supply for its service area, which is located in the Keystone Base Area of Summit County, Colorado. The boundaries of the District include portions of T5S R76W with portions of Section 13, 14, 18, 19, 20, 22, 23, and 24. These are further defined by the Snake River Water District Boundary Map dated January 5, 2007.

The District complies with GASB accounting pronouncements which provide guidance for defining and reporting on the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity as defined by the GASB.

The District has no employees, and all operations and administrative functions are contracted.

In November 2012, the District's Board passed a resolution recognizing and confirming the District's operations as a "water activity enterprise" under Article X, Section 20 of the Colorado Constitution.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. Enterprise funds are used by governments to report any activity for which a fee is charged to external users for goods or services.

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District's water is provided on a metered rate to its users.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water. Operating expenses for the District include water operating and maintenance expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, including system investment (tap) fees, investment income, and interest expense are reported as non-operating revenues and expenses.

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

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less, and which are not held as part of an investment portfolio, to be cash equivalents. In addition, restricted cash is included in cash and cash equivalents in the statement of cash flows.

Investments

Certain investments are reported at fair value and are classified as current or non-current based on their maturity date. Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its investments within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of December 31, 2024, the District did not hold any investments required to be reported under fair value.

Receivables

Accounts receivable consists primarily of Water User Fees earned as of December 31, 2024. Grant receivable is the result of a cost-reimbursable government grant received during the year ended December 31, 2024. As costs are incurred under the grant, revenue is recognized. The District considers all receivables collectible as of December 31, 2024; therefore, no allowance has been recorded.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets are tangible and intangible assets, which include land, water rights, construction in progress, buildings and improvements, water collection, storage and distribution system, general equipment, computer software and equipment. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Capital assets, excluding land, water rights and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Collection, storage, and distribution system	10-50
Buildings and improvements	10-40
General equipment	5-10
Computer software and equipment	5-10

Right-to-use subscription assets are amortized over the life of the associated contract.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, deferred loss on refunding. The deferred loss on refunding resulted from the difference between 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 net 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 position that applies to a future period(s) and so will *not* be recognized as inflow of resources (revenue) until that time frame. The District has one item that qualifies for reporting in this category, *deferred inflow - leases*. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position (continued)

Subscription-Based Information Technology Arrangements (SBITAs)

The District reports a subscription liability and an intangible right-to-use capital asset (known as a subscription asset) for a subscription-based information technology arrangement (SBITA).

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the SBITA 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 subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs, including development costs. Subsequently, the subscription asset is amortized on a straight-line basis over the SBITA term.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate is not provided, the District generally uses its incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extensions that are deemed certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

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

Subscription assets are reported with other capital assets on the statement of net position.

Net Position

The District classifies net position into three components:

- Net position invested in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consists of assets that are restricted by the District's creditors, by state enabling legislation, by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all remaining items of net position are reported in this category.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position (continued)

Estimates

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

Comparative Data

The financial statements contain certain prior year summarized comparative information. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. Reclassifications made in the prior year have no impact on total net position or in change in net position.

2. Stewardship, Compliance and Accountability

Budgetary Information

The District's budget is adopted on a basis consistent with US GAAP with the following exceptions: capital outlays are treated as expenses for budget purposes, and the budget excludes gain/loss on asset disposals. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

Prior to October 15 of each year, the District Administrator (not an elected official) submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors (elected officials). The operating budget, for the fund, includes proposed expenses and the means of financing them.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

The budget and appropriating resolution are adopted prior to December 31.

2. Stewardship, Compliance and Accountability

Budgetary Information (continued)

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

Tax, Spending and Debt Limitations

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, and revenue and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's "fiscal year spending" adjusted for allowable increases based upon inflation and local growth. "Fiscal year spending" is generally defined as expenditures plus reserve increase with certain exceptions. Revenue in excess of the "fiscal year spending" limit must be refunded unless the voters approve retention of such revenue.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of "fiscal year spending" (excluding bonded debt service). Local governments are not allowed to use emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved a portion of its December 31, 2024 year-end net position for emergencies as required under TABOR of \$22,325, which is the approximate required reserve as of December 31, 2024.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes Concerning the Fund

Deposits and Investments

Deposits and investments are classified in the accompanying financial statements as follows as of December 31, 2024:

Cash and cash equivalents	\$ 13,404,531
Restricted cash	25,830,157
Total	\$ <u>39,234,688</u>

SNAKE RIVER WATER DISTRICT
Notes to Financial Statements
December 31, 2024

4. Detailed Notes Concerning the Fund

Deposits and Investments (continued)

The following is a summary of deposits and investments held by the District at December 31, 2024:

Type	Rating per Standard & Poor	Rating per Fitch	Total as of December 31, 2024
Deposits with financial institutions	n/a	n/a	\$ 130,191
Money market funds	Unrated	Unrated	9,627
COLOTRUST PLUS+	AAAm		39,094,870
Total			\$ 39,234,688

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

As of December 31, 2024, the District had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner.

COLOTRUST PLUS+ may invest in U.S Treasury bills and notes and repurchase agreements collateralized by U.S Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, collateralized bank deposits, and certain repurchase agreements, and limits its investments to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

3. Detailed Notes Concerning the Fund (continued)

Investments (continued)

COLOTRUST PLUS+ records its investments at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value method. COLOTRUST PLUS+ purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less.

Custodial Credit Risk: As of December 31, 2024, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District limits its investments to those with lower risk for market fluctuations. In addition, the District's investment policy allows investment maturities up to 10 years in U.S. treasuries.

Credit Risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. As of December 1, 2014, the District adopted a formal investment policy, which is more restrictive than the Colorado Revised Statutes, that specifies investment instruments meeting defined rating and risk criteria in which the District may invest. The allowed investment instruments may include but are not limited to:

- Obligations of the U.S. and certain U.S. government agencies securities
- Certain money market funds
- Certain certificates of deposit
- Local government investment pools

SNAKE RIVER WATER DISTRICT
Notes to Financial Statements
December 31, 2024

3. Detailed Notes Concerning the Fund (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and water rights	\$ 7,660,550	\$ --	\$ --	\$ 7,660,550
Construction in progress	191,566	1,245,655	(1,097,282)	339,939
Total capital assets, not being depreciated	<u>7,852,116</u>	<u>1,245,655</u>	<u>(1,097,282)</u>	<u>8,000,489</u>
Capital assets being depreciated:				
Collection, storage and distribution system	19,953,442	1,703,537	--	21,656,979
Buildings and improvements	4,666,419	--	--	4,666,419
General equipment	68,694	--	--	68,694
Computer software and equipment	176,468	--	--	176,468
Intangibles:				
Right-to-use subscription	--	81,613	--	81,613
	<u>24,865,023</u>	<u>1,785,150</u>	<u>--</u>	<u>26,650,173</u>
Less accumulated depreciation for:				
Collection, storage and distribution system	(8,978,011)	(538,325)	--	(9,516,336)
Buildings and improvements	(894,478)	(117,767)	--	(1,012,245)
General equipment	(68,694)	--	--	(68,694)
Computer software and equipment	(152,392)	(8,402)	--	(160,794)
Intangibles:				
Right-to-use subscription	--	(14,146)	--	(14,146)
	<u>(10,093,575)</u>	<u>(678,640)</u>	<u>--</u>	<u>(10,772,215)</u>
Total capital assets being depreciated, net	<u>14,771,448</u>	<u>1,106,510</u>	<u>--</u>	<u>15,877,958</u>
Total capital assets, net	<u>\$ 22,623,564</u>	<u>\$ 2,352,165</u>	<u>\$ (1,097,282)</u>	<u>\$ 23,878,447</u>

Subscription-Based Information Technology Arrangements (SBITAs)

The District has obtained the right-to-use software under provisions of two subscription-based information technology arrangements. The SBITAs expire at various dates through 2027. As neither SBITA provided an interest rate, the District used its incremental borrowing rate of 4.5% to determine the initial subscription liability of \$47,203 during the current year, of which \$39,930 remains outstanding at December 31, 2024. The District incurred \$26,094 in implementation costs which were added to the initial value of the subscription asset. The value of the subscription asset at December 31, 2024 was \$81,613 and had accumulated amortization of \$14,146.

SNAKE RIVER WATER DISTRICT
Notes to Financial Statements
December 31, 2024

3. Detailed Notes Concerning the Fund (continued)

Subscription-Based Information Technology Arrangements (SBITAs) (continued)

The future principal and interest subscription payments as of December 31, 2024 were as follows:

Year ending December 31,	Principal	Interest	Total
2025	\$ 15,725	\$ 1,845	\$ 17,570
2026	16,431	1,139	17,570
2027	7,774	399	8,173
	<u>\$ 39,930</u>	<u>\$ 3,383</u>	<u>\$ 43,313</u>

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct placement and borrowings:					
2022 Installment agreement	\$ 2,855,705	\$ --	\$ (2,855,705)	\$ --	\$ --
2024 Revenue Bonds	--	27,675,000		27,675,000	900,000
Original Issue Premium - 2024	--	1,849,664	(72,186)	1,777,478	--
Total	<u>\$ 2,855,705</u>	<u>\$ 29,524,664</u>	<u>\$ (2,927,891)</u>	<u>\$ 29,452,478</u>	<u>\$ 900,000</u>

Direct borrowing

On June 14, 2022, the District entered into a Master Installment Purchase Agreement ("2022 IPA") for \$3,000,000 with Holman Capital to finance capital projects. The 2022 IPA was assigned from Holman Capital to Fresno First Bank, which is the Escrow Agent. The 2022 IPA provides for (1) funding of the acquisition and construction of \$3,000,000 of various capital improvements and (2) the installment purchase of the funded capital improvements over a period of 20 years through semi-annual installment payments bearing interest at the rate of 4.50% per annum or, the optional payment in full of a stated purchase option price for all funded components on June 14, 2024 or any installment payment date thereafter. The 2022 IPA was fully refunded by the District's issuance of Water Revenue Refunding and Improvement Bonds, Series 2024 as described below.

3. Detailed Notes Concerning the Fund (continued)

Long-Term Obligations (continued)

Water Revenue Refunding and Improvement Bonds, Series 2024

On March 19, 2024, the District issued Water Revenue Refunding and Improvement Bonds, Series 2024 (2024 Revenue Bonds) for \$27,675,000 with an original issue premium of \$1,849,664. The proceeds of the bonds will be used to (i) refinance the District's outstanding obligations under the 2022 IPA, (ii) finance the acquisition, construction, and installation of a new base tank, pipeline, hydrant replacements and other capital improvements to the District's water system; and (iii) pay the costs of issuance of the bonds, including the fees for the insurance policy premium. The 2024 Revenue Bonds bear interest from 4% to 5%, payable semiannually on March 1 and September 1, commencing September 1, 2024, and maturing on March 1, 2044.

The 2024 Revenue Bonds have mandatory sinking fund requirements beginning on March 1, 2039. The bonds maturing on and after March 1, 2039 are subject to optional redemption in whole or in part with no redemption premium. The 2024 Revenue Bonds are secured by Net Revenues of the District which are defined as revenues derived from the operation and use of the water system including investment income attributable to such income, less operation and maintenance expenses. The District is required to maintain a Bond account of such net revenues to ensure adequate funds are available for debt service payments due on next payment dates. Repayment of principal and interest is insured by Build America Mutual Assurance Company (BAM). As of May 29, 2024, BAM carried a rating of AA/Stable by S&P Global Ratings.

The 2024 Revenue Bonds were issued in part to provide resources to purchase securities to be placed in an irrevocable escrow account in order to refund the 2022 IPA in the amount of \$3,074,257. The reacquisition price exceeded the net carrying amount of the old debt by \$184,640. This amount is recorded as a deferred outflow and is being amortized over the remaining life of the old debt. The current refunding was undertaken to pay off the existing debt and obtain additional capital funding for the District in accordance with its Master Plan. The refunding increased total payments of the existing debt by \$81,036 and resulted in an economic loss of \$38,055.

The 2024 Revenue Bond Resolution No. 2-2024, dated February 13, 2024, provides for no bond trustee to monitor the enforcement of the bond provisions. The District has approved a financial model including annual rate increases of 12% for a 10-year period beginning January 1, 2022 to 2031. Events of default as defined in the bond agreement for the District's 2024 Revenue Bonds include: (1) nonpayment of principal or interest, meaning failing to make any payment of principal or premium, if an, or interests on the Bonds when due; (2) a material covenant breach, meaning a breach by the District of any covenant set forth in the 2024 Revenue Bond Resolution and continuation of such breach for a period of sixty days after receipt of written notice from the Paying Agent or from owners or at least ten percent in principal amount of the outstanding Bonds; or (3) appointment or receiver, meaning an order or decree is entered by a court or competent jurisdiction appointing a receiver for all or any portion of the revenues and moneys pledged for the payment of the Bonds without the consent or acquiescence of the District and is not vacated, discharged, or stayed within thirty days after it is entered.

SNAKE RIVER WATER DISTRICT
Notes to Financial Statements
December 31, 2024

3. Detailed Notes Concerning the Fund (continued)

Long-Term Obligations (continued)

Water Revenue Refunding and Improvement Bonds, Series 2024

The following is a summary of the annual long-term debt principal and interest requirements for the 2024 Revenue Bonds:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 900,000	\$ 1,266,550	\$ 2,166,550
2026	885,000	1,221,925	2,106,925
2027	925,000	1,175,775	2,100,775
2028	975,000	1,129,175	2,104,175
2029	1,020,000	1,079,300	2,099,300
2030-2034	5,930,000	4,556,500	10,486,500
2035-2039	7,570,000	2,877,000	10,447,000
2040-2044	9,470,000	976,400	10,446,400
Total	\$ 27,675,000	\$ 14,282,625	\$ 41,957,625

Net Position

A Capital Asset Acquisition study was completed by management in 2005 to analyze 20-year historical asset acquisitions and plan for future acquisitions. At that time, the District had established an asset replacement and reserve policy. In 2016, this policy was further clarified by Board resolution by establishing the Emergency Reserve Account which designated \$1,500,000 in unrestricted net position to be set aside for large, unanticipated repairs to the District's infrastructure. As of December 31, 2024, the Emergency Reserve Account remains at \$1,500,000.

In 2015, the Board designated \$5,192,216 for capital improvements. The capital improvements reserve will be increased annually by net operating and non-operating income before depreciation expense and will be decreased by capital outlay costs. As of December 31, 2024, the designated portion of unrestricted net position related to this capital improvements reserve was \$6,777,547.

4. Related parties

During 2018, the District hired RS May & Associates as its construction manager for the Base III Treatment Plant project. RS May & Associates is owned by Randy May who is a member of the Board of Directors. During the year ended December 31, 2024, the District incurred \$104,997 in project management fees, of which \$4,355 is payable at year end and included in accounts payable.

5. Other Information

Contractual Services Agreements and Commitments

The District is obligated under an agreement with an outside party for the maintenance, repair, and general operations of its facilities to include wells, pumping and plant equipment, water and service lines, and controls. For the year ended December 31, 2024, the District incurred \$300,853 in compliance with the terms of this agreement.

Beginning in 2025, the District entered into a six-year contract through December 31, 2030 with the same outside party. The 2025 annual rate is \$303,895 with total contract amount over the six-year period totaling \$1,823,370. However, either party may terminate this agreement, for any reason, with 150 days' written notice to the other party and is subject to annual appropriation by the Board of Directors of the District. In addition, the annual amount can increase by cost-of-living adjustment (COLA), or some other percentage as determined by the Board of Directors in October of each year.

The District is obligated under an agreement with an outside party to provide administrative and executive services to the District. For the year ended December 31, 2024, the District incurred \$278,436 in compliance with the terms of this agreement.

Beginning in 2025, the District entered into a six-year contract through December 31, 2030 with the same outside party. The 2025 annual rate is \$292,358 with total contract amount over the six-year period totaling \$1,754,147. However, either party may terminate this agreement, for any reason, with 150 days' written notice to the other party and is subject to annual appropriation by the Board of Directors of the District. In addition, the annual amount can increase by COLA, or some other percentage as determined by the Board of Directors in October of each year.

Revenue Concentration

Vail Resorts, Inc. operates the Keystone resort and ski area. Properties owned and managed by them are estimated to represent approximately 37% of the water fees collected by the District during 2024.

Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; and natural disasters for which the District carries commercial insurance.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

5. Other Information (continued)

Risk Management (continued)

The District pays annual premiums to the Pool for property, general liability, and public official's liability coverage. The District's management services contractors, Water Works West, LLC and Quality Water Management, Inc. (formerly Mountain Legacy Services, LLC), carry worker's compensation on all their employees. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. 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. No distributions were made during the year ended December 31, 2024.

SUPPLEMENTARY INFORMATION

SNAKE RIVER WATER DISTRICT

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance With Final
Revenues:			
Water fees	\$ 1,918,188	\$ 1,945,344	\$ 27,156
Investment income	585,000	1,478,111	893,111
System investment fees	300,000	506,525	206,525
Grant and other revenue	-	118,814	118,814
Lease revenue	35,020	31,616	(3,404)
Total Revenues	2,838,208	4,080,410	1,242,202
Expenditures:			
Operations and maintenance:			
Water treatment contract	291,677	300,853	(9,176)
Repairs and maintenance	220,500	93,620	126,880
Utilities	120,750	119,549	1,201
Chemicals, lab fees and supplies	56,750	48,710	8,040
Engineering and design	7,000	20,793	(13,793)
811 Notification System	1,000	1,708	(708)
Total operations and maintenance	697,677	585,233	112,444
General and administration:			
Administration contract	269,944	278,436	(8,492)
Audit fees	12,564	12,442	122
PFAS Detection	100,000	156,152	(56,152)
Master Plan Expenses	34,650	12,316	22,334
Computer support	40,000	26,897	13,103
Water rights engineering	12,600	4,950	7,650
Insurance	47,250	50,301	(3,051)
Legal fees	36,750	131,060	(94,310)
Forest Service and water rights leases	9,490	9,813	(323)
Office supplies and expense	12,390	12,879	(489)
Election expense	100	-	100
Miscellaneous	4,200	3,826	374
Board expenses	8,000	6,389	1,611
Total general and administration	587,938	705,461	(117,523)
Contingency	144,799	-	144,799
Interest expense	127,375	980,464	(853,089)
Capital outlay	4,013,694	1,428,677	2,585,017
Total Expenditures	5,444,108	3,699,835	1,744,273
Revenues over (under) expenditures	\$ (2,605,900)	\$ 380,575	\$ 2,986,475

The accompanying notes are an integral part of this statement.

SNAKE RIVER WATER DISTRICT

Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes

in Net Position

For the Year Ended December 31, 2024

Revenue (budgetary basis)	\$ 4,080,410
Capital contribution of assets	<u>423,233</u>
Revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>4,503,643</u>
Expenditures (budgetary basis)	3,699,835
Depreciation and amortization	678,640
Cost of bond issuance	322,771
Capital outlay	<u>(1,428,677)</u>
Expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>3,272,569</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 1,231,074</u></u>

The accompanying notes are an integral part of this statement.

OTHER INFORMATION

SNAKE RIVER WATER DISTRICT
History of EQRs and Tap Fee Collections (Unaudited)
December 31, 2024

Year	Annual EQR Sold	Tap Fees Collected
2024	49.82 \$	506,525
2023	136.04 \$	1,152,065

SNAKE RIVER WATER DISTRICT
Water Customers - Unaudited
December 31, 2024

2024	
Residential	883
Commercial	62
Irrigation	54
<hr/>	
TOTAL	999

2023	
Residential	818
Commercial	62
Irrigation	48
<hr/>	
TOTAL	928

SNAKE RIVER WATER DISTRICT
Water Sales by Category - Unaudited
December 31, 2024

Customer Class	Water Consumption (Gallons)	Percent of Total Consumption	Total Revenues Collected	Percent of Total Billed
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2024

Residential	119,267,539.50	73.66%	\$ 1,445,794.35	76.80%
Commercial	28,836,496.60	17.81%	\$ 359,343.93	19.09%
Irrigation	13,816,817.60	8.53%	\$ 77,457.09	4.11%
TOTAL	161,920,853.70	100.00%	\$ 1,882,595.37	100.00%

2023

Residential	96,257,289.60	76.45%	\$ 1,299,734.38	77.11%
Commercial	16,966,193.40	13.48%	\$ 322,347.88	19.12%
Irrigation	12,680,950.10	10.07%	\$ 63,570.19	3.77%
TOTAL	125,904,433.10	100.00%	\$ 1,685,652.45	100.00%