



MEMORANDUM

TO: Board of Directors
FROM: Brian Thompson, Government Affairs Administrator
DATE: June 16, 2022
RE: June 23, 2022, Board Meeting

This memorandum shall serve as notice of the Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District:

**Thursday, June 23, 2022
1:00 p.m.**

This meeting will be held in-person for board members only

Walter Kirch Room
Eagle River Water & Sanitation District Vail office
846 Forest Road
Vail, Colorado

Public participants may continue to use Microsoft Teams for virtual attendance.

Call-in information is available prior to the meeting by emailing info@erwsd.org.

C: public items:
ERWSD Managers
Ken Marchetti, Marchetti & Weaver, PC

Packet Materials via Email:
Bob Armour, Vail resident
Caroline Bradford, Independent Consultant
Catherine Hayes
Robert Lipnick, Vail resident
Rick Sackbauer, Vail resident
Cliff Thompson, IKS Consulting



BOARD OF DIRECTORS REGULAR MEETING

Thursday, June 23, 2022

1:00 p.m.

Walter Kirch Conference Room

AGENDA

1. Consultant/Guest Introduction

2. Public Comment^{*}

3. Action/Other Items

- 3.1. Minutes of Meetings – Approval or Modification
 - 3.1.1. Minutes of May 26, 2022, Regular Meeting^{*}
- 3.2. Consideration of FY 2021 Audited Financial Statement – McMahan and Associates^{*}
- 3.3. Employee Housing Cash Purchase Assistance Program – David Norris^{*}
- 3.4. Contract Log^{*}
- 3.5. Information Reports
 - 3.5.1. Development Report^{*}
 - 3.5.2. Board Committees^{*}
 - 3.5.3. Authority May Meeting Summary – draft^{*}

4. Strategy Items

- 4.1. Board Member Input

5. Acting General Manager Report – Siri Roman

- 5.1. GM Information Items
- 5.2. Business Administration Report – David Norris
 - 5.2.1. Analysis of Miscellaneous Fees^{*}
 - 5.2.2. Human Resources Update – Tom Borawski^{*}
- 5.3. Operations Report – Siri Roman^{*}
 - 5.3.1. EPA PFAS Health Advisory – Kailey Rosema
 - 5.3.2. Avon Wastewater Nutrient Upgrade Project Update – Melissa Marts^{*}
 - 5.3.3. Eagle Park Reservoir Quarterly Operations Report[†]
- 5.4. Engineering and Water Resources Report – Jason Cowles^{*}
- 5.5. Communications and Public Affairs Report – Diane Johnson

6. General Counsel Report – Kathryn Winn

- 6.1. Minturn 1041 Intergovernmental Agreement – DRAFT^{*}

7. Water Counsel Report – Kristin Moseley

Executive Session

8. Water Counsel Review of Matters in Negotiation – Kristin Moseley[†]

- Public comment of items not on the agenda is limited to three minutes per person on any particular subject for which public comment is accommodated, pursuant to § 18-9-108, C.R.S.

8.1. Pursuant to §24-6-402(4)(b), C.R.S., to have a conference with Counsel to receive legal advice on specific legal questions, and §24-6-402(4)(e), C.R.S., to determine positions relative to matters that may be subject to negotiations, develop a strategy for negotiations, and/or instruct negotiators on the following topics:

8.1.1. Minturn Stipulations for Case Nos. 21CW3029 and 21CW3030[†]

9. General Counsel Review of Matters in Negotiation – Kathryn Winn[†]

9.1. Pursuant to §24-6-402(4)(b), C.R.S., to have a conference with Counsel to receive legal advice on specific legal questions, and §24-6-402(4)(e), C.R.S., to determine positions relative to matters that may be subject to negotiations, develop a strategy for negotiations, and/or instruct negotiators on the following topics:

9.1.1. No Fault Damages Program[†]

9.1.2. Affordable Housing Options

10. GM Succession Plan – Kathryn Winn

10.1. Pursuant to §24-6-402(4)(b), C.R.S., to have a conference with Counsel to receive legal advice on specific legal questions, and §24-6-402(4)(f), C.R.S., to discuss a personnel matter involving the General Manager position.

11. Adjournment

This is a hybrid meeting. For Microsoft Teams information to join the meeting, please contact info@erwsd.org prior to the meeting.



BOARD ACTION REQUEST

TO: The Board of Directors
FROM: David Norris
DATE: June 23, 2022
RE: FY 2021 Audited Financial Statement

Summary of Subject: Each year we are required to have an independent auditing firm audit our financial statements. The auditing firm of McMahan and Associates, L.L.C., performs this service. The draft of our audited financial statements for the year ended December 31, 2021, is attached for your review. Matt Miller & Paul Backes, audit partners, attended the Audit Committee meeting on June 13, 2022, to present the material and answer questions.

Discussion and Background: The auditors performed the required procedures in May to test internal controls, accounting policies, and audit reported financial balances. They then met with the Audit Committee to review the results of field work, potential for financial misstatement, and risk of fraud. Additionally, they discussed the clean results and advised no material issues or audit adjustments were found.

Attached is the auditor's communications letter discussed with the Audit Committee addressing audit scope, controls and processed audit adjustments. No material items or adjustments were noted.

Legal Issues: We are required to file our audited financial statements with the Colorado Department of Local Government no later than July 31st and with the EMMA national bond disclosure network no later than August 30th.

Suggested Resolution and Motion: Upon the recommendation of the audit committee, I move we accept the audited financial statements as presented, and direct final reports to be distributed. I further move we authorize the General Manager and Finance Manager to sign the letter of representation addressed to McMahan and Associates, L.L.C.

Please let me know if you have questions or would like additional information.

Attached Supporting Documentation:

Governing Board Letter regarding required communication on Audit Scope – no material items noted.

Draft Audited Financial Statement Report for December 31, 2021.

(Before Printing: Large Doc 76 pages)

Table of Contents:

A section: Auditors opinion – “Clean”

B Section: Management Discussion & Analysis letter

C Section: GAAP Financial Statements - Audited

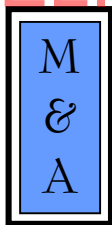
D Section: Footnotes

E Section: Budgetary Basis Financials and Debt service Schedules

F Section: Statistical Data – Charts and graphs

F-1: Rate Maintenance Covenant Tables

F-5 to 8: Schedule of Water and Storage rights with updated value



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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Audit Committee and the Board of Directors Eagle River Water and Sanitation District Eagle County, Colorado

We have audited the financial statements of Eagle River Water and Sanitation District for the year ended December 31, 2021. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Eagle River Water and Sanitation District are described in the Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimated useful lives for depreciation on fixed assets: Management's estimate of depreciation is based on industry practice and experience. We evaluated the key factors and assumptions used to develop the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.

Estimated allowance for uncollectible receivables at December 31, 2021, which management has based on industry practice and experience, including actual collections since year-end.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to audit procedures being performed. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Member: American Institute of Certified Public Accountants

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

Governmental Accounting Standards Board Statement 87:

Financial reporting standards for the District are promulgated by the Governmental Accounting Standards Board ("GASB"). GASB has issued Statement 87 ("GASB 87"), which will require recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is required to be implemented for periods beginning after June 15, 2021.

We will work with you to support implementation of this new standard and the related presentation considerations over the coming year.

This report is intended solely for the information and use of the Audit Committee and Board of Directors, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

McMahan and Associates, L.L.C.

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

**Financial Statements
December 31, 2021**

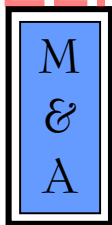


**EAGLE RIVER
WATER & SANITATION
DISTRICT**

**Eagle River Water and Sanitation District
Financial Statements
December 31, 2021**

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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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, 2021 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").

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

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

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.

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

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The statistical data in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McMahan and Associates, L.L.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS



EAGLE RIVER
WATER & SANITATION
DISTRICT

Eagle River Water and Sanitation District Management's Discussion and Analysis December 31, 2021

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 2021, overall net position decreased by \$1,514,527. As part of the long term capital improvement program, the District spent cash on capital assets of \$29,338,455 (capital outlay). This construction was partially funded by the 2019 and 2020 bond proceeds. The remaining proceeds from the 2019 and 2020 bonds were held as restricted cash and investments at December 31, 2021. In addition, the District's capital assets were depreciated \$9,096,295.

The District's 2021 financial activity generated a decrease of \$21,942,887 in net position on a budgetary basis. In accordance with Generally Accepted Accounting Principles (GAAP), \$9,096,295 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 a decrease in net position of \$1,514,527 for 2021, compared to a \$938,734 decrease in 2020.

In 2021, total revenues were \$34,683,220, which was an increase of \$553,966 over 2020 levels. Service fees revenue increased \$1,974,935. This was a result of a increases in water usage and service rates. Operating revenue increased \$3,512,427. 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 2021, total expenses were \$36,197,747, which was an increase of \$1,129,759 over 2020 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 2021 were increased from 2020 rates. The water service base rate is \$18.26 per SFE. The usage rates for tier one (0 to 7,999 gallons) is \$3.08 per 1,000 gallons. The usage rates for tier two (8,000 to 15,999 gallons), tier three (16,000 to 23,999 gallons), tier four (24,000 to 31,999 gallons) and tier five (32,000 and over) are \$5.39, \$9.77, \$14.68 and \$22.02 per 1,000 gallons, respectively. The Capital Replacement Program fee was \$5.93 per month per SFE for Water and \$1.00 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 2021 the bond rates were established at \$6.44, \$2.77, \$2.28 and \$7.89 per month per SFE, respectively.

Water service rates in 2020 were increased from 2019 rates. The water service base rate is \$16.60 per SFE. The usage rates for tier one (0 to 9,999 gallons) is \$2.80 per 1,000 gallons. The usage rates for tier two (10,000 to 19,999 gallons), tier three (20,000 to 29,999 gallons), tier four (30,000 to 39,999 gallons), and tier five (40,000 and over) are \$4.90 and \$8.58, \$12.87 and \$19.31 per 1,000 gallons, respectively. The Capital Replacement Program fee was \$5.76 per month per SFE. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2012 Wastewater bonds, the 2017 Water bonds, and the 2019 Water bonds. For 2020 the bond rates were established at \$5.82, \$3.05, \$6.45 and \$2.55 per month per SFE, respectively.

**Eagle River Water and Sanitation District
Management's Discussion and Analysis
December 31, 2021
(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.

**Eagle River Water and Sanitation District
Management's Discussion and Analysis
December 31, 2021
(continued)**

NET POSITION

	2021			2020		
	Water	Sanitation	Total	Water	Sanitation	Total
Assets:						
Current and other assets	13,064,104	52,590,052	65,654,156	12,843,444	69,311,205	82,154,649
Capital assets, net	36,503,206	148,169,560	184,672,766	37,015,600	131,055,863	168,071,463
Total Assets	<u>49,567,310</u>	<u>200,759,612</u>	<u>250,326,922</u>	<u>49,859,044</u>	<u>200,367,068</u>	<u>250,226,112</u>
Deferred Outflow of Resources:						
Deferred charge on refunding	1,009,457	-	1,009,457	1,093,203	-	1,093,203
Total Deferred Outflow of Resources	<u>1,009,457</u>	<u>-</u>	<u>1,009,457</u>	<u>1,093,203</u>	<u>-</u>	<u>1,093,203</u>
Liabilities:						
Other liabilities	659,900	11,826,836	12,486,736	408,130	6,573,927	6,982,057
Long-term liabilities	21,489,333	100,357,362	121,846,695	22,932,949	102,922,729	125,855,678
Total Liabilities	<u>22,149,233</u>	<u>112,184,198</u>	<u>134,333,431</u>	<u>23,341,079</u>	<u>109,496,656</u>	<u>132,837,735</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	1,518,392	1,971,705	3,490,097	1,490,300	1,963,902	3,454,202
Total Deferred Inflow of Resources	<u>1,518,392</u>	<u>1,971,705</u>	<u>3,490,097</u>	<u>1,490,300</u>	<u>1,963,902</u>	<u>3,454,202</u>
Net Position:						
Net investment in capital assets	18,938,612	68,758,105	87,696,717	18,595,051	68,378,627	86,973,678
Restricted:						
Debt	1,836,096	5,851,312	7,687,408	1,836,096	5,919,812	7,755,908
Unrestricted	6,134,434	11,994,292	18,128,726	5,689,721	14,608,071	20,297,792
Total Net Position	<u>26,909,142</u>	<u>86,603,709</u>	<u>113,512,851</u>	<u>26,120,868</u>	<u>88,906,510</u>	<u>115,027,378</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 \$26,909,142 and \$86,603,709 for water and sanitation, respectively, as of December 31, 2021 and \$26,120,868 and \$88,906,510 for water and sanitation, respectively, as of December 31, 2020.

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, 2021
(continued)**

NET POSITION (continued)

During 2021, overall net position decreased \$1,514,527. Overall assets increased \$100,810.

As of December 31, 2021, total net capital assets are \$184,672,766, which is an increase of \$16,601,303 from the 2020 amount of \$168,071,463. The change in net capital assets of \$16,601,303 is net of the current year additions, deletions, and depreciation. Capital asset details can be found on pages D13 – D14.

During 2021, total liabilities increased \$1,495,696. The increase in total liabilities is related to ongoing construction activity at year end.

During 2020, overall net position decreased \$938,734. In 2020, current and other assets increased \$36,721,343. The major reason for this was due to the issuance of the 2020A and 2020B bonds.

Capital asset additions net of deletions in 2020 of \$6,774,890 and depreciation were part of the District's long term capital improvement program.

During 2020, total liabilities increased \$37,552,588. The increase in liabilities is related to 2020 debt issuances.

**Eagle River Water and Sanitation District
Management's Discussion and Analysis
December 31, 2021
(continued)**

REVIEW OF REVENUES

	2021			2020		
	Water	Sanitation	Total	Water	Sanitation	Total
Revenues:						
Operating revenues:						
Service fees	6,921,232	16,268,599	23,189,831	6,443,826	14,771,070	21,214,896
Contract services	-	7,559,245	7,559,245	-	6,215,092	6,215,092
Meter sales and rentals	-	1,243,544	1,243,544	-	849,794	849,794
Other	117,008	399,283	516,291	145,189	571,513	716,702
Non-operating revenues:						
Property taxes	1,486,928	1,961,888	3,448,816	1,453,305	1,950,056	3,403,361
Specific ownership taxes	89,479	113,017	202,496	79,756	102,498	182,254
Investment income	(991)	(18,024)	(19,015)	66,067	334,133	400,200
Gain (loss) on investments	3,110	31,558	34,668	16,576	84,240	100,816
Other	29,817	(3,608,418)	(3,578,601)	18,930	50,838	69,768
Capital contributions:						
Tap fees	677,841	1,155,945	1,833,786	307,504	668,867	976,371
Contributed assets	-	56,837	56,837	-	-	-
Other	53,715	141,607	195,322	-	-	-
Total Revenues	9,378,139	25,305,081	34,683,220	8,531,153	25,598,101	34,129,254

In 2021, total revenues were \$34,683,220, which is an increase of \$553,966 over 2020 revenues of \$34,129,254.

Service fee revenue increased \$1,974,935 in 2021. This resulted from increasing water usage and increased fees. Overall operating revenue increased \$3,512,427 in 2020. This was a result of an increase in contract services provided and increased service fees.

In 2020, total revenues were \$34,129,254, which is an increase of \$240,964 over 2019 levels.

Service fee revenue in 2020 increased \$1,866,631. This was a result of increased water usage and increased fees. Overall operating revenue increased \$2,810,100. This was a result of an increase in contract services provided.

**Eagle River Water and Sanitation District
Management's Discussion and Analysis
December 31, 2021
(continued)**

REVIEW OF EXPENSES

	2021			2020		
	Water	Sanitation	Total	Water	Sanitation	Total
Expenses:						
Operating Expenses:						
Maintenance	1,013,883	2,640,401	3,654,284	865,909	2,477,546	3,343,455
Water operations	2,985,905	1,364,787	4,350,692	3,422,880	2,066,857	5,489,737
Utility services	415,164	1,618,230	2,033,394	-	-	-
Wastewater treatment	-	8,799,198	8,799,198	-	9,212,030	9,212,030
Engineering	403,448	1,210,343	1,613,791	398,279	1,194,837	1,593,116
Laboratory	164,713	494,140	658,853	145,563	436,690	582,253
Employee housing	-	260,697	260,697	-	265,372	265,372
General and administrative	2,797,222	8,313,982	11,111,204	2,560,348	8,578,661	11,139,009
Non-operating expenses:						
Interest expense	764,891	2,847,190	3,612,081	808,026	2,532,808	3,340,834
Treasurer's fees	44,639	58,914	103,553	43,633	58,549	102,182
Total Expenses	8,589,865	27,607,882	36,197,747	8,244,638	26,823,350	35,067,988
Change in Net Position	788,274	(2,302,801)	(1,514,527)	286,515	(1,225,249)	(938,734)
Net Position - Beginning of Year	26,120,868	88,906,510	115,027,378	25,834,353	90,131,759	115,966,112
Net Position - End of Year	26,909,142	86,603,709	113,512,851	26,120,868	88,906,510	115,027,378

In 2021, total expenses were \$36,197,747, which was an increase of \$1,129,759 over 2020 expenses of \$35,067,988.

Operating expenses increased \$857,141 in 2021. The increase was largely attributable to the higher expenses associated with utility services and engineering costs.

In 2020, total expenses were \$35,067,988, which was an increase of \$640,675 over 2019 levels.

Operating expenses increased \$1,222,526 in 2020. The increase largely related to 2020 debt issuance costs.

**Eagle River Water and Sanitation District
Management's Discussion and Analysis
December 31, 2021
(continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets at December 31, 2021 and 2020 amounted to \$184,672,766 and \$168,071,463 (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.

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 \$3,453,442. Management of the District believes the actual value of these water and storage rights used by the District to be much greater than historical cost at December 31, 2021. See the Schedule of Water and Storage Rights in the Statistical Section (pages F10-13) for additional information. The change in capital assets in 2021 is as follows:

	Water				Sanitation			
	1/1/21 Beginning Balance	Additions	Retirements	12/31/21 Ending Balance	1/1/21 Beginning Balance	Additions	Retirements	12/31/21 Ending Balance
Capital assets, not being depreciated:								
Water rights	1,496,416	-	-	1,496,416	-	-	-	-
Land and easements	-	-	-	-	3,553,680	-	-	3,553,680
Construction in progress	4,000,604	1,468,149	(4,887,120)	581,633	20,133,534	27,870,306	(2,695,474)	45,308,366
Total capital assets, not being depreciated	5,497,020	1,468,149	(4,887,120)	2,078,049	23,687,214	27,870,306	(2,695,474)	48,862,046
Capital assets, being depreciated:								
Treatment plants	4,902,660	41,145	(259,190)	4,684,615	140,770,363	224,217	(19,137,838)	121,856,742
Distribution systems	51,233,365	4,484,045	(162,495)	55,554,915	56,367,564	647,643	-	57,015,207
Computers, equipment and vehicles	3,399,787	361,930	-	3,761,717	10,199,361	1,085,789	-	11,285,150
Employee housing	-	-	-	-	19,562,343	794,837	-	20,357,180
Total capital assets being depreciated	59,535,812	4,887,120	(421,685)	64,001,247	226,899,631	2,752,486	(19,137,838)	210,514,279
Less accumulated depreciation for:								
Treatment plants	(2,704,362)	(171,719)	259,190	(2,616,891)	(80,639,807)	(4,274,817)	15,439,969	(69,474,655)
Distribution systems	(22,923,022)	(1,526,360)	162,495	(24,286,887)	(29,487,726)	(1,440,176)	-	(30,927,902)
Computers, equipment and vehicles	(2,389,848)	(282,464)	-	(2,672,312)	(7,169,544)	(847,392)	-	(8,016,936)
Employee housing	-	-	-	-	(2,233,905)	(553,367)	-	(2,787,272)
Total accumulated depreciation	(28,017,232)	(1,980,543)	421,685	(29,576,090)	(119,530,982)	(7,115,752)	15,439,969	(111,206,765)
Total capital assets, being depreciated, net	31,518,580	2,906,577	-	34,425,157	107,368,649	(4,363,266)	(3,697,869)	99,307,514
Total capital assets, net	37,015,600	4,374,726	(4,887,120)	36,503,206	131,055,863	23,507,040	(6,393,343)	148,169,560

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

**Eagle River Water and Sanitation District
Management's Discussion and Analysis
December 31, 2021
(continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-term Debt

At December 31, 2021, the District loans payable to the water loan for Eagle Park Reservoir shares from the Colorado Water Conservation Board (CWCB) had \$744,000 outstanding. Also, the Water General Obligation Bonds issued in 2011 and 2012 for water system improvements had an outstanding balance at December 31, 2021 of \$5,205,000. The 2017 Water Revenue Refunding Bonds had outstanding principal of \$10,630,000. The 2019 Water Revenue bonds had outstanding principal of \$3,565,000. The 2012, 2017 and 2020 Sanitation District Revenue Bonds had principal outstanding of \$72,420,000. The 2016 Sanitation District General Obligation Bonds had principal outstanding of \$20,465,000. The 2020 Wastewater Revenue and Refunding bonds had outstanding principal of \$59,440,000. Other changes in debt in the current year are representative of scheduled reductions on long term obligations.

At December 31, 2020, the District loans payable to the Colorado Water Resources and Power Development Authority (Authority) for sanitation facilities were paid in full. The water loan for Eagle Park Reservoir shares from the Colorado Water Conservation Board (CWCB) had \$829,476 outstanding. Also, the Water General Obligation Bonds issued in 2011 and 2012 for water system improvements had an outstanding balance at December 31, 2020 of \$5,920,000. The 2017 Water Revenue Refunding Bonds had outstanding principal of \$11,040,000. The 2019 Water Revenue bonds had outstanding principal of \$3,700,000. The 2012, 2017 and 2020 Sanitation District Revenue Bonds had principal outstanding of \$74,080,000. The 2016 Sanitation District General Obligation Bonds had principal outstanding of \$20,995,000. 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-H in the Notes to Financial Statements.

BUDGET VARIANCES AND FUTURE CONSIDERATIONS

Budget Variances

In 2021, budgeted revenues were \$41,735,087. Revenues came in under budget expectations by \$3,312,655. The variance is mostly due to the budgeted proceeds on bond issuances which were not issued. The expenditure original budget was \$76,276,555, which was amended to \$79,114,040 for capital projects and bond refunding payments carried forward from previous years. Actual expenditures of \$60,365,319 were \$18,748,721 under budget, mainly due to multi-year capital project spending projects being carried forward.

2022 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 2022, the approved revenue budget is \$41,717,681 and the approved expenditure budget is \$76,259,149, including \$45,255,227 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: Linn Brooks, General 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, 2021
(With Comparative Totals for 2020)

	2021			2020
	Water	Sanitation	Total	Total
Assets:				
Current Assets:				
Cash and cash equivalents - Unrestricted	1,807,051	20,235,652	22,042,703	13,864,353
Cash and cash equivalents - Restricted	3,335,294	17,761,708	21,097,002	41,169,128
Investments - Unrestricted	96,915	3,242,673	3,339,588	2,815,939
Investments - Restricted	501,856	2,672,572	3,174,428	8,361,710
Receivables, net of allowance for uncollectibles:				
Service	605,743	2,662,835	3,268,578	3,348,604
Property taxes	1,518,392	1,971,705	3,490,097	3,454,202
Current portion of notes receivable	-	4,413	4,413	4,413
Interest	3,705	19,234	22,939	38,988
Other	813,610	2,584,029	3,397,639	3,200,049
Inventory	601,384	359,424	960,808	880,937
Deposits	-	-	-	120,153
Prepaid expenses	173,513	543,239	716,752	658,784
Total Current Assets	9,457,463	52,057,484	61,514,947	77,917,260
Non-current Assets:				
Other Assets:				
Notes receivable - Due in more than one year	-	131,148	131,148	233,355
Patronage dividend receivable	135,740	401,420	537,160	530,886
Other receivables	17,459	-	17,459	19,706
Investment in Eagle Park Reservoir Company	3,453,442	-	3,453,442	3,453,442
Total Other Assets	3,606,641	532,568	4,139,209	4,237,389
Capital Assets:				
Land and easements	-	3,553,680	3,553,680	3,553,680
Water rights	1,496,416	-	1,496,416	1,496,416
Construction in progress	581,633	45,308,366	45,889,999	24,134,138
Treatment plants	4,684,615	121,856,742	126,541,357	145,673,023
Distribution systems	55,554,915	57,015,207	112,570,122	107,600,929
Computers, equipment, and vehicles	3,761,717	11,285,150	15,046,867	13,599,148
Employee housing	-	20,357,180	20,357,180	19,562,343
Less: Accumulated depreciation	(29,576,090)	(111,206,765)	(140,782,855)	(147,548,214)
Total Capital Assets	36,503,206	148,169,560	184,672,766	168,071,463
Total Non-current Assets	40,109,847	148,702,128	188,811,975	172,308,852
Total Assets	49,567,310	200,759,612	250,326,922	250,226,112
Deferred Outflows of Resources:				
Deferred charge on refunding	1,009,457	-	1,009,457	1,093,203
Total Deferred Outflows of Resources	1,009,457	-	1,009,457	1,093,203
Total Assets and Deferred Outflows of Resources	50,576,767	200,759,612	251,336,379	251,319,315

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

Eagle River Water and Sanitation District
Statement of Net Position
December 31, 2021
(With Comparative Totals for 2020)
(Continued)

	2021			2020
	Water	Sanitation	Total	Total
Liabilities:				
Current Liabilities:				
Accounts payable	566,922	9,220,038	9,786,960	4,624,095
Service fees payable	-	2,184,787	2,184,787	1,851,475
Accrued payroll and related liabilities	23,433	70,298	93,731	109,203
Interest payable	69,545	268,057	337,602	347,189
Loans and bonds payable - Due within one year	1,390,135	2,250,000	3,640,135	3,535,476
Deposits	-	83,656	83,656	50,095
Total Current Liabilities	2,050,035	14,076,836	16,126,871	10,517,533
Non-current Liabilities:				
Compensated absences - Due in more than one year	170,542	511,626	682,168	615,216
Loans and bonds payable - Due in more than one year	19,928,656	97,595,736	117,524,392	121,704,986
Total Non-current Liabilities	20,099,198	98,107,362	118,206,560	122,320,202
Total Liabilities	22,149,233	112,184,198	134,333,431	132,837,735
Deferred Inflows of Resources:				
Unavailable property tax revenue	1,518,392	1,971,705	3,490,097	3,454,202
Total Deferred Inflows of Resources	1,518,392	1,971,705	3,490,097	3,454,202
Net Position:				
Net investment in capital assets	18,938,612	68,758,105	87,696,717	86,973,678
Restricted for:				
Debt	1,836,096	5,851,312	7,687,408	7,755,908
Unrestricted	6,134,434	11,994,292	18,128,726	20,297,792
Total Net Position	26,909,142	86,603,709	113,512,851	115,027,378

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, 2021
(With Comparative Totals for 2020)

	2021			2020
	Water	Sanitation	Total	Total
Operating Revenues:				
Service fees	6,921,232	16,268,599	23,189,831	21,214,896
Contract services	-	7,559,245	7,559,245	6,215,092
Meter sales and rental income	-	1,243,544	1,243,544	849,794
Other charges for services	117,008	399,283	516,291	716,702
Total Operating Revenues	7,038,240	25,470,671	32,508,911	28,996,484
Operating Expenses:				
Maintenance	1,013,883	2,640,401	3,654,284	3,343,455
Water operations	2,985,905	1,364,787	4,350,692	5,489,737
Utility services	415,164	1,618,230	2,033,394	-
Wastewater treatment	-	8,799,198	8,799,198	9,212,030
Engineering	403,448	1,210,343	1,613,791	1,593,116
Laboratory	164,713	494,140	658,853	582,253
Employee housing	-	260,697	260,697	265,372
General and administrative	2,797,222	8,313,982	11,111,204	10,478,675
Total Operating Expenses	7,780,335	24,701,778	32,482,113	30,964,638
Operating Income (Loss)	(742,095)	768,893	26,798	(1,968,154)
Non-operating Revenues (Expenses):				
Property taxes	1,486,928	1,961,888	3,448,816	3,403,361
Specific ownership taxes	89,479	113,017	202,496	182,254
Investment income	(991)	(18,024)	(19,015)	400,200
Gain (loss) on investments	3,110	31,558	34,668	100,816
Gain (loss) on disposal of capital assets	-	(3,697,869)	(3,697,869)	(3,216)
Other non-operating revenues	29,817	89,451	119,268	72,984
Interest expense, net of amortization expense	(764,891)	(2,847,190)	(3,612,081)	(3,340,834)
Treasurer's fees	(44,639)	(58,914)	(103,553)	(102,182)
Bond issuance costs	-	-	-	(660,334)
Total Non-operating Revenues (Expenses)	798,813	(4,426,083)	(3,627,270)	53,049
Income (Loss) Before Capital Contributions	56,718	(3,657,190)	(3,600,472)	(1,915,105)
Capital Contributions:				
Tap fees	677,841	1,155,945	1,833,786	976,371
Contributed assets - physical assets	-	56,837	56,837	-
Contributed assets - cash	53,715	141,607	195,322	-
Total Capital Contributions	731,556	1,354,389	2,085,945	976,371
Change in Net Position	788,274	(2,302,801)	(1,514,527)	(938,734)
Net Position - Beginning of Year	26,120,868	88,906,510	115,027,378	115,966,112
Net Position - End of Year	26,909,142	86,603,709	113,512,851	115,027,378

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, 2021
(With Comparative Totals for the Year Ended 2020)

	2021			2020
	Water	Sanitation	Total	Total
Cash Flows From Operating Activities:				
Cash received from customers and others	6,796,933	25,596,667	32,393,600	27,466,230
Cash payments for goods and services	(2,693,534)	(974,226)	(3,667,760)	(9,986,703)
Cash payments to employees and for benefits	(2,932,796)	(10,403,500)	(13,336,296)	(12,775,225)
Net Cash Provided (Used) by Operating Activities	<u>1,170,603</u>	<u>14,218,942</u>	<u>15,389,545</u>	<u>4,704,302</u>
Cash Flows From Non-capital Financing Activities:				
Property taxes levied for operations, net	487,782	538,732	1,026,514	1,012,235
Specific ownership taxes received	30,262	31,995	62,257	55,991
Patronage dividend received	10,260	28,854	39,114	59,653
Other cash receipts	18,470	55,410	73,880	29,147
Net Cash Provided (Used) by Non-capital Financing Activities	<u>546,774</u>	<u>654,991</u>	<u>1,201,765</u>	<u>1,157,026</u>
Cash Flows From Capital and Related Financing Activities:				
Proceeds from bond issuance, including premium	-	-	-	65,308,347
Property taxes levied for debt service, net	954,507	1,364,242	2,318,749	2,288,942
Specific ownership taxes received	59,217	81,022	140,239	126,264
Cash received from tap fees	677,841	1,155,945	1,833,786	976,371
Cash received (paid) related to capital asset deposit	-	33,561	33,561	2,002
Fees in lieu of water and sewer lines	53,721	141,584	195,305	-
Cash paid for principal on debt	(1,345,476)	(2,190,000)	(3,535,476)	(3,106,059)
Cash paid for interest on debt	(800,635)	(3,277,744)	(4,078,379)	(3,657,114)
Cash paid for debt issuance costs	-	-	-	(660,334)
Cash paid for capital acquisitions	(1,519,857)	(28,670,555)	(30,190,412)	(39,929,212)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,920,682)</u>	<u>(31,361,945)</u>	<u>(33,282,627)</u>	<u>21,349,207</u>
Cash Flows From Investing Activities:				
Interest income received	20,063	179,277	199,340	410,990
Proceeds from sales and maturities of investments	505,015	5,044,602	5,549,617	7,072,968
Principal received on notes receivable	-	102,207	102,207	194,125
Purchase of investments	(95,880)	(957,743)	(1,053,623)	(1,129,281)
Net Cash Provided (Used) by Investing Activities	<u>429,198</u>	<u>4,368,343</u>	<u>4,797,541</u>	<u>6,548,802</u>
Net Increase (Decrease) in Cash and Cash Equivalents	225,893	(12,119,669)	(11,893,776)	33,759,337
Cash and Cash Equivalents - Beginning of Year	<u>4,916,452</u>	<u>50,117,029</u>	<u>55,033,481</u>	<u>21,274,144</u>
Cash and Cash Equivalents - End of Year	<u><u>5,142,345</u></u>	<u><u>37,997,360</u></u>	<u><u>43,139,705</u></u>	<u><u>55,033,481</u></u>
Represented by Balance Sheet captions:				
Cash and cash equivalents - Unrestricted	1,807,051	20,235,652	22,042,703	13,864,353
Cash and cash equivalents - Restricted	3,335,294	17,761,708	21,097,002	41,169,128
Cash and Cash Equivalents - End of Year	<u><u>5,142,345</u></u>	<u><u>37,997,360</u></u>	<u><u>43,139,705</u></u>	<u><u>55,033,481</u></u>

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, 2021
(With Comparative Totals for the Year Ended 2020)
(Continued)

	2021			2020
	Water	Sanitation	Total	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	(742,095)	768,893	26,798	(1,968,154)
Adjustments:				
Depreciation	1,980,543	7,115,752	9,096,295	9,658,816
(Increase) decrease in accounts receivable	(241,307)	125,990	(115,317)	(1,530,253)
(Increase) decrease in inventory	(137,369)	57,498	(79,871)	(240,422)
(Increase) decrease in deposits	-	120,153	120,153	-
(Increase) decrease in prepaid expenses	(13,992)	(43,976)	(57,968)	(456,309)
Increase (decrease) in accounts payable	311,953	5,702,710	6,014,663	(794,853)
Increase (decrease) in service fees payable	-	333,312	333,312	209,317
Increase (decrease) in payroll liabilities	(3,868)	(11,604)	(15,472)	(329,821)
Increase (decrease) in accrued compensated absences	16,738	50,214	66,952	155,981
Total Adjustments	1,912,698	13,450,049	15,362,747	6,672,456
Net Cash Provided (Used) by Operating Activities	1,170,603	14,218,942	15,389,545	4,704,302
Non-cash Investing, Capital, and Financing Activities:				
Contribution of capital assets from developers	-	57,013	57,013	-
Unrealized gain (loss) on investments	(14,606)	(145,902)	(160,508)	257,992
Total non-cash Investing, Capital and Financing Activities:	(14,606)	(88,889)	(103,495)	257,992

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, 2021**

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, 2021
(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, 2021
(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.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. An allowance for doubtful accounts in the amount of \$80,256 and \$80,256 had been established at December 31, 2021 and 2020, respectively, to estimate uncollectible accounts.

4. 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.

5. Inventory

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

6. 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, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

6. Capital Assets (continued)

Treatment plants, distribution systems, computers, equipment, vehicles, and employee housing are depreciated using the straight-line method over the following estimated useful lives:

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

7. 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.

8. Compensated Absences

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

9. 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.

**Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

10. 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 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 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 position 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.

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, 2020, from which comparative totals were derived.

**Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)**

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 2021.

1. For the 2021 budget year, prior to August 25, 2020, 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, 2020, 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, 2020, 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.
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 2020 were collected in 2021 and taxes certified in 2021 will be collected in 2022. 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.

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

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.

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 \$49,653,721 and \$66,211,130 as of December 31, 2021 and 2020, 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, 2021, the District had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
United States Treasury notes	4,711,737	-	4,711,737	-
Federal agency securities	1,652,487	-	1,652,487	-
United States Corporate bonds	149,792	-	149,792	-

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Money Market	33,288,831
Colotrust	6,699,249

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.

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.

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The District's investment policy requires all investments to be highly rated by nationally recognized statistical rating agencies as follows:

	Required Ratings
Federal agency securities	AAA
Commercial paper	A-1
United States Treasury notes	AAA
Eligible bankers acceptances	A-1
Local government investment pools	AAAm
Money market mutual funds	AAAm

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, 2021, unrealized losses were \$160,508, which reflects changes in the fair market value of investments. At December 31, 2021, the District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities Less than one year	One to five years
<i>Deposits:</i>				
Checking	Not rated	3,151,625	3,151,625	-
Money market	AAA	33,288,831	33,288,831	-
<i>Investment pools</i>	AAAm	6,699,249	6,699,249	-
<i>Investments:</i>				
United States Corporate bonds	AA+/AA-/AAA	149,792	149,792	-
United States Treasury notes	AA+	4,711,737	3,245,946	1,465,791
Federal agency securities	AA+	1,652,487	713,773	938,714
Total		<u>49,653,721</u>	<u>47,249,216</u>	<u>2,404,505</u>

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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:

	Maximum Percentage
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, 2021 were as follows:

Issuer	Reported Amount	Percentage of Investment Portfolio
U.S. Treasury obligations	4,688,798	10%
Wells Fargo Advantage Money Market	33,288,831	72%
Colotrust	6,699,249	14%

B. Restricted Cash, Cash Equivalents and Investments

At December 31, 2021, cash has been restricted for the following purposes:

	Water	Sanitation	Total
Restricted for capital projects	2,001,054	14,582,968	16,584,022
Debt service reserves	1,236,096	5,251,312	6,487,408
Rate stabilization funds	600,000	600,000	1,200,000
Total	3,837,150	20,434,280	24,271,430

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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:

	Water	Sanitation	Total
Cash and cash equivalents - Unrestricted	1,807,051	20,235,652	22,042,703
Cash and cash equivalents - Restricted	3,335,294	17,761,708	21,097,002
Investments - Unrestricted	96,915	3,242,673	3,339,588
Investments - Restricted	501,856	2,672,572	3,174,428
Total	5,741,116	43,912,605	49,653,721

D. Notes Receivable

The following is an analysis of changes in notes receivable for the year ended December 31, 2021:

	1/1/21 Beginning Balance	Additions	Reductions	12/31/21 Ending Balance
Employees	226,735	-	(100,000)	126,735
Sewer tap purchases	11,033	-	(2,207)	8,826
	237,768	-	(102,207)	135,561
Less: Current portion	(4,413)	-	-	(4,413)
Long-term portion	233,355	-	(102,207)	131,148

The following notes receivable were outstanding as of December 31, 2021:

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, 2021, the District received a refund of \$45,388 from Holy Cross. The balance due to the District at December 31, 2021 and 2020 was \$537,160 and \$530,886, respectively.

**Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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. As of December 31, 2020, the District held 4,345 Class A Shares, 125 Class B Series 1 and 125 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$3,466,756.

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.

As of December 31, 2021, the District held 4,328.121 Class A Shares (approximately 16.7%), 125 Class B Series 1 and 125 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$3,453,442. 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, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Capital Assets

Capital asset activity related to water services for 2021 was as follows:

	1/1/21 Beginning Balance	Additions	Retirements and Transfers	12/31/21 Ending Balance
Water				
Capital assets, not being depreciated:				
Water rights	1,496,416	-	-	1,496,416
Construction in progress	4,000,604	1,468,149	(4,887,120)	581,633
Total capital assets, not being depreciated	<u>5,497,020</u>	<u>1,468,149</u>	<u>(4,887,120)</u>	<u>2,078,049</u>
Capital assets, being depreciated:				
Treatment plants	4,902,660	41,145	(259,190)	4,684,615
Distribution systems	51,233,365	4,484,045	(162,495)	55,554,915
Computers, equipment and vehicles	3,399,787	361,930	-	3,761,717
Total capital assets being depreciated	<u>59,535,812</u>	<u>4,887,120</u>	<u>(421,685)</u>	<u>64,001,247</u>
Less accumulated depreciation for:				
Treatment plants	(2,704,362)	(171,719)	259,190	(2,616,891)
Distribution systems	(22,923,022)	(1,526,360)	162,495	(24,286,887)
Computers, equipment and vehicles	(2,389,848)	(282,464)	-	(2,672,312)
Total accumulated depreciation	<u>(28,017,232)</u>	<u>(1,980,543)</u>	<u>421,685</u>	<u>(29,576,090)</u>
Total capital assets, being depreciated, net	<u>31,518,580</u>	<u>2,906,577</u>	<u>-</u>	<u>34,425,157</u>
Total capital assets, net - Water	<u><u>37,015,600</u></u>	<u><u>4,374,726</u></u>	<u><u>(4,887,120)</u></u>	<u><u>36,503,206</u></u>

Fully depreciated assets totaled \$5,375,410 for the year ended December 31, 2021.

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Capital Assets (continued)

Capital asset activity related to sanitation services for 2021 was as follows:

	1/1/21 Beginning Balance	Additions	Retirements and Transfers	12/31/21 Ending Balance
Sanitation				
Capital assets, not being depreciated:				
Land and easements	3,553,680	-	-	3,553,680
Construction in progress	20,133,534	27,870,306	(2,695,474)	45,308,366
Total capital assets, not being depreciated	23,687,214	27,870,306	(2,695,474)	48,862,046
Capital assets, being depreciated:				
Treatment plants	140,770,363	224,217	(19,137,838)	121,856,742
Distribution systems	56,367,564	647,643	-	57,015,207
Computers, equipment and vehicles	10,199,361	1,085,789	-	11,285,150
Employee housing	19,562,343	794,837	-	20,357,180
Total capital assets being depreciated	226,899,631	2,752,486	(19,137,838)	210,514,279
Less accumulated depreciation for:				
Treatment plants	(80,639,807)	(4,274,817)	15,439,969	(69,474,655)
Distribution systems	(29,487,726)	(1,440,176)	-	(30,927,902)
Computers, equipment and vehicles	(7,169,544)	(847,392)	-	(8,016,936)
Employee housing	(2,233,905)	(553,367)	-	(2,787,272)
Total accumulated depreciation	(119,530,982)	(7,115,752)	15,439,969	(111,206,765)
Total capital assets, being depreciated, net	107,368,649	(4,363,266)	(3,697,869)	99,307,514
Total capital assets, net - Sanitation	131,055,863	23,507,040	(6,393,343)	148,169,560

Fully depreciated assets totaled \$33,087,669 for the year ended December 31, 2021.

Depreciation expense for the year ended December 31, 2021 was charged to the following departments:

	Water	Sanitation	Total
Maintenance	94,769	284,306	379,075
Water operations	1,698,080	-	1,698,080
Wastewater treatment	-	5,714,993	5,714,993
General and administrative	187,694	1,116,453	1,304,147
Total	1,980,543	7,115,752	9,096,295

**Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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 Refunding Bonds, Series 2011

The District, through the Water Subdistrict, issued \$2,930,000 of general obligation water refunding bonds in December 2011, the proceeds of which were used to retire the 2002 CWRPDA loan and pay the costs of issuance. The interest rates on the bonds range from 3.00% to 4.00%. Interest is payable on June 1 and December 1, through 2022. The principal is payable on December 1 and matures in various increments through 2022.

Principal on the serial bonds is due beginning in 2012 through 2022 in amounts ranging from \$225,000 to \$315,000. These bonds are not subject to optional redemption prior to their respective maturity dates.

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.

The District is maintaining a reserve equal to interest accrued through December 31, 2021 plus one twelfth (1/12) of the first principal payment due in the subsequent year for this debt.

**Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)**

III. Detailed Notes on All Funds (continued)

H. Long-Term Debt – Water (continued)

3. 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.

4. 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.

5. 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, 2021
(Continued)**

III. Detailed Notes on All Funds (continued)

H. Long-Term Debt – Water (continued)

5. 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.

6. 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, 2021
(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 single family 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, 2021
(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 Wasterwater 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, 2021
(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, 2021
(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, 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, 2021
(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.

J. Long-term Liability Activity Schedule

Long-term liability activity for 2021 was as follows:

	1/1/21 Beginning Balance	Additions	Reductions	12/31/21 Ending Balance	Due Within One Year
Water					
1998 assessment obligation note	829,476	-	(85,476)	744,000	90,135
2011 refunding general obligation bonds	615,000	-	(300,000)	315,000	315,000
2012A general obligation bonds	1,000,000	-	-	1,000,000	-
2012B general obligation refunding bonds	4,305,000	-	(415,000)	3,890,000	420,000
2017 revenue refunding bonds	11,040,000	-	(410,000)	10,630,000	420,000
2019 revenue bonds	3,700,000	-	(135,000)	3,565,000	145,000
Unamortized bond premiums	1,289,669	-	(114,878)	1,174,791	-
Accrued compensated absences	153,804	16,738	-	170,542	-
Subtotal - Water	<u>22,932,949</u>	<u>16,738</u>	<u>(1,460,354)</u>	<u>21,489,333</u>	<u>1,390,135</u>
Sanitation					
2012 wastewater revenue bonds	2,125,000	-	(685,000)	1,440,000	705,000
2016 general obligation bonds	20,995,000	-	(530,000)	20,465,000	545,000
2017 wastewater revenue refunding bonds	11,990,000	-	(450,000)	11,540,000	465,000
2020A wastewater revenue bonds	35,220,000	-	(250,000)	34,970,000	255,000
2020B wastewater revenue refunding bonds	24,745,000	-	(275,000)	24,470,000	280,000
Unamortized bond premiums	7,386,317	-	(425,581)	6,960,736	-
Accrued compensated absences	461,412	50,214	-	511,626	-
Subtotal - Sanitation	<u>102,922,729</u>	<u>50,214</u>	<u>(2,615,581)</u>	<u>100,357,362</u>	<u>2,250,000</u>
Total	<u>125,855,678</u>	<u>66,952</u>	<u>(4,075,935)</u>	<u>121,846,695</u>	<u>3,640,135</u>

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

K. Debt Service Schedules

Debt service requirements at December 31, 2021, were as follows for water operations:

Water		Principal	Interest	Total
2022		1,390,135	753,448	2,143,583
2023		1,245,047	704,936	1,949,983
2024		1,295,227	659,331	1,954,558
2025		1,350,689	601,819	1,952,508
2026		1,401,449	541,759	1,943,208
2027	- 2031	6,036,453	1,802,839	7,839,292
2032	- 2036	4,415,000	953,200	5,368,200
2037	- 2041	3,010,000	205,450	3,215,450
Total water debt service		20,144,000	6,222,782	26,366,782

Debt service requirements at December 31, 2021, were as follows for sanitation operations:

Sanitation		Principal	Interest	Total
2022		2,250,000	3,216,883	5,466,883
2023		2,310,000	3,153,264	5,463,264
2024		2,395,000	3,070,966	5,465,966
2025		2,440,000	3,021,224	5,461,224
2026		2,495,000	2,966,555	5,461,555
2027	- 2031	13,760,000	13,558,393	27,318,393
2032	- 2036	16,030,000	11,301,256	27,331,256
2037	- 2041	18,770,000	8,537,490	27,307,490
2042	- 2046	21,075,000	4,874,507	25,949,507
2047	- 2049	11,360,000	920,600	12,280,600
Total sanitation debt service		92,885,000	54,621,138	147,506,138

Aggregate debt service requirements at December 31, 2021, were as follows for the District:

Combined		Principal	Interest	Total
2022		3,640,135	3,970,331	7,610,466
2023		3,555,047	3,858,200	7,413,247
2024		3,690,227	3,730,297	7,420,524
2025		3,790,689	3,623,043	7,413,732
2026		3,896,449	3,508,314	7,404,763
2027	- 2031	19,796,453	15,361,232	35,157,685
2032	- 2036	20,445,000	12,254,456	32,699,456
2037	- 2041	21,780,000	8,742,940	30,522,940
2042	- 2046	21,075,000	4,874,507	25,949,507
2045	- 2049	11,360,000	920,600	12,280,600
Total combined debt service		113,029,000	60,843,920	173,872,920

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, 2021
(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 2021 covered payroll was \$9,693,340. Contributions actually made, which equaled the required contributions, were \$484,667 for plan members and \$446,135 for the District for the year ended December 31, 2021. Forfeitures totaled \$73,879 and for the year ended December 31, 2021.

As of December 31, 2021, there were no outstanding contribution liabilities.

Eagle River Water and Sanitation District
Notes to the Financial Statements
December 31, 2021
(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, 2021 and 2020, the balance outstanding was \$0.

The value of water distributed by the District through the interconnect was \$17,459 and \$19,706 during the year ended December 31, 2021 and 2020, 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, 2021
(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 \$7,559,245 and \$6,215,092 of contract fees from the Authority during 2021 and 2020, respectively. The District has outstanding management fees due from the Authority as of December 31, 2021 and 2020 totaling \$3,150,198 and \$2,654,878, respectively, included in other receivables. There were other outstanding receivables, for operations services, due from the Authority as of December 31, 2021 and 2020 totaling \$3,151,727 and \$2,654,848, respectively, included in other accounts receivables. As of December 31, 2021 and 2020 there was \$1,773,868 and \$1,631,277 for water service billed, due to the Authority included in accounts payable, respectively.

The District earned \$19,563 and \$19,348 of contract fees from other governments which it has similar agreements (i.e. Town of Minturn and Eagle Park Reservoir Company) during 2021 and 2020, 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. Construction Commitments

The District had the following significant contract commitments remaining at December 31, 2021:

Contract No.	Project	Vendor	Contract Commitment	Completed	Remaining
20.15.008	Avon WWTF Fire Flow	AE2S	122,557	29,083	93,474
20.15.009	Avon WWTF Nutrient Upgrade Sundial Sanitary Sewer Improvement Project	Moltz Construction 360 Civil, Inc.	49,627,823	28,094,882	21,532,941
21.15.016	Bolts Lake Due Diligence	Shannon & Wilson	574,290	447,900	126,390
21.15.018	2021 Water Quality Matters	Pinyon Environmental, Inc.	575,808	480,997	94,811
21.15.031	Dowd Junction Collection System Improvements - Job structure, Position	Murraysmith CPS HR Consulting	161,490	161,490	-
21.15.036			164,220	138,959	25,261
21.15.057			187,230	120,172	67,058

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, 2021
(With Comparative Totals for the Year Ended 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Water:					
Service fees	6,939,494	6,939,494	6,921,232	(18,262)	6,443,826
Other charges for services	48,750	49,625	119,255	69,630	193,535
Property taxes	1,498,069	1,498,069	1,486,928	(11,141)	1,453,305
Specific ownership taxes	83,779	83,779	89,479	5,700	79,756
Investment income	180,547	180,547	(991)	(181,538)	66,067
Gain (loss) on investment	70,000	70,000	3,110	(66,890)	16,576
Tap fees	238,075	238,075	677,841	439,766	307,504
Contributed assets	-	-	53,715	53,715	149,638
Proceeds from bond issue	7,300,000	7,300,000	-	(7,300,000)	-
Other	18,068	18,068	28,730	10,662	24,771
Total Water Revenues	16,376,782	16,377,657	9,379,299	(6,998,358)	8,734,978
Sanitation:					
Service fees	14,700,252	14,713,299	16,268,599	1,555,300	14,771,070
Contract services	5,395,312	5,395,312	7,559,245	2,163,933	6,215,092
Rental income	494,140	494,140	637,285	143,145	498,906
Meter sales	500,000	500,000	606,259	106,259	350,888
Other charges for services	1,166,250	1,168,876	399,283	(769,593)	521,157
Property taxes	1,973,053	1,973,053	1,961,888	(11,165)	1,950,056
Specific ownership taxes	123,653	123,653	113,017	(10,636)	102,498
Investment income	589,500	589,500	(18,024)	(607,524)	334,133
Gain (loss) on investment	-	-	31,558	31,558	84,240
Tap fees	363,645	363,645	1,155,945	792,300	668,867
Contributed assets	-	-	141,607	141,607	(149,638)
Proceeds from bond issue	-	-	-	-	60,150,000
Premium (discount) on debt issuance	-	-	-	-	5,158,347
Net loan (advances) repayments	-	-	102,207	102,207	169,372
Other	52,500	52,500	84,264	31,764	64,029
Total Sanitation Revenues	25,358,305	25,373,978	29,043,133	3,669,155	90,889,017
Total Revenues	41,735,087	41,751,635	38,422,432	(3,329,203)	99,623,995
Expenditures - Water:					
Water Operations:					
Salaries and benefits	3,110,616	2,971,926	2,934,756	37,170	2,747,712
Supplies and materials	495,580	617,237	607,640	9,597	519,517
Telephone and radio service	71,250	70,500	91,950	(21,450)	80,839
Insurance	72,000	80,198	79,593	605	71,976
Repairs and maintenance	259,825	487,450	313,853	173,597	208,591
Other	613,766	687,115	589,030	98,085	537,379
Utilities	285,000	285,000	278,756	6,244	275,314
Chemicals	75,000	75,000	86,931	(11,931)	80,612
Meter replacement	300,000	300,000	200,302	99,698	216,121
Outside services	11,250	11,250	9,944	1,306	10,757
Total Water Operations	5,294,287	5,585,676	5,192,755	392,921	4,748,818

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, 2021
(With Comparative Totals for the Year Ended 2020)
(Continued)

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures - Water (continued):					
General and Administrative:					
Legal	32,500	107,500	125,810	(18,310)	69,740
Accounting and audit	21,000	20,113	32,623	(12,510)	33,149
Engineering	7,500	625	3,926	(3,301)	15,766
Management and consulting	286,450	160,950	167,987	(7,037)	240,369
Benefit administration	12,500	11,545	10,580	965	31,919
Community relations	28,103	19,111	18,210	901	25,414
Directors fees and expenses	3,800	3,800	4,889	(1,089)	3,248
Maintenance contracts	95,000	109,719	88,004	21,715	90,503
Water quality	129,750	129,750	138,223	(8,473)	115,302
Treasurer's fees	42,000	44,500	44,639	(139)	43,633
Total General and Administrative	<u>658,603</u>	<u>607,613</u>	<u>634,891</u>	<u>(27,278)</u>	<u>669,043</u>
Debt Service:					
Principal	1,345,476	1,345,476	1,345,476	-	1,301,059
Interest	814,825	814,825	796,070	18,755	839,205
Debt issuance costs	241,578	-	-	-	-
Subtotal - Debt Service	<u>2,401,879</u>	<u>2,160,301</u>	<u>2,141,546</u>	<u>18,755</u>	<u>2,140,264</u>
Capital Outlay	<u>6,738,744</u>	<u>5,077,612</u>	<u>1,468,149</u>	<u>3,609,463</u>	<u>888,866</u>
Total Water Expenditures	<u>15,093,513</u>	<u>13,431,202</u>	<u>9,437,341</u>	<u>3,993,861</u>	<u>8,446,991</u>
Expenditures - Sanitation:					
Sanitation Operations:					
Salaries and benefits	11,351,732	10,743,834	10,639,443	104,391	9,937,857
Supplies and materials	2,284,940	2,036,389	1,989,017	47,372	2,124,414
Telephone and radio service	213,750	211,500	275,850	(64,350)	242,517
Insurance	216,000	240,595	238,780	1,815	215,927
Repairs and maintenance	529,225	436,019	331,599	104,420	453,511
Other	1,046,459	1,246,445	1,121,651	124,794	864,447
Utilities	1,098,000	1,092,500	1,007,212	85,288	937,151
Meter replacement	-	600,000	973,722	(373,722)	-
Permits	43,500	43,500	42,999	501	43,002
Outside services	33,750	33,750	30,150	3,600	32,409
Total Sanitation Operations	<u>16,817,356</u>	<u>16,684,532</u>	<u>16,650,423</u>	<u>34,109</u>	<u>14,851,235</u>
General and Administrative:					
Legal	127,500	125,281	88,659	36,622	94,079
Accounting and audit	63,000	60,338	47,630	12,708	50,928
Engineering	22,500	1,875	11,779	(9,904)	7,110
Management and consulting	100,100	107,600	145,607	(38,007)	72,076
Benefit administration	37,500	34,634	31,739	2,895	95,756
Community relations	31,808	15,352	12,648	2,704	28,999
Directors fees and expenses	11,400	11,400	14,667	(3,267)	9,743
Maintenance contracts	325,000	357,156	276,608	80,548	293,570
Sanitation quality	341,250	261,250	256,230	5,020	272,072
Treasurer's fees	57,000	57,000	58,914	(1,914)	58,549
Debt issuance costs	-	-	-	-	660,334
Total General and Administrative	<u>1,117,058</u>	<u>1,031,886</u>	<u>944,481</u>	<u>87,405</u>	<u>1,643,216</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, 2021
(With Comparative Totals for the Year Ended 2020)
(Continued)

	2021				2020
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures - Sanitation (continued):					
Debt Service:					
Principal	1,505,000	2,190,000	2,190,000	-	1,805,000
Interest	3,199,740	3,276,177	3,272,768	3,409	2,829,926
Refunding payments to escrow agent	-	-	-	-	24,681,314
Subtotal - Debt Service	<u>4,704,740</u>	<u>5,466,177</u>	<u>5,462,768</u>	<u>3,409</u>	<u>29,316,240</u>
Capital Outlay	<u>38,543,888</u>	<u>42,500,243</u>	<u>27,870,306</u>	<u>14,629,937</u>	<u>15,548,054</u>
Total Sanitation Expenditures	<u>61,183,042</u>	<u>65,682,838</u>	<u>50,927,978</u>	<u>14,754,860</u>	<u>61,358,745</u>
Total District Expenditures	<u>76,276,555</u>	<u>79,114,040</u>	<u>60,365,319</u>	<u>18,748,721</u>	<u>69,805,736</u>
Excess (Deficiency) of Revenues Over Expenditures	(34,541,468)	(37,362,405)	(21,942,887)	15,419,518	29,818,259
Funds Available - Beginning of Year	<u>49,909,053</u>	<u>49,909,053</u>	<u>67,481,001</u>	<u>17,571,948</u>	<u>37,662,742</u>
Funds Available - End of Year	<u>15,367,585</u>	<u>12,546,648</u>	<u>45,538,114</u>	<u>32,991,466</u>	<u>67,481,001</u>
Funds available at year-end is computed as follows:	Water	Sanitation	Total		Total
Current assets	9,457,463	52,057,484	61,514,947		77,917,260
Current liabilities and unavailable property tax revenue	(3,568,427)	(16,048,541)	(19,616,968)		(13,971,735)
Current portion of long-term obligations	1,390,135	2,250,000	3,640,135		3,535,476
	<u>7,279,171</u>	<u>38,258,943</u>	<u>45,538,114</u>		<u>67,481,001</u>
Reconciliation to GAAP Basis					
	Water	Sanitation	Total		Total
Excess (deficiency) of revenues over expenditures	(58,042)	(21,884,845)	(21,942,887)		29,818,259
Contributed assets	-	57,013	57,013		-
Proceeds from bond issue	-	-	-		(60,150,000)
(Premium) discount on debt issuance	-	-	-		(5,158,347)
Change in patronage dividends receivable	1,087	5,187	6,274		(15,816)
Change in other long-term receivables	(2,247)	-	(2,247)		(48,346)
Gain (loss) on disposition of property	-	(3,697,869)	(3,697,869)		(3,216)
Depreciation	(1,980,543)	(7,115,752)	(9,096,295)		(9,658,816)
Amortization of bond premiums, discounts, and refunding	31,132	425,580	456,712		378,608
Net loan advances (repayments)	-	(102,207)	(102,207)		(169,372)
Debt principal payments	1,345,476	2,190,000	3,535,476		3,106,059
Principal payment to refunded bond escrow agent	-	-	-		24,681,314
Capitalized assets	1,468,149	27,870,306	29,338,455		16,436,920
Change in compensated absences	<u>(16,738)</u>	<u>(50,214)</u>	<u>(66,952)</u>		<u>(155,981)</u>
Change in Net Position - GAAP Basis	788,274	(2,302,801)	(1,514,527)		(938,734)

**Eagle River Water and Sanitation District
Schedule of Debt Service Requirements to Maturity - Water
December 31, 2021**

1998 Assessment Obligation Note Payable to Eagle Park Reservoir Company Original Principal - \$1,909,842 Interest Rate - 5.45%			
Year Ending December 31,	Principal Due September 16	Interest Due September 16	Total
2022	90,135	40,548	130,683
2023	95,047	35,636	130,683
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>744,000</u>	<u>170,781</u>	<u>914,781</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, 2021

2011 Water Refunding General Obligation Bond			
Original Principal - \$2,930,000			
Interest Rate - 3.00% to 4.00%			
Year Ending	Principal Due	Interest Due	
December 31,	April 1 and	June 1 and	Total
	October 1	December 1	
<u>2022</u>	<u>315,000</u>	<u>12,600</u>	<u>327,600</u>
	<u>315,000</u>	<u>12,600</u>	<u>327,600</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, 2021**

2012 Water General Obligation Bonds			
Original Principal - \$1,000,000			
Interest Rate - 2.30% to 2.50%			
Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2022	-	40,000	40,000
2023	130,000	40,000	170,000
2024	135,000	35,000	170,000
2025	140,000	29,800	169,800
2026	145,000	24,400	169,400
2027	145,000	18,600	163,600
2028	150,000	12,600	162,600
2029	155,000	6,400	161,400
	<u>1,000,000</u>	<u>206,800</u>	<u>1,206,800</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, 2021

2012 General Obligation Water Refunding Bonds			
Original Principal - \$6,605,000			
Interest Rate - 2.00% to 3.00%			
Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2022	420,000	151,400	571,400
2023	440,000	138,800	578,800
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>3,890,000</u>	<u>728,000</u>	<u>4,618,000</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, 2021

2017 Water Revenue Refunding Bonds			
Original Principal - \$12,545,000			
Interest Rate - 2.00% to 5.00%			
Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2022	420,000	388,750	808,750
2023	430,000	376,150	806,150
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
	<u>10,630,000</u>	<u>3,930,600</u>	<u>14,560,600</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, 2021

2019 Water Revenue Bonds Original Principal - \$3,825,000 Interest Rate - 3.00% to 4.50%			
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and	Total
		December 1	
2022	145,000	120,150	265,150
2023	150,000	114,350	264,350
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>3,565,000</u>	<u>1,174,000</u>	<u>4,739,000</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, 2021

2012 Wastewater Revenue Bonds			
Principal - \$28,060,000			
Interest Rate - 2.00% - 5.00%			
Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2022	705,000	1,099,900	1,804,900
2023	735,000	1,071,700	1,806,700
	<u>1,440,000</u>	<u>2,171,600</u>	<u>3,611,600</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, 2021

2016 Wastewater General Obligation Bonds Principal - \$23,295,000 Interest Rate - 2.00% - 5.00%			
Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2022	545,000	825,800	1,370,800
2023	555,000	814,900	1,369,900
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
	<u>20,465,000</u>	<u>12,408,000</u>	<u>32,873,000</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, 2021

2017 Wastewater Revenue Crossover Refunding Bonds Original Principal - \$12,430,000 Interest Rate - 3.00% to 5.00%			
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2022	465,000	402,119	867,119
2023	480,000	388,169	868,169
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
	<u>11,540,000</u>	<u>4,082,750</u>	<u>15,622,750</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, 2021

2020A Wastewater Revenue Improvement Bonds Original Principal - \$35,220,000 Interest Rate - 3.00% to 4.00%			
Year Ending December 31,	Principal Due December 1	Interest Due June 1 and December 1	Total
2022	255,000	1,352,150	1,607,150
2023	260,000	1,344,500	1,604,500
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>34,970,000</u>	<u>29,994,950</u>	<u>64,964,950</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, 2021

2020B Wastewater Revenue Refunding Bonds Original Principal - \$24,930,000 Interest Rate - 0.82% to 2.42%			
Year Ending	Principal Due	Interest Due	
December 31,	December 1	June 1 and	Total
		December 1	
2022	280,000	579,014	859,014
2023	280,000	576,295	856,295
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
	<u>24,470,000</u>	<u>8,048,238</u>	<u>32,518,238</u>

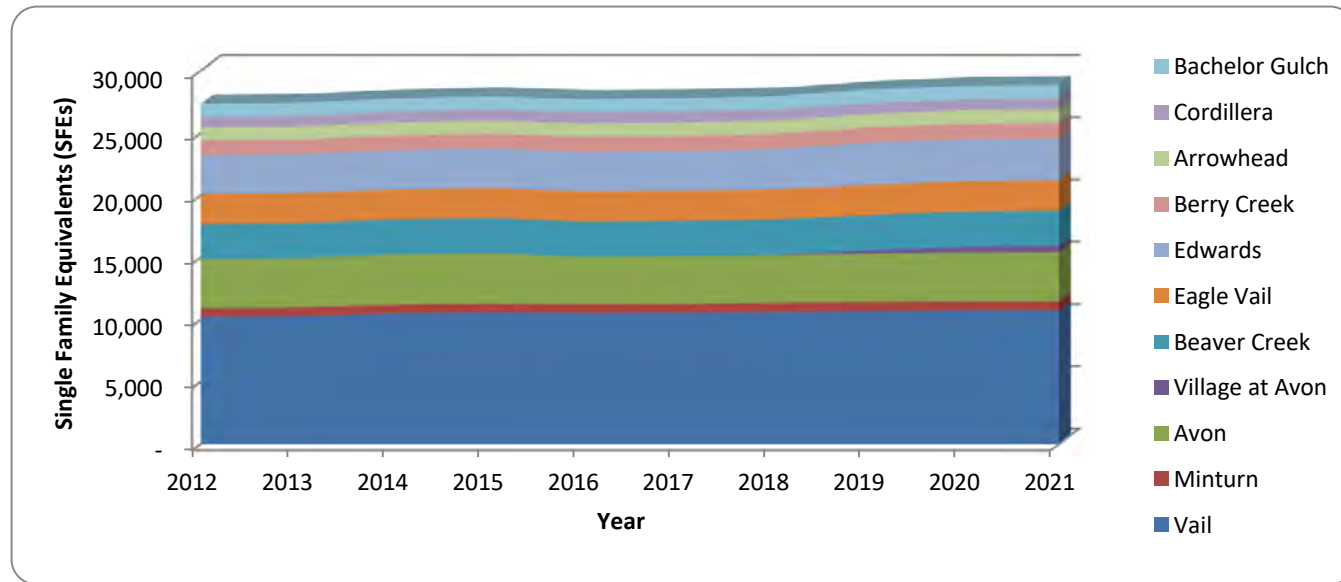
The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION



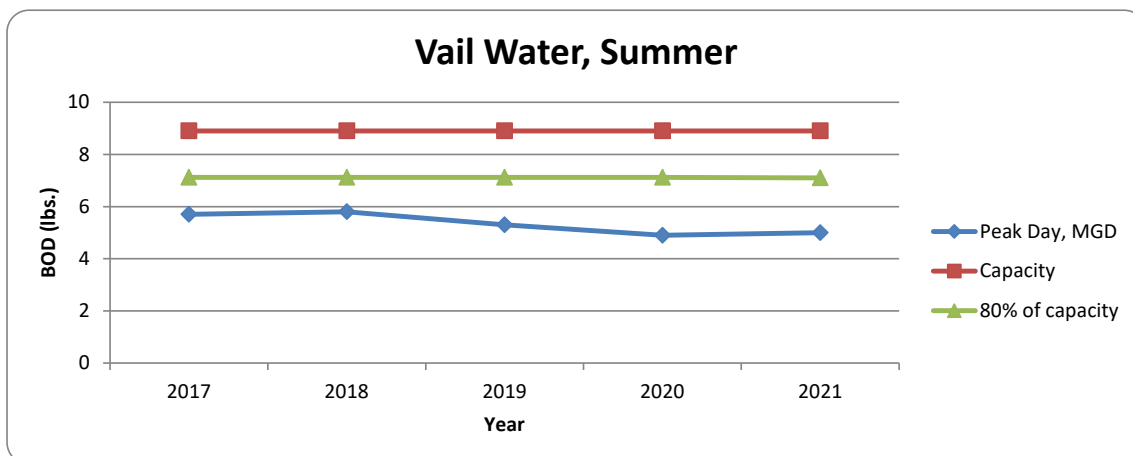
EAGLE RIVER
WATER & SANITATION
DISTRICT

**Eagle River Water and Sanitation District
Single Family Equivalents (SFEs) in Service
Ten Year Comparison
December 31, 2021
(Unaudited)**



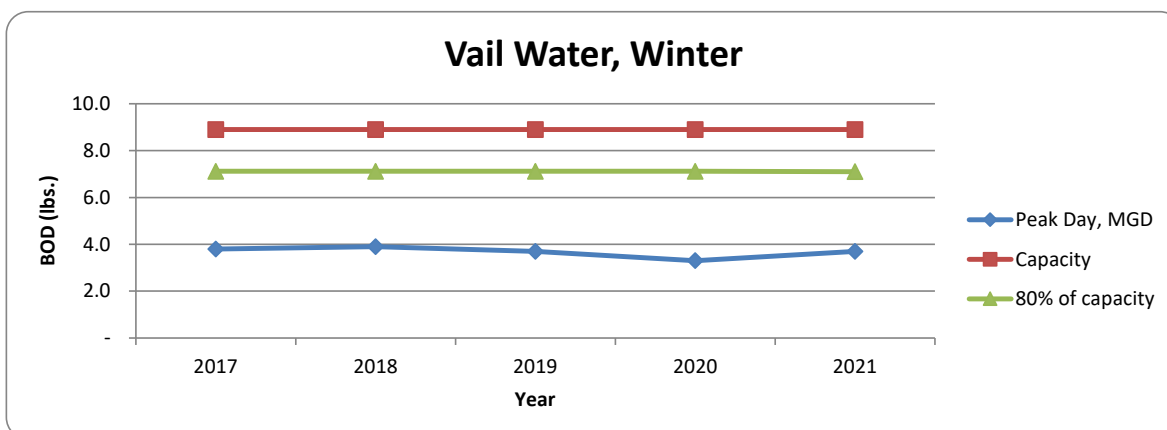
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Vail	10,218	10,264	10,474	10,551	10,494	10,509	10,595	10,650	10,703	10,706
Minturn	709	711	724	726	732	733	748	752	751	741
Avon	3,953	3,969	4,038	4,062	3,823	3,847	3,855	3,890	3,934	3,955
Village at Avon	-	-	-	-	-	-	-	268	447	494
Beaver Creek	2,799	2,802	2,807	2,823	2,824	2,829	2,829	2,831	2,834	2,834
Eagle Vail	2,408	2,410	2,414	2,425	2,427	2,433	2,441	2,446	2,446	2,447
Edwards	3,147	3,140	3,150	3,174	3,197	3,202	3,220	3,366	3,375	3,382
Berry Creek	1,171	1,180	1,190	1,195	1,211	1,220	1,231	1,239	1,239	1,241
Arrowhead	1,026	1,031	1,040	1,050	1,062	1,063	1,071	1,079	1,082	1,088
Cordillera	852	858	862	868	880	877	882	884	886	888
Bachelor Gulch	1,065	1,071	1,069	1,076	1,072	1,076	1,075	1,079	1,083	1,090
Total SFEs	<u>27,348</u>	<u>27,436</u>	<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>
Percent increase	<u>0.93%</u>	<u>0.32%</u>	<u>1.21%</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>

**Eagle River Water and Sanitation District
Water Demand Compared To Capacity
Five Year Comparison
December 31, 2021
(Unaudited)**



Vail Water, Summer

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Peak Day, MGD	5.7	5.8	5.3	4.9	5.0
Capacity	8.9	8.9	8.9	8.9	8.9
80% of capacity	7.1	7.1	7.1	7.1	7.1
Flow, MGD as a % Capacity	64%	65%	60%	55%	56%

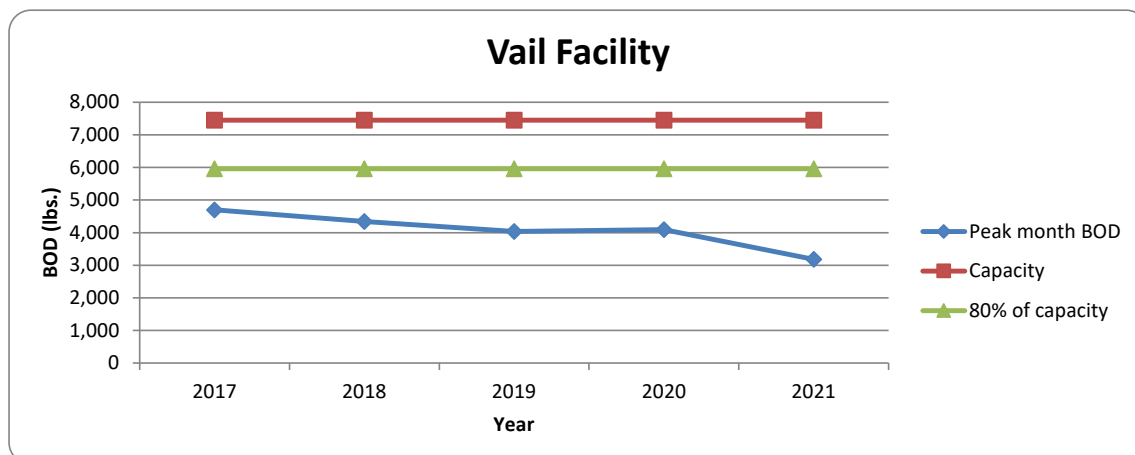


Vail Water, Winter

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Peak Day, MGD	3.8	3.9	3.7	3.3	3.7
Capacity	8.9	8.9	8.9	8.9	8.9
80% of capacity	7.1	7.1	7.1	7.1	7.1
Flow, MGD as a % Capacity	43%	44%	42%	37%	42%

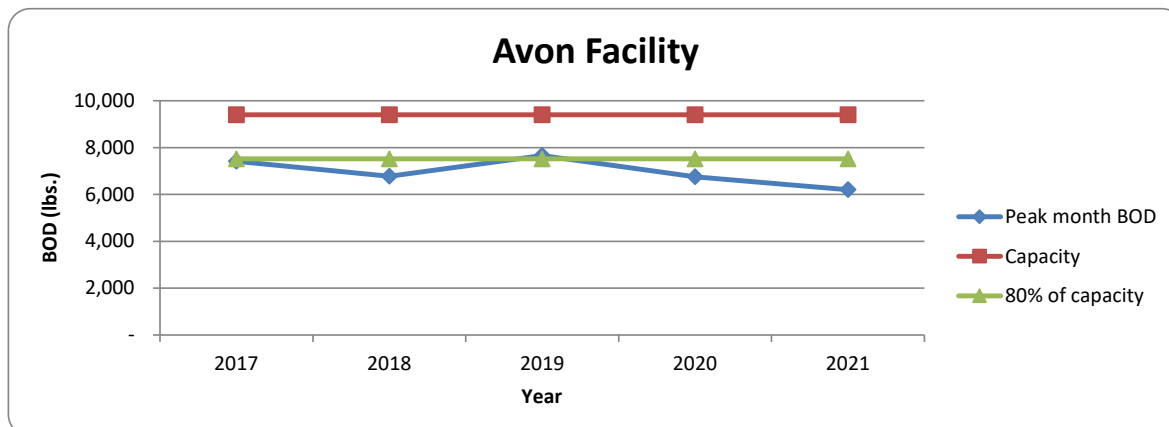
**Eagle River Water and Sanitation District
Wastewater Loadings Compared to Facility Capacity
Five Year Comparison
December 31, 2021
(Unaudited)**

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Peak month BOD	4,700	4,345	4,039	4,094	3,180
Capacity	7,450	7,450	7,450	7,450	7,450
80% of capacity	5,960	5,960	5,960	5,960	5,960
Peak month BOD as % of capacity	63%	58%	54%	55%	43%

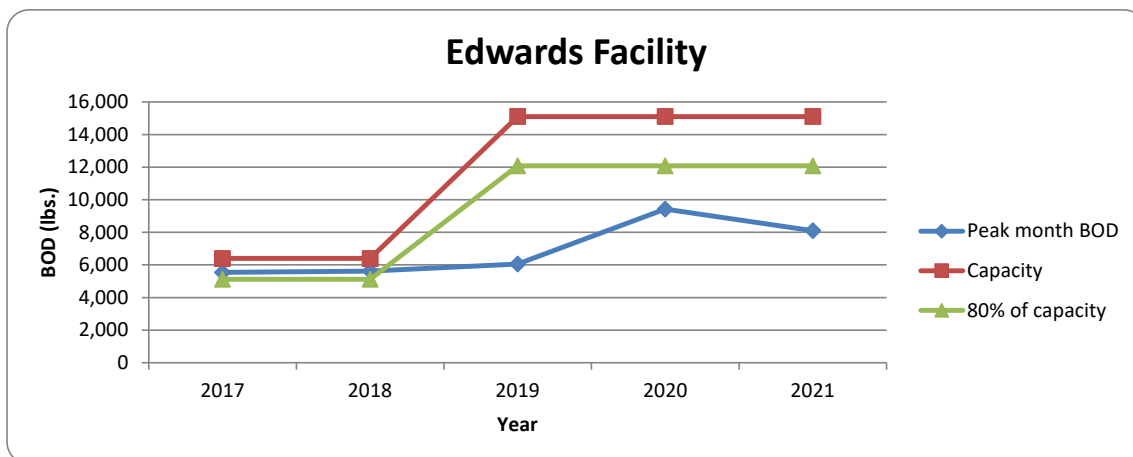


Avon Facility

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Peak month BOD	7,415	6,775	7,659	6,755	6,201
Capacity	9,400	9,400	9,400	9,400	9,400
80% of capacity	7,520	7,520	7,520	7,520	7,520
Peak month BOD as % of capacity	79%	72%	81%	72%	66%

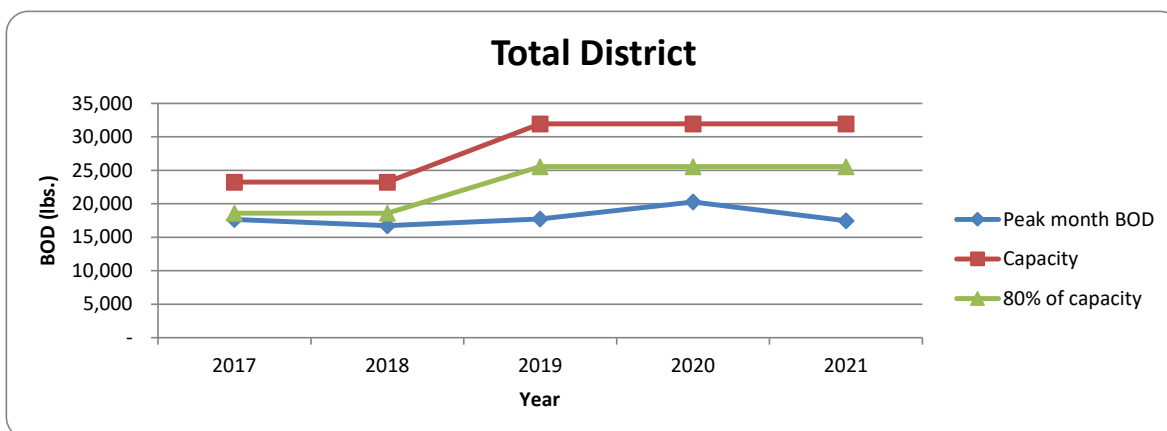
**Eagle River Water and Sanitation District
Wastewater Loadings Compared to Facility Capacity
Five Year Comparison
December 31, 2021
(Continued)
(Unaudited)**

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.



Edwards Facility

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Peak month BOD	5,544	5,617	6,057	9,426	8,102
Capacity	6,400	6,400	15,100	15,100	15,100
80% of capacity	5,120	5,120	12,080	12,080	12,080
Peak month BOD as % of capacity	87%	88%	40%	62%	54%



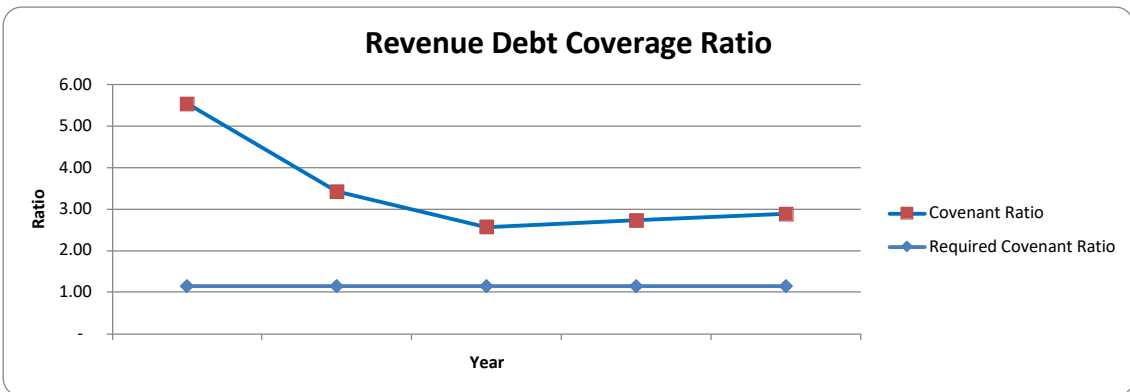
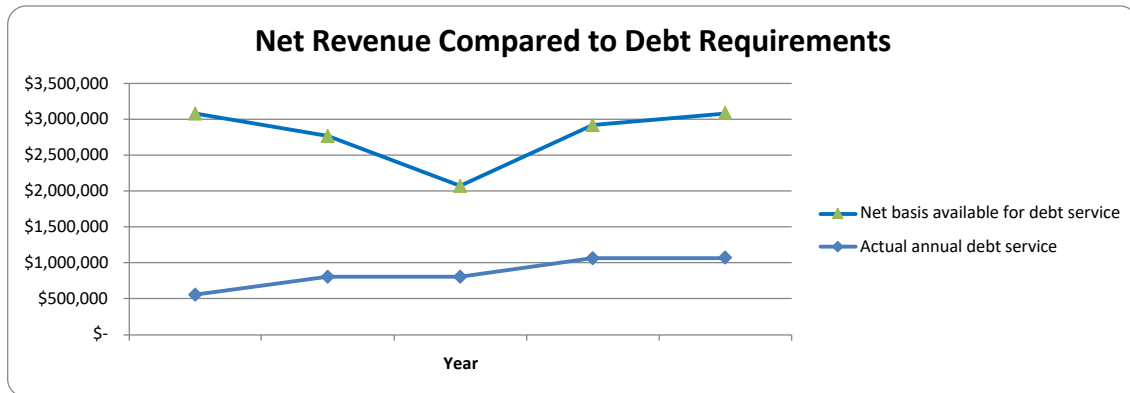
Total District

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Peak month BOD	17,659	16,737	17,755	20,275	17,483
Capacity	23,250	23,250	31,950	31,950	31,950
80% of capacity	18,600	18,600	25,560	25,560	25,560
Peak month BOD as % of capacity	76%	72%	56%	63%	55%

Eagle River Water and Sanitation District
Top 10 Customers
Five Year Comparison
December 31, 2021
(Unaudited)

Customer Type	1,000 Gallons	Sales Dollar Amount	% of Total Sales Dollars
<u>Vail Water Sales</u>			
Town of Vail	20,032	\$ 127,954	1.8%
Ski Company/Resort	45,867	125,385	1.8%
Hospital	24,931	111,925	1.6%
Hotel/Resort	14,752	106,012	1.5%
Condominiums/Resort	11,319	103,899	1.5%
Hotel/Resort	17,063	94,278	1.4%
Hotel/Resort	12,500	79,902	1.2%
Hotel/Resort	11,748	72,877	1.1%
Hotel/Resort	9,911	67,279	1.0%
Condominiums/Resort	9,425	57,192	0.8%
Total - Top 10 Customers	177,548	\$ 946,702	13.7%
Total - All Other Customers	483,868	5,974,530	86.3%
Total Service Fees	661,416	\$ 6,921,232	100.0%
<u>Wastewater Sales</u>			
Ski Company/Resort		\$ 225,375	1.4%
Mobile Home Park		204,822	1.3%
Hotel/Resort		158,682	1.0%
Apartment Complex		123,786	0.8%
Apartment Complex		122,484	0.8%
Hotel/Resort		120,876	0.7%
Condominiums/Resort		111,336	0.7%
Utility		110,976	0.7%
Condominiums/Resort		106,416	0.7%
Hotel / Resort		95,262	0.6%
Total - Top 10 Customers		\$ 1,380,015	8.5%
Total - All Other Customers		14,888,584	91.5%
Total Service Fees		\$ 16,268,599	100.0%

**Eagle River Water and Sanitation District
Rate Maintenance Covenant - Water
Five Year Comparison
December 31, 2021
(Unaudited)**



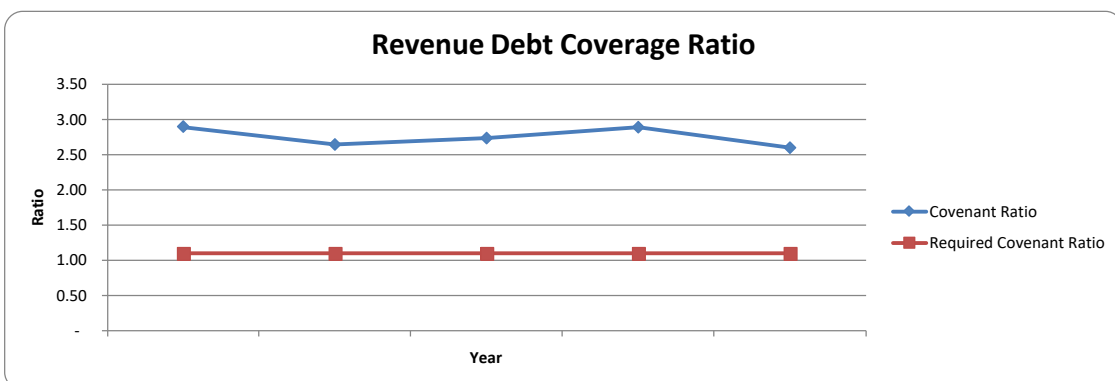
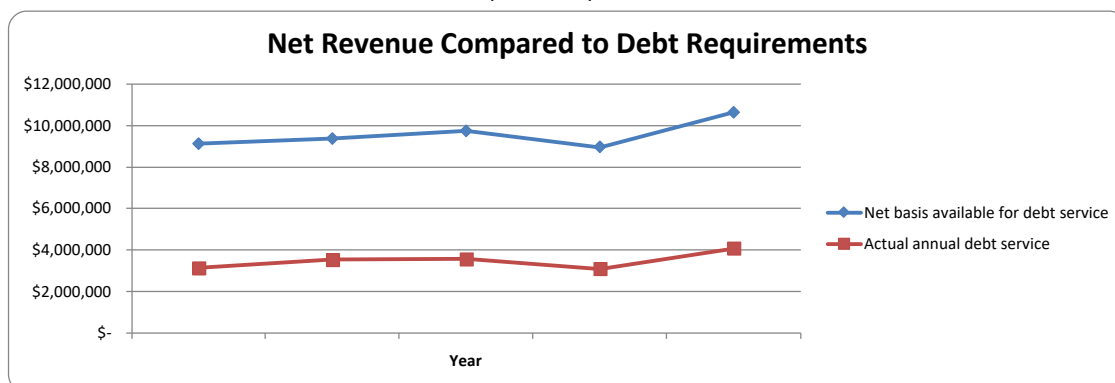
Per the bond covenants, the District is to assess a fee to cover operations and maintenance and 115% of water debt service.

	2017	2018	2019	2020	2021
Operating revenue	5,741,036	5,708,724	5,711,618	6,589,015	7,038,240
Plus:					
Tap fees and other contributed cash	442,780	650,154	143,987	307,504	677,841
Investment income	77,164	83,420	66,762	66,067	(991)
Property taxes for general operating	474,496	510,169	509,210	518,481	533,141
Other non-operating revenues	19,870	21,198	12,137	19,734	29,817
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
Total revenues available for debt service	7,355,346	7,573,665	7,043,714	8,100,801	8,878,048
Expenses	7,104,017	7,728,753	7,853,847	8,201,005	8,545,226
Less:					
Interest expense	(835,720)	(741,365)	(762,740)	(808,026)	(764,891)
Depreciation	(1,789,902)	(1,893,422)	(1,982,937)	(1,979,712)	(1,980,544)
Major capital additions	(206,249)	(289,187)	(136,937)	(228,434)	(6,999)
Total expenses available for debt service	4,272,146	4,804,779	4,971,233	5,184,833	5,792,792
Net basis available for debt service	3,083,200	2,768,886	2,072,481	2,915,968	3,085,256
Actual annual debt service (excluding general obligation debt)	556,507	808,200	805,600	1,065,263	1,071,600
Covenant Ratio	5.54	3.43	2.57	2.74	2.88
Required Covenant Ratio	1.15	1.15	1.15	1.15	1.15

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 (\$1,903,966 at December 31, 2021) to meet the Rate Maintenance Covenant if necessary.

Eagle River Water and Sanitation District
Rate Maintenance Covenant - Sanitation
Five Year Comparison
December 31, 2021
(Unaudited)



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

	2017	2018	2019	2020	2021
Operating revenue	19,686,255	20,288,257	20,474,799	22,407,469	25,470,671
Plus:					
Tap fees and other contributed cash	1,144,761	1,499,025	2,147,390	668,867	1,297,552
Investment income	434,026	679,710	1,015,644	334,133	(18,024)
Interest credit - Build America Bonds	312,105	307,866	275,490	-	-
Property taxes for general operating	539,174	567,400	563,588	581,078	587,406
Other non-operating revenues	59,609	63,594	36,410	53,250	89,451
Rate stabilization funds	600,000	600,000	600,000	600,000	600,000
Total revenues available for debt service	22,775,930	24,005,852	25,113,321	24,644,797	28,027,056
Expenses	24,069,390	25,251,120	26,313,016	26,104,467	27,548,968
Less:					
Interest expense	(2,842,937)	(3,010,923)	(3,162,889)	(2,532,808)	(2,847,190)
Depreciation	(7,312,904)	(7,320,592)	(7,539,257)	(7,679,104)	(7,115,752)
Major capital additions	(263,659)	(285,234)	(211,190)	(211,190)	(207,358)
Total expenses available for debt service	13,649,890	14,634,371	15,357,502	15,681,365	17,378,668
Net basis available for debt service	9,126,040	9,371,481	9,755,819	8,963,432	10,648,388
Actual annual debt service (excluding general obligation debt)	3,148,897	3,547,308	3,563,477	3,102,063	4,094,691
Covenant Ratio	2.90	2.64	2.74	2.89	2.60
Required Covenant Ratio	1.10	1.10	1.10	1.10	1.10

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 (\$23,478,325 at December 31, 2021) to meet the Rate Maintenance Covenant if necessary.

Eagle River Water and Sanitation District
Assessed Valuation, Property Taxes Levied and Collected - Water
Five Year Comparison
December 31, 2021
(Unaudited)

Calendar Year Ended December 31	Prior Year Assessed 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	
2017	1,012,817,770	0.444	0.941	1,402,752	1,417,667	101.1%
2018	1,095,184,950	0.444	0.859	1,427,026	1,421,534	99.6%
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	1,229,467,670	0.471	0.764	1,518,392		

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, 2021
(Unaudited)

Calendar Year Ended December 31	Prior Year Assessed 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	
2017	2,216,097,720	0.231	0.618	1,881,466	1,903,214	101.2%
2018	2,342,657,810	0.231	0.585	1,911,608	1,882,305	98.5%
2019	2,565,975,770	0.231	0.535	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	0.528	1,971,705		

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, 2021
(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, 2021.

The appraisal value as of January 10, 2021, performed by Porzak Browning & Bushong LLP (Special Water Rights Counsel for the District) is recited here solely for informational purposes.

Water Right	Quantity (a.f.)	Price per a.f.	Historical Cost	Appraisal Value
Eagle Park Reservoir Water	432.81211	\$41,000	\$3,453,442	\$17,745,296
Homestake Reservoir	250	41,000	0	10,250,000
Green Mtn. Res. contract	934	2,500	0	1,868,000
Wolford Mtn. Res. contract	500	3,805	0	1,902,500
Black Lakes storage	425	41,000	0	17,425,500
Conditional storage	584.45	100	0	58,445
In-basin consumptive use	902	10,000	1,496,416	9,020,000
Direct flow HUP water (winter)	89	41,000	0	3,649,000
TOTAL			\$4,949,858	\$61,918,241

Water Rights Owned

Eagle Park Reservoir Water

The District owns or has a perpetual contractual right to the water rights in connection with Eagle Park Reservoir (432.81211 a.f.). Refer to footnote III.F. for additional terms. The value of Eagle Park Reservoir is based on the District's dedication replacement cost of \$41,000 per acre-foot for non-irrigation season in-basin storage. That replacement cost is established by the District's 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 District owns or has a perpetual contractual right to the water rights in connection with Homestake Reservoir (250 a.f.). The value of Homestake Reservoir storage is based on the District's dedication replacement cost of \$41,000 per acre-foot for non-irrigation season in-basin storage. That replacement cost is established by the District's 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.

**Eagle River Water and Sanitation District
Schedule of Water & Storage Rights
December 31, 2021
(Unaudited)
(Continued)**

Green Mountain Reservoir

The District owns water related contracts in connection with Green Mountain Reservoir (934 a.f.).

Contract 9-07-60-W0408: This contract was executed on April 6, 1989, for a total of 934 acre-feet per year, 264 acre-feet for municipal and domestic use, and 670 acre-feet for industrial use which includes snowmaking. The annual contract payment is \$10 per acre-foot for municipal and domestic use water (264 acre-feet). The annual contract payment for industrial use water (670 acre-feet) is \$55 per acre-foot for the first 385 acre-feet, and a \$15 per acre foot standby charge and a \$40 per acre foot delivery charge for the remaining 285 acre-feet. The \$40 delivery charge is paid only for actual water delivered, while the standby charge is paid regardless of actual delivery. This lease is for a term of 40 years (expires April 5, 2029), with an option to renew for an additional 40 years.

Green Mountain Reservoir contract water value is based on the fact that Green Mountain Reservoir is a finite pool, that there are 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.

Wolford Mountain Reservoir

The District owns water related contracts in connection with Wolford Mountain Reservoir (500 a.f.).

Contract CW08010: This contract was executed on February 9, 2009, for 500 acre-feet per year. The base price was \$260.25 per acre-foot for the first year, and annual contract payments are \$260.25 per acre-foot, but they can be increased each year up to the amount of increase in the Consumer Price Increase plus the New Growth Index. It is for an initial term of 75 years (expiring February 9, 2084), with a right of first refusal at the end of the initial term on the same terms at which the River District is offering similar supplies to other municipal water providers.

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 Black Lakes water rights consist of two structures, Black Lake and Black Lake No. 2, and three separate water rights decreed to those structures. Pursuant to the decrees in Case Nos. W-4003, 79CW296, 82CW328, 05CW257, and 10CW200, the District's interest in the Black Lake No.1 water right is 352 a.f. absolute, and its interest in the Black Lake No.2 water right is 73 a.f. absolute. These structures and water rights are subject to two agreements: the Memorandum of Agreement dated January 30, 1986, between the Vail Valley Consolidated Water District and the Colorado Department of Natural Resources; and the Memorandum of Agreement dated June 23, 2005, between the Eagle River Water & Sanitation District and the Colorado Department of Natural Resources (together, the "MOAs").

By virtue of the decrees described above and the MOAs, the District owns a total of 425 a.f. absolute in the Black Lakes. Pursuant to the 2005 MOA, the District is free to use 125 a.f. for all uses any time of year. The District must release the other 300 a.f. during the December through March period to augment stream flows during that period. However, to the extent that the District diverts water from the System Interconnect and/or Dowds Junction diversions during the December through March period instead of diverting water at its Gore Creek wellfield, then it can keep an equivalent amount of water in Black Lakes for its use any time of year. (For example, if the District

**Eagle River Water and Sanitation District
Schedule of Water & Storage Rights
December 31, 2021
(Unaudited)
(Continued)**

diverts 150 a.f. of water at the System Interconnect during December through March, then it may use 150 a.f. of the 300 a.f. of Black Lakes water for any decreed use any time of year, and it would release the other 150 a.f. to Gore Creek during the December through March period to augment stream flows.)

The value of Black Lakes storage is based on the District's dedication replacement cost of \$41,000 per acre-foot for non-irrigation season in-basin storage. The value to the District of Black Lakes is that these reservoirs fill each year and the water is stored very high in the Gore Creek drainage. Therefore, the water is available for direct use and/or augmentation (i.e., replace out of priority depletions resulting from the diversion of other water rights) without causing any "gap" in the creek between the point of depletions and location of the replacement water. In other words, this water can be delivered directly to the location of the points of diversion and/or depletion.

Conditional Storage

The District's conditional storage (584.45 a.f.) are decreed, but not yet completed, water rights. These water rights of the District exist in several locations throughout the District's service area and given a nominal value of \$100 per acre-foot due to the high cost of developing these storage rights.

In-Basin Consumptive Use

The District's in-basin consumptive use water rights (902 a.f.) includes senior irrigation water rights that were changed, and their historical consumptive use was quantified in Case Nos. W-2256, W-2264, 79CW124, and 82CW328. In-basin consumptive use credits are valued at the District's dedication replacement cost of \$10,000 per acre-foot of irrigation season water. This replacement cost is established by the District's 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. These water rights are generally quite senior and are not subject to curtailment; hence, their higher value. Further, these water rights have been changed to be used for municipal uses, including augmentation, thus permitting the District to divert and use other water rights when they are out of priority. The value of these water rights to the District is derived from their seniority and that they have already been quantified and changed to municipal uses and augmentation, and included in the District's plan for augmentation. The only reason why these are not the most valuable of the District's water rights on a per-acre-foot basis is due to the fact that they can only be used during the irrigation season, not year-round, unless they are diverted and placed in storage.

Direct Flow Historical Users' Pool

The District's historical users' pool (HUP) beneficiary water rights (89 a.f.) 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 \$41,000 to these rights, equivalent to the District's non-irrigation season dedication cost.

These are water rights that are protected by Green Mountain Reservoir pursuant to the decrees for Green Mountain Reservoir, Senate Document 80 (which established the federal basis for Green Mountain Reservoir), and the final Operating Policy for Green Mountain Reservoir, Colorado-Big Thompson Project, Colorado (48 P.R. 56657). Pursuant to these Green Mountain Reservoir documents, as specifically described in the final Operating Policy, West Slope domestic and irrigation water rights that were "perfected" (actually diverted and used) as of October 15, 1977 are allowed to continue to divert at times when they otherwise would be curtailed. At such times, Green Mountain Reservoir will release water to downstream senior water rights to allow such continued diversions by the HUP "beneficiaries."

**Eagle River Water and Sanitation District
Schedule of Water & Storage Rights
December 31, 2021
(Unaudited)
(Continued)**

This category of HUP water rights typically consists of what are deemed to be fairly junior water rights (priorities between approximately 1940 and 1977) that would be curtailed in most years due to a call administered to protect either the Shoshone Power Plant or the Grand Valley "Cameo" water rights. However, because the HUP water rights benefit from the releases from Green Mountain Reservoir, they are allowed to continue to divert water at times when either Shoshone or Cameo is placing a call for water. This has the effect of enhancing the period of time, and thus the amount of water, that these HUP water rights can divert. This enhances their value. The District owns a number of such water rights that were perfected as of October 15, 1977. In fact, the District's augmentation plan decree in Case No. 82CW328 expressly recognizes the HUP status of a number of its water rights and incorporates these water rights, as so protected by Green Mountain Reservoir, in its plan for augmentation.



BOARD ACTION REQUEST

TO: Board of Directors
FROM: David Norris, Director of Business Administration
DATE: June 23, 2022
RE: Employee Housing Cash Purchase Assistance Program Recommendation

Summary:

The District's housing program ensures the District's ability to recruit and retain quality employees in an area where there are significant barriers to affordability and availability of suitable housing. Recently, local, and national economics have exacerbated these already-difficult conditions for our employees. Staff is recommending modifications to the housing program to keep pace with our employees' housing needs.

Background:

Currently, prospective purchasers face additional challenges in obtain free-market home ownership:

- 1) Sellers are frequently receiving and accepting all-cash offers
- 2) Units may only be on the market for days or even hours leaving purchasers no opportunity to arrange for financing
- 3) Many offers are structured with escalation clauses designed to win the purchase even if another purchaser puts in a higher offer, further driving up purchase prices and making it difficult to compete

The following changes to the housing program are recommended to mitigate the current housing purchase environment:

Cash Purchase Assistance Program.

Under this program the District could assist an employee in purchasing a free-market unit if Staff identifies a suitable unit to add to the housing program and the following criterion:

For an employee requesting cash purchase assistance:

- The employee must be in good standing.
- The property will be the employee's primary residence, and the employee does not own other property.
- The property is located in Eagle County or adjacent counties.
- The employee is preapproved by a lending agency and has executed a commitment letter to purchase the property from the District.
- A deed restriction executed upon sale of the property by the District to the employee giving the District the right of first refusal to repurchase the property at no greater than market valuation with a maximum 6% per annum appreciation cap, whichever is less.
- Employee bears the burden of costs associated with the real estate transaction from the District. (District pays the costs of the initial purchase).

- The employee pays any earnest money related to the District's initial purchase, which is then credited to the sale from the District to the employee.

If for some reason financing falls through the District could offer the unit to another employee, keep the unit to add to the existing housing fleet, or back out of the sale. The employee would lose its earnest money if it backed out of the sale.

The use of this program would be limited by the following:

- 1) The proposed purchase is less than the median county sales price, currently \$1,200,000.
- 2) Funds for the purchase would be drawn first from the 2022 housing construction budget of \$1,500,000, and secondly from unrestricted fund balance (if necessary)
- 3) The purchase is in response to an employee request or if staff identifies a unit suitable for the housing program
- 4) The purchase is recommended by the staff housing committee
- 5) While the current housing market is difficult, the concept of the Cash Purchase Assistance Program is expected to be temporary to address the current environment.

Staff recommends that the term of the Cash Purchase Assistance Program extends through July 1, 2023, where the board may consider extending the program at that time.

District bylaws allow the General Manager to execute real estate conveyances that are approved by the board of directors. Waiting for approval of a purchase in this fast-paced environment at a board meeting would mean missing out on the purchase. To mitigate this timing concern, staff identified two options for an alternative board approval process:

Option 1: The board can delegate its decision authority to the Staff Housing Sub-committee which can meet quickly to consider a potential purchase. Staff will notify the full board of the purchase at its next available board meeting.

Option 2: The board can delegate its decision authority to the Board Housing Sub-committee which can meet with 24 hours' notice to consider approval for staff to proceed with the purchase. Staff will notify the full board of the purchase at its next available board meeting.

Option 3: Alternatively, the board could hold an emergency meeting with 24 hours' notice. Provided there is a quorum, the full board could approve the purchase.

Budget Impacts:

Short term cash flip (cash out and back in within one month, not including earnest money), using existing budget lines.

Legal Issues:

N/A

Board Actions Requested:

Approval of the **Cash Purchase Assistance Program** addition

Option 1 for the delegation of authority to the Staff Housing Subcommittee for real estate purchases

Attachments:

N/A

EAGLE RIVER WATER & SANITATION DISTRICT 2022 CONTRACT LOG

Contract	Date	Change Order			Contract	Project	Account	Statue and
Number	Executed	signed on	Project Name	Contractor	Amount	Manager	Number	Notes
22.15.046	06/01/22		EWV & EDWF Landscaping	SHC Landscape Co.	\$6,788.00	M. Cushman	10.3.9.10.20.500	Open/Contract Expires 10/31/22
22.15.047	05/31/22		1130 Ptarmigan Circle Insulate Culvert	360 Civil, Inc.	\$25,000.00	W. Spring	10.3.2.20.09.447	Open/Contract Expires 9/1/22
22.15.048	05/31/22		4275/4277 Columbine Water Service	360 Civil, Inc.	\$45,250.00	W. Spring	10.3.2.20.09.447	Open/Contract Expires 9/1/22
22.15.049	05/31/22		Spruce Way Sewer Main Insulation	360 Civil, Inc.	\$30,750.00	W. Spring	10.1.2.10.01.027	Open/Contract Expires 9/1/22
22.15.050	06/03/22		Development of Buckhorn Lots	JP Manley Architect LLC, Agent of Martin Manley Architects	\$30,300.00	C. Nunley	10.1.2.10.05.052	Open/Contract Expires 6/1/23
22.15.051	Pending		Vail WWTF MPI Improvements	Zehren and Associates, Inc.	\$18,920.00	M. Marts	10.3.2.10.03.316	Open/Contract Expires 12/31/22
22.15.052	06/08/22		Skin Cancer Screening	LifeHealth	\$3,500.00	T. Rymph	10.3.9.00.80.755	Open/Contract Expires 6/29/22

ERWSD New Development Report

June 2022



Type of Use

SFEs Proposed

Location

Projected
Water Demand
Annual Acre-Feet
Augmentation (AF)

Development Approval
Process Step:

Construction Approval
Process Step:

Projects Requiring Water Rights Dedication

534 E Lionshead Circle - Elevation	Residential	12	Vail	0.49	2. Water Analysis	0. Conceptual
500 E Lionshead Circle - Legacy	Residential	23	Vail	0.31	2. Water Analysis	2. Plan Approval
Alura (Miradoro)	Residential	10	Vail	0.83	1. Connection Application	1. Plan Review

Projects Under Construction

Belden Place (1200 Block Main St)	Residential	41	Vail	N/A	N/A	2 Plan Approval
Highline (Double Tree Expansion)	Residential	43.65	Vail	0.79	6. Ability to Serve Letter	1. Plan Review
North Minturn PUD	Residential	184	Minturn	--	N/A	1. Plan Review
The Residences at Main Vail	Residential	72	Vail	0.81	6. Ability to Serve Letter	2. Plan Approval
S. Frontage Rd Roundabout	Infrastructure	N/A	Vail	--	N/A	2. Plan Approval
Vail Mountain View Phase II	Mixed Use	37	Vail	--	6. Ability to Serve Letter	N/A
VVMC Phase II-East Wing	Commercial	--	Vail	--	N/A	2. Plan Approval
Vail Marriott Residence Inn	Mixed Use	75	Vail	--	N/A	2. Plan Approval

Projects In Warranty Period

3010 Basingdale (Phase II), 841/851 Main St Minturn, Red Sandstone Parking Garage

Process

Construction Approval Process Steps:	0. Conceptual	1. Plan Review	2. Plan Approval	3. Acceptance	4. Warranty Period	5. Final Acceptance
Development Approval Process Steps:	1. Connection Application	2. Water Demand Worksheet Analysis	3. Conditional Capacity to Serve Letter	4. Water Rights Allocation	5. Water Service Agreement	6. Ability to Serve Letter

UERWA New Development Report

June 2022



Type of Use

SFEs Proposed

Location

Projected
Water Demand
Annual Acre-Feet
Augmentation (AF)

Development Approval
Process Step:

Construction Approval
Process Step:

Projects Requiring Water Rights Dedication

Edwards River Park PUD	Mixed Use	440+com	Edwards	61.8	3. Cond. Capacity	0. Conceptual
Margaux PUD	Residential	32	Edwards	3.56	3. Cond. Capacity	0. Conceptual
Mountain Hive	Residential	188	Edwards	10.5-15.2	3. Cond. Capacity	0. Conceptual
NorthStar PUD Amendment	Commercial	TBD	Edwards	3.7	5. Water Service Agreement	1. Plan Review
Riverwalk Edwards Ammendment	Residential	18	Edwards	1.8	3. Cond. Capacity	N/A
Vogelman Parcel (Carwash)	Mixed Use	1.5	Edwards	1.1-2.6	2. Water Analysis	1. Plan Review
Warner Building 2 Conversion	Residential	13.25	Eagle-Vail	0.07	3. Cond. Capacity	N/A
West End PUD Ammendment	Residential	335	Edwards	34.3	3. Cond. Capacity	0. Conceptual

Projects Under Construction

140 W Beaver Creek Blvd	Residential	112	Avon	--	N/A	0. Conceptual
Avon Hotel Development (Traer Tract J)	Commercial	85.05	Avon	--	6. Ability to Serve Letter	1. Plan Review
CMC Student Housing	Residential	36	Edwards	--	5. Water Service Agreement	1. Plan Review
CVC Clubhouse Residences	Residential	9	Edwards	1.34	6. Ability to Serve Letter	2. Plan Approval
ECO School District Housing	Residential	37	Edwards	3.7	5. Water Service Agreement	2. Plan Approval
Fox Hollow Amended PUD	Mixed Use	108	Edwards	14	6. Ability to Serve Letter	1. Plan Review
Frontgate (CO World Resorts)	Mixed Use	84	Avon	2.6	6. Ability to Serve Letter	2. Plan Approval
Kudel Parcel	Residential	4	Edwards	2.4	6. Ability to Serve Letter	2. Plan Approval
Maverik Gas Station	Commercial	2.6	Avon	1.03	6. Ability to Serve Letter	2. Plan Approval
McGrady Acres	Residential	24	Avon	--	N/A	2. Plan Approval
Riverfront Lot 1	Residential	53	Avon	--	N/A	2. Plan Approval
Stolport Restaurant (Traer Tract J)	Commercial	TBD	Avon	--	6. Ability to Serve Letter	1. Plan Review
Swift Gulch	Residential	42	Avon	Under Review	1. Connection Application	0. Conceptual
Tract Y- Metcalf Road	Residential	54	Avon	Under Review	1. Connection Application	1. Plan Review

Projects Completing Warranty Period

6 West Apartments, 185 Elk Tract, Piedmont Apartments, Riverfront Village, Stillwater

Upper Eagle Regional Water Authority

Process

Construction Approval Process Steps:	0. Conceptual	1. Plan Review	2. Plan Approval	3. Acceptance	4. Warranty Period	5. Final Acceptance
Development Approval Process Steps:	1. Connection Application	2. Water Demand Worksheet Analysis	3. Conditional Capacity to Serve Letter	4. Water Rights Allocation	5. Water Service Agreement	6. Ability to Serve Letter



BOARD COMMITTEES

DISTRICT

<i>Audit/Budget</i>	Dick Cleveland Steve Coyer
<i>Employee Housing</i>	Steve Coyer Dick Cleveland
<i>Retirement Plans</i>	Bob Warner Linn Brooks David Norris
<i>Organizational Development</i>	Bob Warner Dick Cleveland
<i>Facilities Master Plan</i>	George Gregory Bob Warner

JOINT

<i>Water Quality</i>	Sarah Smith Hymes (A) Timm Paxson (D)
<i>Rules and Regulations</i>	Kim Bell Williams (A) Bob Warner (D)
<i>Water Supply Planning</i>	Sarah Smith Hymes (A) Mick Woodworth (A) Kate Burchenal (D) Steve Coyer (D)
<i>Climate Action Plan</i>	Sarah Smith Hymes (A) Kate Burchenal (D) Timm Paxson (D)

(A) = Authority, (D) = District

AUTHORITY

<i>Audit/Budget</i>	Geoff Dreyer George Gregory
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**UPPER EAGLE REGIONAL
WATER AUTHORITY**

GOVERNED BY:

The Metropolitan
Districts of:
Arrowhead
Beaver Creek
Berry Creek
EagleVail
Edwards

The Town of Avon

MEMORANDUM

TO: Board of Directors
FROM: Diane Johnson, Communications & Public Affairs Manager
DATE: June 16, 2022
RE: Summary of Authority's May 26, 2022, Board Meeting

The following is a summary of items discussed at the May 26, 2022, Authority Board Meeting.

Board members present and acting were Chair George Gregory, Vice Chair Sarah Smith Hymes, Treasurer Geoff Dreyer, Mick Woodworth, Kevin Hillgren, and alternate director Steven Barber.

Oaths of Office Kevin Hillgren and Mike Trueblood were sworn in after being appointed as a director and alternate director, respectively, by the Beaver Creek and Edwards metropolitan districts, respectively.

In-person meetings Chair Gregory said now that in-person meetings had resumed, directors should attend meetings in-person other than exceptional circumstances.

Potential Conflicts of Interest Kathryn Winn reviewed requirements for disclosing possible conflicts and will send a questionnaire for all board members to complete.

Election of Officers The board elected George Gregory as Chair, Sarah Smith Hymes as Vice Chair, Kim Bell Williams as Secretary, Geoff Dreyer as Treasurer, and Kevin Hillgren and Mick Woodworth as Assistant Secretaries/Treasurers.

Meeting Minutes The board approved the Apr. 28, 2022, regular and joint meeting minutes.

Eagle Park Res. Co. Geoff Dreyer will represent the Authority on the EPRC board of directors.

Board Committees Directors made no changes to subcommittee membership.

Affordable housing Sarah Smith Hymes suggested a review of Eagle County's criteria for use of Eagle Park water dedicated to affordable housing and noted the Authority is not a land use authority.

Colorado Water Congress Linn Brooks stated the important role that Colorado Water Congress plays in statewide water matters and said it may launch a campaign to rebuild reserves.

Osprey in Avon Siri Roman commended the immediate collaborative response of District staff, its contractors, and Colorado Parks and Wildlife to create a suitable location on the Avon wastewater property for osprey to nest.

Mill Creek Fishkill Siri Roman said Colorado Department of Public Health and Environment sent a Notice of Violation to Vail Resorts.

Construction Costs Jeff Schneider reviewed impacts to current and future construction projects and noted that alternative delivery methods result in successful projects.

Unallocated water Jason Cowles said the unallocated water amounts are unchanged as they are working through two projects in Avon.

Eagle River Valley State of the River Diane Johnson said the annual State of the River public meeting will be held June 2 in collaboration with the Colorado River District.

Turf Replacement Kristin Moseley said HB1151 passed and is slated for Gov. Polis's signature.

Managed by Eagle River Water & Sanitation District

846 Forest Road Vail, Colorado 81657 Tel (970) 476-7480 erwsd.org



MEMORANDUM

TO: Boards of Directors
FROM: David Norris, Director of Business Administration
DATE: June 23, 2022
RE: Analysis of Miscellaneous Fees

Background

Historically, the District and Authority have unbundled some of the costs of miscellaneous ancillary services related to producing water and treating wastewater, creating special service charges to cover these costs. These service charges are designed to require the customer who uses the services to pay for these costs through separate fees and charges.

Below is a breakdown of the District and Authority's current fee schedules:

Type	Current Rates
Backflow Non-Compliance Fee	\$500 Per Violation/Month
Delinquent/Non Compliance Turn off Service	\$100
Fire Hydrant Meter Relocation Fee	\$168
Impact Inclusion Fee	\$1,000
Lien Fee for Unpaid Charges	\$200
Meter Inspection and Re-inspection	\$168
Penalty for Non-Compliance Fee	\$100 per SFE/Month
Recording Fee	Actual Costs
Returned Check	\$25
Service and Inspection Calls Fee	\$84
System or Water Tampering Fine	\$5000 per Violation
Turn On/Off Service	\$84
Unathorized Use	\$2,000
Waste Hauler Discharge Annual Permit Fee	\$200
Waste Hauler Discharge Fee	\$.25 per Gallon
Water Rights Dedication Cash In Lieu Non -Summer Fee	\$43,000/Consumptive Acre Foot
Water Rights Dedication Cash In Lieu Summer Fee	\$10,500/Consumptive Acre Foot
Water Rights Dedication Review Deposit Fee	\$1,500

Analysis

After a comprehensive analysis of a variety of entities, there are three (3) commonly charged fees that are recommended the District and Authority adds to its fee schedules.

Fee 1: Transfer of Service Fee This fee would be assessed upon each request for a transfer of service from the land and title companies upon a potential sale. Whether the property closes or not the work involved in processing the request is identical. In 2020 and 2021 the number of requests equaled 2000-2150. In 2022, the trends are showing similar numbers, and therefore are expecting this trend to come to fruition. The total costs associated with the work are currently \$145.

Fee 2: Reactivation Fee This fee is associated with accounts that sit dormant for a time of >1 year and are requested to reactivate the account. The total costs associated with this work is currently \$100.

Fee 3: Construction Application Fee In 2021 there were 166 applications in our system, where in 2022 we are on track to have similar applications for construction. Currently we do not have a fee for this, where it is common practice to have an application fee associated with the review and processing of the application. The total costs associated with the process is currently \$125.

In addition to these new fees, it is important to not get behind on our fees associated with rising costs. Some of our current fees have not been changed in many years, and with this there are seven (7) current fees identified that need an adjustment as listed below.

Type	Current Rates	Recommended Fees
Delinquent/Non Compliance Turn off Service	\$100	\$125
Fire Hydrant Meter Relocation Fee	\$168	\$200
Lien Fee for Unpaid Charges	\$200	\$250
Meter Inspection and Re-inspection	\$168	\$200
Returned Check	\$25	\$50
Service and Inspection Calls Fee	\$84	\$200
Turn On/Off Service	\$84	\$100

If approved, the overall projected yield would equate to an estimated \$354,700 annually for the District and Authority. Further analysis is warranted to provide a more comprehensive look at other fees that the District and Authority are not currently assessing those other utilities are for certain functions and will be presented in the 2023 budget proposal.

Staff Recommends the approval to post a 30-day notice for the changes to fees.

Next Steps if the board approves to move forward would include:

- Post 30-day notice for rate changes
- Hold a public hearing with board action
- Update Rules & Regulations Appendix A to reflect the changes



MEMORANDUM

TO: Board of Directors
FROM: Tom Borawski, Human Resources Manager
DATE: June 14, 2022
RE: Human Resources Update

Summary: This report includes updates on recent District HR activities. This is not meant to be an exhaustive list, but is rather intended to keep the board apprised of important initiatives and trends.

Classification & Compensation Study: The classification and compensation study will be key to our recruitment and retention efforts. As it currently stands, CPS HR Consulting is having difficulty getting data from our comparator agencies. The salary survey was sent out on May 31, 2022. Labor market agencies were expected to respond to the salary survey and its thirty-six (36) benchmarks by June 13, 2022. As of the writing of this memo, we have only been able to obtain data from six (6) of the nine (9) agencies (note the lists below). We are extending the deadline for response to June 21, 2022 and will expect to have the results by mid-to-late July.

Labor Market Agencies that provided data

1. Carollo Engineering
2. City of Aspen
3. Metro Water Recovery
4. SGM Engineering
5. Parker Water Sanitation District
6. Town of Frisco

Labor Market Agencies that have not provided data

1. Holy Cross Energy
2. Town of Vail
3. Denver Water

Employee Bonuses: At the May board meeting, the board asked whether or not an employee bonus was needed to see employees through to the completion of the classification and compensation study results. This was a generous option that the board proposed and showed the board's continued investment in staff following a District-wide bonus in Summer 2021, a 5% across-the-board increase in December 2021, the approval of three (3) additional paid holidays, and the forethought to begin a classification and compensation study ahead of the curve. The board has continuously supported staff with needed resources throughout this period of higher inflation, which is greatly appreciated. Given the board's generous support to staff, we do not advise a bonus at this point in the process.

Compensation data from the study's salary survey is expected in July. The staff leadership team will evaluate the data and salary report and develop a recommendation to the board that takes into consideration:

- 1) Market data,
- 2) The impact to customer billing rates,
- 3) The recruiting environment and challenges,
- 4) The District's total compensation package, including the housing benefit, and
- 5) The organization's cultural goals.

We are aiming to present a recommendation to the board at the August board meeting.

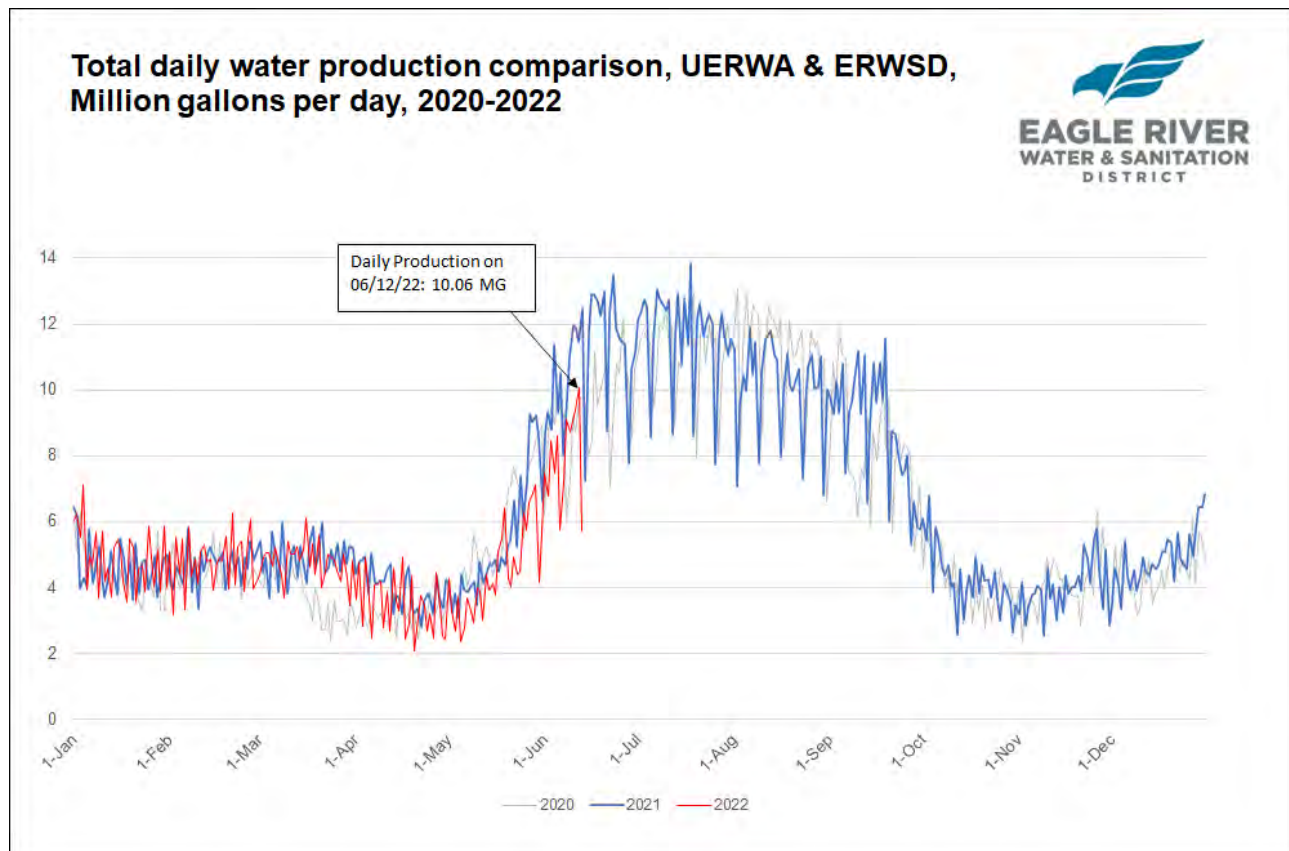


OPERATIONS MONTHLY REPORT JUNE 2022

WATER

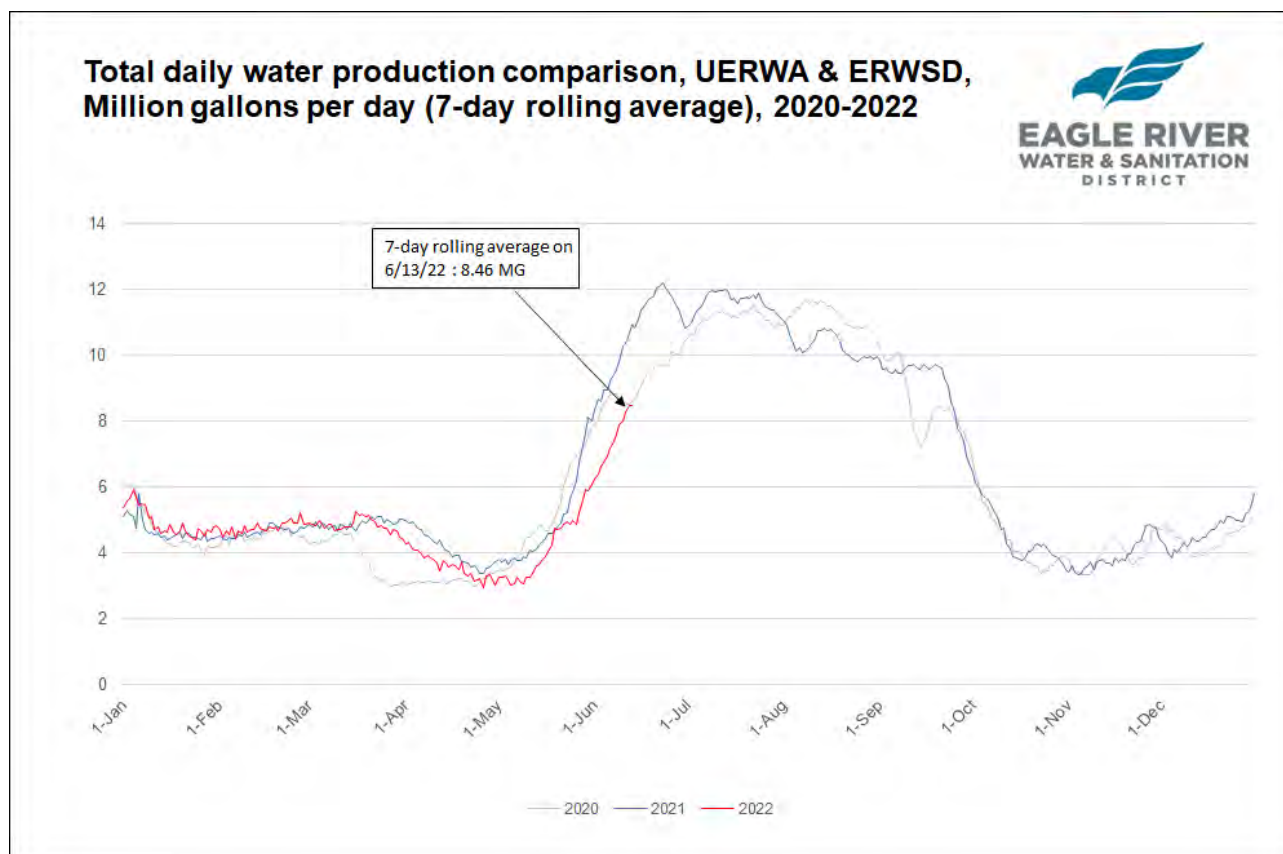
Brad Zachman

The system-wide water production comparison was updated through Jun. 13. System production is rapidly increasing to meet summer irrigation demand.



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The Water Department is focused on ramping-up production at the treatment facilities, managing treatment during runoff, and preparing for the upcoming District Sanitary Survey, which is scheduled for Aug. 24-26.

The 2022 water storage tank capital improvements project is underway. The project includes overflow and hatch improvements at 12 water storage tanks. The project is being phased to prioritize work at the sites in the District system prior to the upcoming Colorado Department of Public Health and Environment (CDPHE) Sanitary Survey.



*Construction of Water Storage Tank Risers and Hatches
(Gore Tank 2 on Left; Gore Valley Drinking Water Facility on Right)*

The Eagle Park Reservoir (EPR) and Black Lakes Reservoirs are at full pool. The East Fork Pump Station (EFPS) pumped 114 acre-ft of water into EPR this season.

The Black Lakes fish stocking event occurred on Jun. 14.





Black Lakes Fish Stocking on June 14

LABORATORY & WATER QUALITY MATTERS

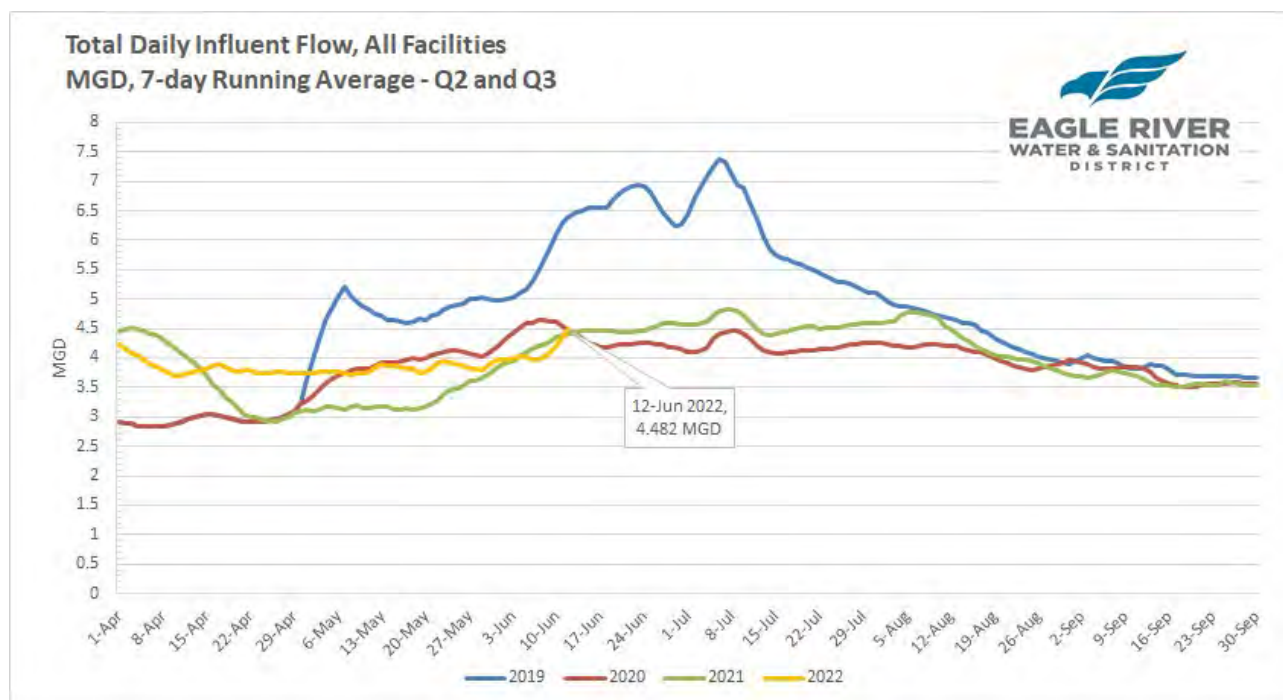
Leah Cribari

CDPHE's Water Quality Control Division (Division) has issued a data call for Regulation #93 for development of the 2024 303(d) List of Impaired Waters and Monitoring and Evaluation List. This effort requires a compilation of recent water quality parameters including biological, physical, chemical, and other related information collected from 2017 through 2021. The Division specifically requests data collected in the Upper Colorado, North Platte, and Lower Colorado river basins (Regulations #33 and #37). Data must be submitted to the division by Sept. 1. District Staff and consultants are reviewing and determining what data will be submitted.

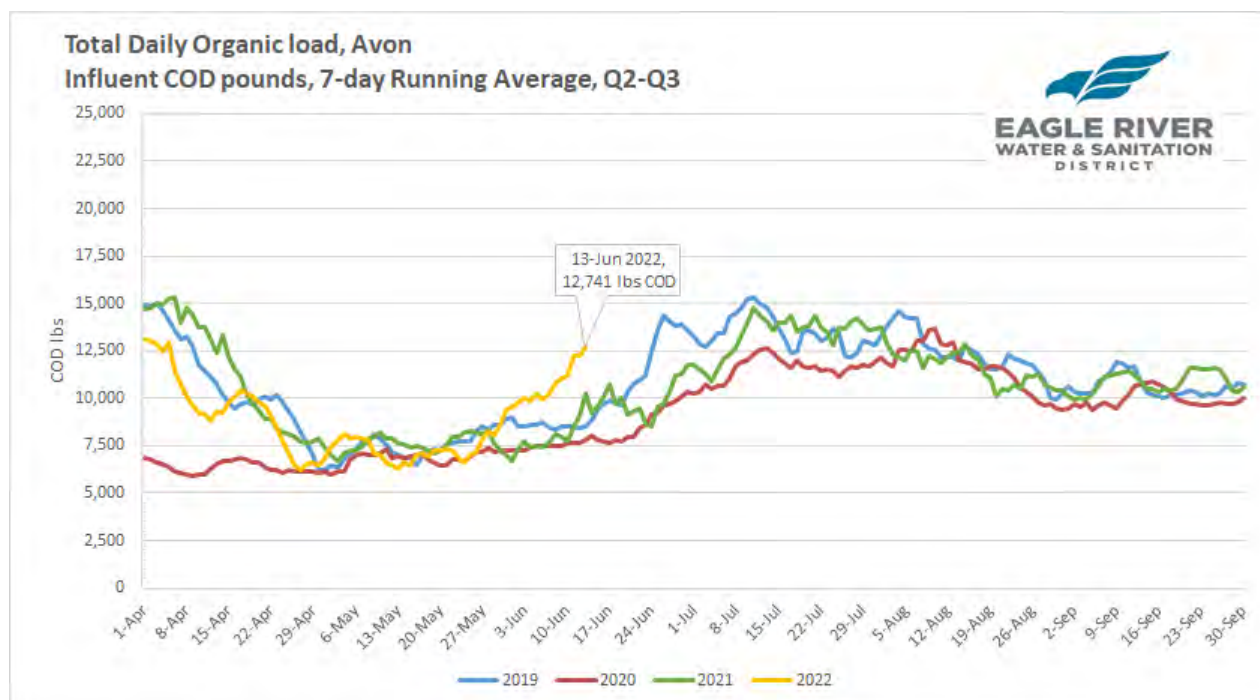
WASTEWATER

Rob Ringle

Influent flow remained flat for the month of May at all three wastewater (WW) facilities, although at a higher baseline relative to 2021. Some drop in flow was observed during times of colder weather, which likely indicates a drop in contributions from inflow and infiltration (I&I) during these times. Influent flow has since trended up in early June.



Influent organic loading, as measured by pounds of carbonaceous oxygen demand (COD lbs), has trended above recent years in late May and early June. Organic loading is more indicative of the actual activity and occupancy rates in the sewershed respective to the treatment facility, as it is not directly impacted by I&I. The plot below shows 7-day average loading for the Avon WW facility. Loading observed in the week of Jun. 13, 2022, is consistent with what would typically be expected for late June. Organic loading typically trends up during the month of June, with a summer season peak typically around the Fourth of July. A similar trend is observed for the Vail WW facility.



Vail WW staff continue to work through the collaborative design process for the Vail WW Master Plan Improvements capital project. Staff work to adapt plant operations to accommodate investigative work to help inform subsequent design, cost estimating, and repair work. The contractor's team recently visited the facility for further evaluation of some of the structural repairs, including the vertical cracking in the basin wall, as pictured below.



Vail WW aeration basin #4, vertical wall crack evaluation.

Staff at Avon WW continue to adapt operations to accommodate major impacts related to the Nutrient Upgrade Project, and to optimize new process systems as those come online. Two major procedures related to the secondary process were recently completed successfully. On May 19 staff worked in the very early morning hours to stop forward flow through the plant and facilitate construction of the tie-in point for the new secondary clarifier effluent flow. This included significant prep work ahead of the event to provide sufficient equalization volume. The second procedure involved an extended shutdown of the return activated sludge (RAS) system on Jun. 2. The RAS system normally operates continuously and serves to maintain a healthy inventory of active biology in the treatment process. Staff manipulated equipment as necessary to accommodate this shutdown and also monitored the treatment process throughout the event. Process adjustments made during and following the procedure allowed the facility to meet permit requirements through this critical event.



Avon WW aeration secondary clarifier gallery, vertical RAS tie-in procedure.

Edwards WW staff recently adapted plant operations in consideration of the WW Master Plan Update effort. Staff are working to optimize the secondary treatment process in the A2O (anaerobic-anoxic-oxic) configuration, which involves major changes to operating conditions in the first two process basins. This will allow the facility to improve the binding of phosphorus in the secondary process, as will be required to achieve compliance with future effluent limits for nutrients. The WW Master Plan Update effort aims to characterize the downstream impacts of A2O operation on the solids handling process so that the capital improvements needed in this area can be better understood. Improvements to the secondary process will also be needed for long-term operation in the A2O configuration; staff plan to convert the process back to the prior configuration in advance of the peak loading period in late Dec. With this process, staff have improved nutrient removal performance to meet or exceed the future nutrient regulations during the period of lower influent loading observed this spring.

FIELD OPERATIONS

Niko Nemcanin

Annual summer field system maintenance is underway. Field Operators have started fire hydrant flushing, system valve maintenance, and booster pump station maintenance. Collection system jetting (five year rotation) is underway in East Vail; followed by the closed circuit television (CCTV) of the system.

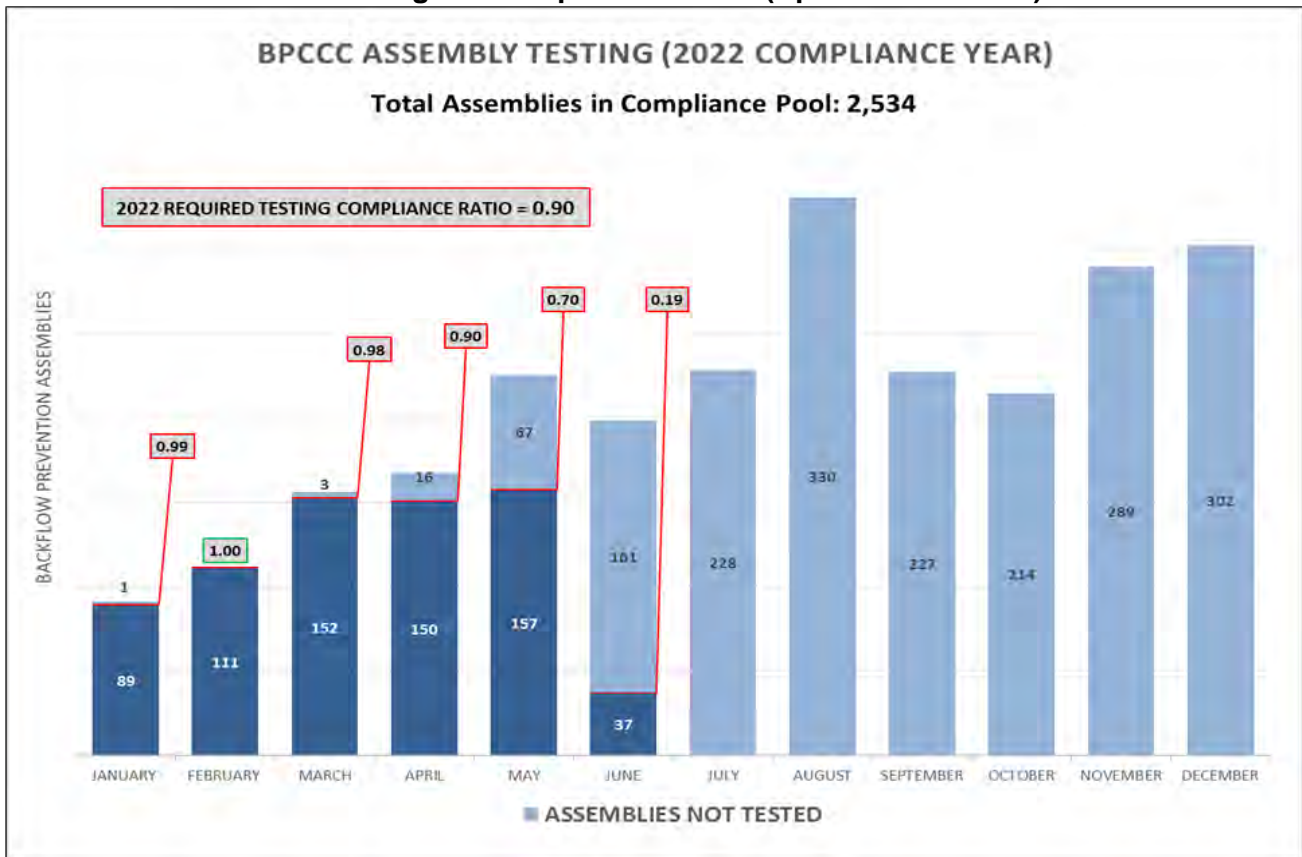
UTILITY SERVICES

Shane Swartwout

Backflow Prevention and Cross Connection Control

New for 2022, the BPCCC team has implemented a deadline of Jul. 31 for irrigation system backflow prevention assembly testing. Approximately 35% of the assemblies in the compliance pool are for irrigation systems. Staff has been communicating this message to our customers since April. The goal is to test all irrigation system assemblies during irrigation season and prior to winterization of the systems when the assemblies can no longer be tested.

BPCCC Program Compliance Status (Updated 6-14-2022)



Meter Services – Advanced Metering Infrastructure Status (Updated 6-14-2022)

The meter services team is extremely busy with construction season demands. Anywhere between 35 - 40 construction meters are currently being rented. The team is also experiencing an increase in meter sets and inspections for new development and renovations. Supply chain issues are still a major concern and staff is currently researching different options in meter manufactures to improve supply issues.

Report Date:	6/14/2022
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AMI SYSTEM STATUS	ERWSD	UERWA	TOTAL
(1) Total No. of Meters	3186	6806	9992
(2) No. of AMI Meters	2933	5552	8485
(3) System Percentage of AMI Meters	92%	82%	86%
Meters Remaining to Reach 100% AMI	253	1254	1507

ENGINEERING

Jeff Schneider

WATER PROJECTS

Radio Telemetry Unit (RTU) System Upgrades

Carter Keller

General Project Scope: This project is a systematic approach to install standardized communication equipment to increase the reliability of the telemetry system throughout the distribution system (82 sites) and develop a standard (i.e., non-proprietary) telemetry platform to allow competitive pricing for upgrades, replacement, and system maintenance. Implementation is anticipated over a three-year period with a highly detailed sequence and schedule to limit distribution system disruptions.

Project Update: Spring commissioning is underway and consists of seven sites, two in Edwards and five in Cordillera. Completion of the spring schedule is set for Jun. 30. Preliminary construction is underway such as conduit and concrete work to support construction of towers and equipment racks.

Traer Creek Water Storage Tank

Mark Mantua

General Project Scope: This project consists of the replacement of the Traer Creek Water Storage Tank. In addition to the tank replacement, the scope includes piping, appurtenances, and selective replacement of identified equipment including the RTUs and control cabinets.

Project Update: Electrical improvements and telemetry installation are nearly complete and commissioned. District staff completed draining the tank to the sanitary sewer in an effort to recover the testing water. A third-party testing consultant was retained to perform ultrasonic testing on the dome roof to ensure no structural deficiencies. The third-party tester found no major structural abnormalities in the roof but located certain areas of concern. The contractor is addressing those areas in the tank dome using crack injection methods. District staff is currently reviewing closeout documentation provided by the contractor. We anticipate the tank being ready for service in mid-July.

Avon Drinking Water Facility (ADWF) PLC Upgrades

Jenna Beairsto

General Project Scope: This project includes replacement of two of the programmable logic controllers (PLCs) at ADWF. Additionally, a new server room will be constructed within the facility. All programming and PLC logic will be reverse engineered to determine required updates and improvements associated with the modification and replacement of the existing PLCs.

Project Update: Hensel Phelps has been contracted to complete this work. A preconstruction meeting will be scheduled in the coming weeks with procurement of major equipment expected to begin the week of Jun. 13. Construction of the server room is expected to start later this year.

Edwards Spur Road Phase 2 Water Main

Mark Mantua

General Project Scope: The Edwards Spur Road Phase 2 consists of two projects. The first is installation of 1,700 linear feet of water main that was installed in conjunction with the CDOT Edwards Spur Road project. The second is installation of a water main that will run parallel and under the railroad tracks to connect the Edwards Drinking Water Facility to the water main that was previously installed during the 2019 Spur Road project and to a main near Miller Ranch Road. The project will alleviate hydraulic issues in the Edwards low pressure zone.

Project Update: The contractor has installed approximately 1,100 linear feet of 24" pipe which connects a 16" distribution main to the Edwards Drinking Water Facility, leaving approximately 300 linear feet to be installed. Three tie-ins remain before the project is complete. Each tie-in procedure contains unique operational changes that must be closely coordinated with the Water and the Field Operations Department. Engineering, Water and Field Operations composed and tested the plans to ensure continual service in critical areas during the remaining tie-ins. The new waterline is expected to be online by Jul. 31.

Fenno Wellhouse and Raw Water Conveyance

Jeffrey Schneider

General Project Scope: The project consists of complete replacement of a small treatment facility in Cordillera that treats water from seven groundwater wells and pumps into the distribution system. The previous facility did not meet electrical code, had some safety concerns, and was generally at the end of its useful life. Improvements to the wells and raw water piping are also included in this project.

Project Update: The treatment facility reached substantial completion on May 27 and is scheduled for final completion on June 17. Minor punchlist and cleanup items are underway. A detailed memorandum is included in the packet describing the project.

Work on evaluating the wells will begin in late June as easement documentation work has progressed well with the Cordillera Metro District and associated homeowners. Wells will be systematically accessed, pulled, inspected, repaired (if necessary) and permanent improvements to the raw water conveyance consisting of piping, controls, and electrical will be designed based on the findings of the investigative work.

Water Production and Treatment Masterplan

Jenna Beairsto

General Project Scope: The masterplan will be a wholistic look at all production and treatment facilities system-wide including treatment plants and wells. The goal is to do a thorough risk-based analysis and provide a roadmap for future capital project implementation in light of threats from climate change, low stream flows, wildfires, etc. along with a detailed condition assessment of existing assets.

Project Update: Carollo is under contract for the masterplan and has begun review of the existing hydraulic model data. The District is working on gathering all data and information requested by Carollo to get the project underway. A visioning workshop and site visit to all of the water facilities is scheduled for the week of Jun. 21.

Arrowhead Transmission Main & Valve Vault

Mark Mantua

General Project Scope: This project consists of the replacement of 2,300 linear feet of water transmission main and a valve vault which both serve Arrowhead Tank 1. The existing ductile iron transmission main pipe is severely corroded and is nearing the end of its service life. The valve vault will reduce operational issues in the water distribution system. The new valve vault will include a new flow control valve allowing Arrowhead Tank 1 to hydraulically balance better with the Cordillera Valley Club (CVC) tank.

Project Update: District staff has decided to review an alternate alignment for this project proposed by the Construction Review Team in Cresta Road to explore elimination of creek crossing. Additional survey and geotechnical work is complete along the Cresta Road alignment. The design

engineer is working to provide 30% level design plans and a recommendation for the final design alignment.

Avon Wastewater Treatment Facility (WWTF) Fire Flow Improvements Woodson Spring

General Project Scope: The Avon WWTF Fire Flow Improvements consist of two major components. The first is installation of 1,100 linear feet of 12" water main down Millie's Lane and into the Avon WWTF site. The second is modifications within the Avon Drinking Water Facility (DWF) to transfer water from the high zone to the low zone. The project will bring the Avon WWTF into compliance with fire flow requirements and address a long-standing deficiency.

Project Update: The pipeline subcontractor installed a tee and valve assembly on the west side of West Beaver Creek Boulevard on the 16-inch water main on May 26. A full road closure south of the railroad tracks was organized with Town of Avon. The contractor installed pipe through the intersection of West Beaver Creek Boulevard and Millie's Lane for a total of 154 feet of 12-inch water main to date. Scheduled water outages will occur on Tuesdays Jun. 14 and Jun. 21 to complete tie-ins to the existing water. Other portions of work are scheduled for later in the summer and are tightly coordinated with AWWTF Nutrient Upgrades Project critical precast concrete deliveries and crane demobilization.



New valve installed



Project site after installation

WASTEWATER PROJECTS

Avon Wastewater Treatment Facility (AWWTF) Nutrient Upgrades

Melissa Marts

General Project Scope: The Avon WWTF requires upgrades to meet Regulation 85, which requires a reduction of the concentrations of nitrogen and phosphorus in the effluent. The scope of this project includes the following: addition of 0.6 million gallons of aeration basin capacity, a new secondary clarifier, structural modifications to the existing aeration basins to remove the existing

double-tees and replace with a building structure, a new odor control study and system, and other improvements throughout the facility. This project also includes improvements identified in a 2017 condition assessment in other process areas throughout the facility.

Project Update: An update memo will be included in the June Board Report and an update will be presented at the June Board Meeting.

Dowd Junction Collection System Improvements

Jenna Beairsto

General Project Scope: The project consists of four major components, all of which are at the end of their useful lives: the aerial interceptor crossing at Dowd Junction; Lift Station 4, which conveys all of Minturn's wastewater; the aerial interceptor crossing at the Minturn Road bridge; and the force main downstream of Lift Station 4. The project will also include capacity for growth in its respective service areas, most notably the Minturn area improvements.

Project Update: *West Vail Interceptor Aerial Crossing:* The Contractor has remobilized to the site and taken delivery of the bridge. The Contractor is now installing the sanitary sewer pipe and communication conduits on the bridge. They are planning to fly the bridge in to place the second week in July. Final contract negotiations for the extension in to the 2022 construction season are complete and a change order to document this change will be issued in the coming weeks.

Lift Station 4 and Force Main Replacement: This project combines three packages of work into one large project. Package A includes the lift station 4 replacement, package B is replacement of the exiting force main with two 8" HDPE force mains, and package C in partnership with Eco Trails (Eagle County) to connect the bike trails from the lift station to the West Vail Interceptor crossing. Gould Construction is under contract for the full scope of work associated with the three work packages and is expected to mobilize to the site in mid-July. An intergovernmental agreement (IGA) with Eagle County is ready for signatures. A preconstruction meeting was held on Jun. 7. The Contractor has already begun procurement and the engineers are working through early submittals.



Bridge with pipe installation ongoing



Flying in the bridge segments

Avon Lab Improvements

Melissa Marts

General Project Scope: A new inductively coupled plasma mass spectrometer (ICP-MS) purchased by the District will be installed in the lab. This will provide improved analytical capability to our internal and external customers. This device enables District staff to perform in-house metals analyses that are normally outsourced. Lab and architectural modifications will be constructed, including a new gas cabinet, duct chase, and fume hood. During design, the makeup air unit (MAU) serving the lab was identified to be at the end of its useful life; the HVAC system for the lab and lab offices will also be replaced.

Project Update: After receiving no bids for this project after competitive solicitation, Moltz submitted a proposal for the work. The project team is working through cost increases from increased scope to replace the HVAC system for the lab, roofing replacement of the administration building, and cost increases due to inflation. Contingent upon successful negotiation, work is anticipated to be underway in the fall of 2022.

Vail Wastewater Treatment Facility (VWWTF) Master Plan Improvements

Melissa Marts

General Project Scope: A condition assessment of the Vail WWTF conducted as part of the 2017 Master Plan identified various upgrades required to keep the facility in reliable and operable condition. The scope includes a new, larger diesel generator and associated electrical, structural repairs in the aeration basin, equalization, and clarifier rooms, replacement of the aging ultraviolet (UV) system, and construction and installation of an external facility bypass.

Project Update: Due to long lead times of crucial electrical equipment that provides backup power to the VWWTF, the project team issued an early-out generator/ automated transfer switch (ATS) package for PCL Construction to develop a Guaranteed Maximum Price (GMP) proposal which will be submitted late July. The exterior modifications related to the generator/ATS package were presented to the Town of Vail Design Review Board on May 18 and unanimously approved. Additional exterior modifications included in the main design package will be brought to the Design Review Board in August. Black and Veatch submitted the 60% main package design submittal, and PCL and Black and Veatch will deliver pricing models in July. Long equipment lead times also necessitate early procurement of membrane diffusers and ultraviolet (UV) disinfection equipment.

GENERAL CAPITAL

Vail Office Remodel

Jenna Beairsto

General Project Scope: The project will provide a safe and secure singular entry point for facility visitors by reconfiguring the vestibule entrance. The scope also includes reconfiguring and reorganizing of the Vail Administration Office. Most of the construction will be concentrated on the south half of the first floor; however, reorganization will occur building wide. In addition to the front entrance, the project will provide improved ADA access to the building. Several departments will shift within the lower level to allow for additional office and meeting space. The project includes cubicle and office furniture purchase and replacement for some of the improved areas.

Project Update: Maverick was hired to replace additional carpet on the first floor, which was complete on Jun. 10. Stucco repairs have begun on the exterior of the building. The painter will be onsite later this week after the building is pressure washed to paint the exterior of the building.



Stucco repair on the exterior of the building



Carpet in the finance hallway



MEMORANDUM

TO: Board of Directors
FROM: Melissa Marts, P.E.
DATE: June 14, 2022
RE: Avon WWTF Nutrient Upgrade Project Construction Update

This memorandum is to provide an update on the Avon Wastewater Treatment Facility (AWWTF) Nutrient Upgrades Project. A PowerPoint presentation showing project progress will be provided during the Board meeting.

Work Completed in 2020

Moltz Construction, the general contractor, mobilized on May 4, 2020. Work began with site demolition, and installation of a construction fence with noise mitigation fabric along the west property line near LiftView condominiums. Concrete work for expansion of the aeration basins was completed and concrete placements started for the new secondary clarifier tank. The tower crane, erected on a micropile foundation, can be seen from Nottingham Lake.



Figure 1: Construction site aerial image (May 2022)

Work Completed in 2021

Structural shotcrete was applied to the existing aeration basin 2 walls allowing for the walkways to be poured. The building over the new aeration basin volume was erected, with precast concrete wall and roof panels set during a single week. The process was repeated in November 2021 and the building over existing aeration basin 2 was set in less than a week. New screens, screw conveyor, and washer compactors were installed and commissioned in the headworks, and an increase in screenings capture quantity was immediately observed. Moltz crews also installed the new secondary clarifier mechanism and scum skimmer. Significant progress has been made with installation of the carbon scrubber odor control equipment. In order to perform the work in the primary treatment process, the entire flow through the facility was bypassed using a temporary pipeline and pumps for the duration of one month.

Work Completed in 2022

The project team completed the largest commissioning event of the project, bringing half of the new aeration basin volume, blowers, diffusers, instrumentation, and associated piping online in early January 2022. This event essentially started the new secondary wastewater process, improving process control, access, and treatment capability. Once the new internal mix liquor recycle (IMLR) system is commissioned in June, the facility will be able to operate in either an A2O or 5-stage Bardenpho configurations which enable nutrient removal exceeding Regulation 85 nutrient requirements. Since the startup of aeration basin 2, Moltz has commissioned the primary and secondary clarifiers and constructed the building around the new secondary clarifier.



Figure 2: Secondary clarifier and new building construction

The team performed an overnight shutdown to tie the secondary effluent piping together requiring the entire flow to be diverted and held in the equalization basins. Due to thorough planning and dedicated staff who arrived at midnight, the shutdown was a success and effluent quality was maintained. Moltz has also made progress on the internal mixed liquor (IMLR) and return activated sludge (RAS) pump station and piping.

Aeration basin 1 modifications continue as Moltz has removed soils and tees from atop aeration basin 1, constructed zone baffle walls, and applied reinforced shotcrete. Walkways are currently being constructed and the basin prepared for the precast building placement scheduled for August.



Figure 3. Shotcrete application in aeration basin 1

ERWSD is partnering with LiftView to construct additional useable area for both parties. Moltz has constructed a two-tier boulder wall and built-up the flat area using excess spoils from the Fire Flow Project. New fencing will be placed along the property line.



Figure 4. Additional usable area for AWWTF and LiftView

Additional upcoming project work will include

- modifications of aeration basin 1 including pouring walkways, equipment installation, and building erection
- exterior painting of AWWTF buildings
- commissioning of the carbon scrubber odor control equipment
- installation and commissioning of IMLR and waste pumps and piping


- placement of sand/oil separator and stormwater improvements

An annual report as required by the 1041 Permit was submitted to, and accepted by, the Town of Avon in March. The only outstanding submittal to the Town of Avon is the proposed architectural fence design which will require a retaining wall that is currently in design.

District staff and the Engineer continue to be pleased with the quality of work from Moltz. The project is on schedule to meet the final completion date of January 9, 2023. Through the end of April 2022 \$33,683,133 has been billed of the \$49,627,732 contractor budget, about 68%. Currently, the project schedule is 80% complete and has used less than 25% of the owner's contingency. District operations staff deserves special recognition for supporting the needs of the construction project while keeping the Avon WWTF operating efficiently and in compliance.



MEMORANDUM

TO: District and Authority Boards of Directors
FROM: Jason Cowles, P.E. 
DATE: June 15, 2022
RE: Engineering & Water Resources Report

Authority Unallocated Water Update

The Authority's unallocated water is still currently projected at 227.31 acre feet. This includes 51.19 acre feet of unrestricted Eagle Park Reservoir water, which includes the 25 acre feet pledged to the Authority by the District. It also includes 78.13 acre feet of Eagle Park Reservoir water committed to workforce housing, and 97.98 historic irrigation season consumptive use credits.

At this point in time, I am not including allocations of water from the unallocated water pool for the two proposed projects in Avon, Mountain Star Tract Y and the new hotel in the Sheraton Mountain Vista Subdivision. Upon review of Avon's existing SFE allocations with Town of Avon staff, it appears that both projects can potentially be served under the Authority's existing water service commitment to the Town of Avon.

6 West Apartments Final Acceptance

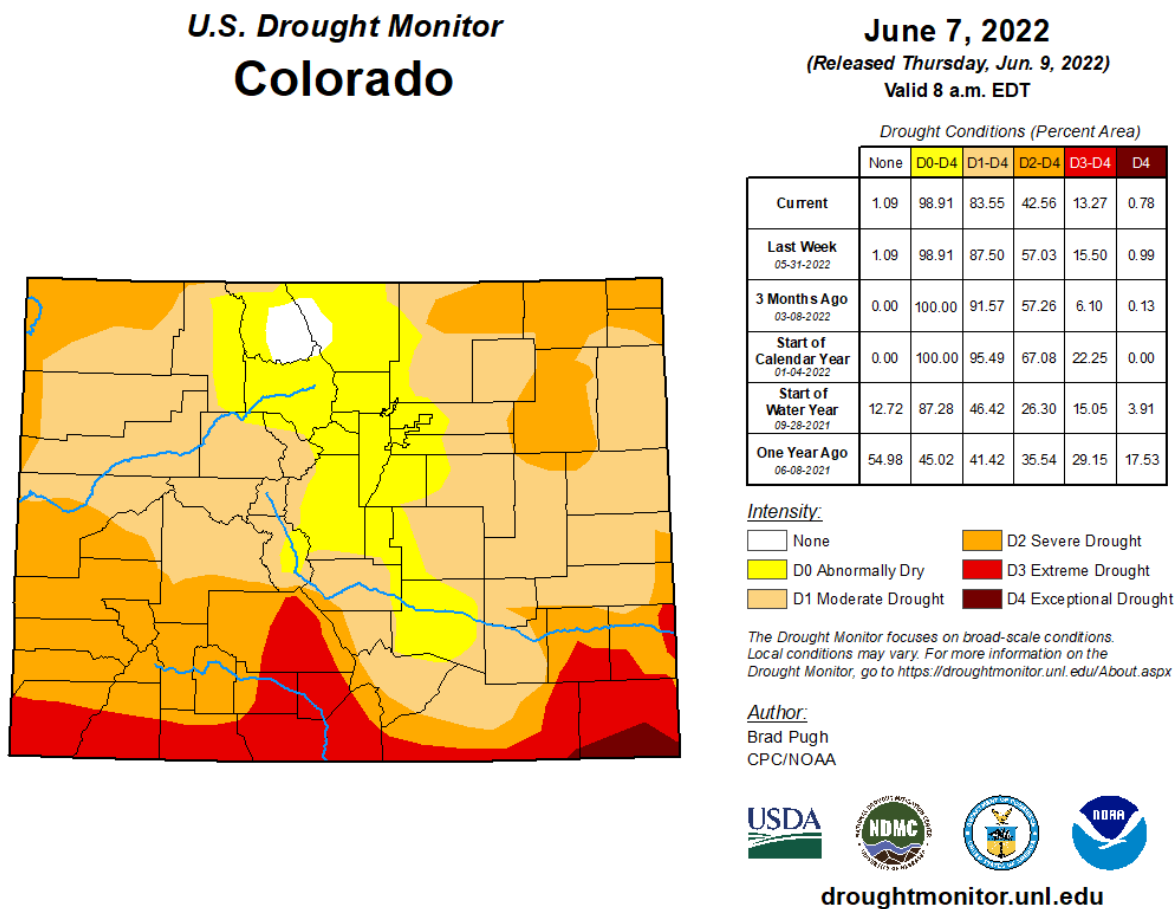
On May 30, 2019, the District and Authority granted construction acceptance for infrastructure constructed as part of the 6 West Apartments project in Edwards. Water and sewer mainline infrastructure was constructed by Hudspeth, Inc. for West Apartments, LLC. Our field inspectors identified several alarming deficiencies during construction and acceptance testing that had to be corrected prior to acceptance. Due to the extent and nature of construction deficiencies, the District and Authority entered into an Agreement to Conditionally Accept Water and Sewer Improvements with 6 West Apartments, LLC that extended the standard two-year warranty period to three-years and required 6 West Apartments, LLC to escrow security in the amount of \$341,730 for the warranty. The extended three-year warranty period ended on May 30, 2022 without issue, and the infrastructure passed all required final inspections. Pursuant to the Agreement to Conditionally Accept Water and Sewer Improvements, the escrowed security funds were returned to 6 West Apartments, LLC on June 10, 2022.

Water Resources Update

The latest U.S. Drought Monitor shows that Colorado again has regions experiencing all levels of drought, as shown below in Figure 1. Eagle County is nearly completely in "D1" including the entire Eagle River Watershed.

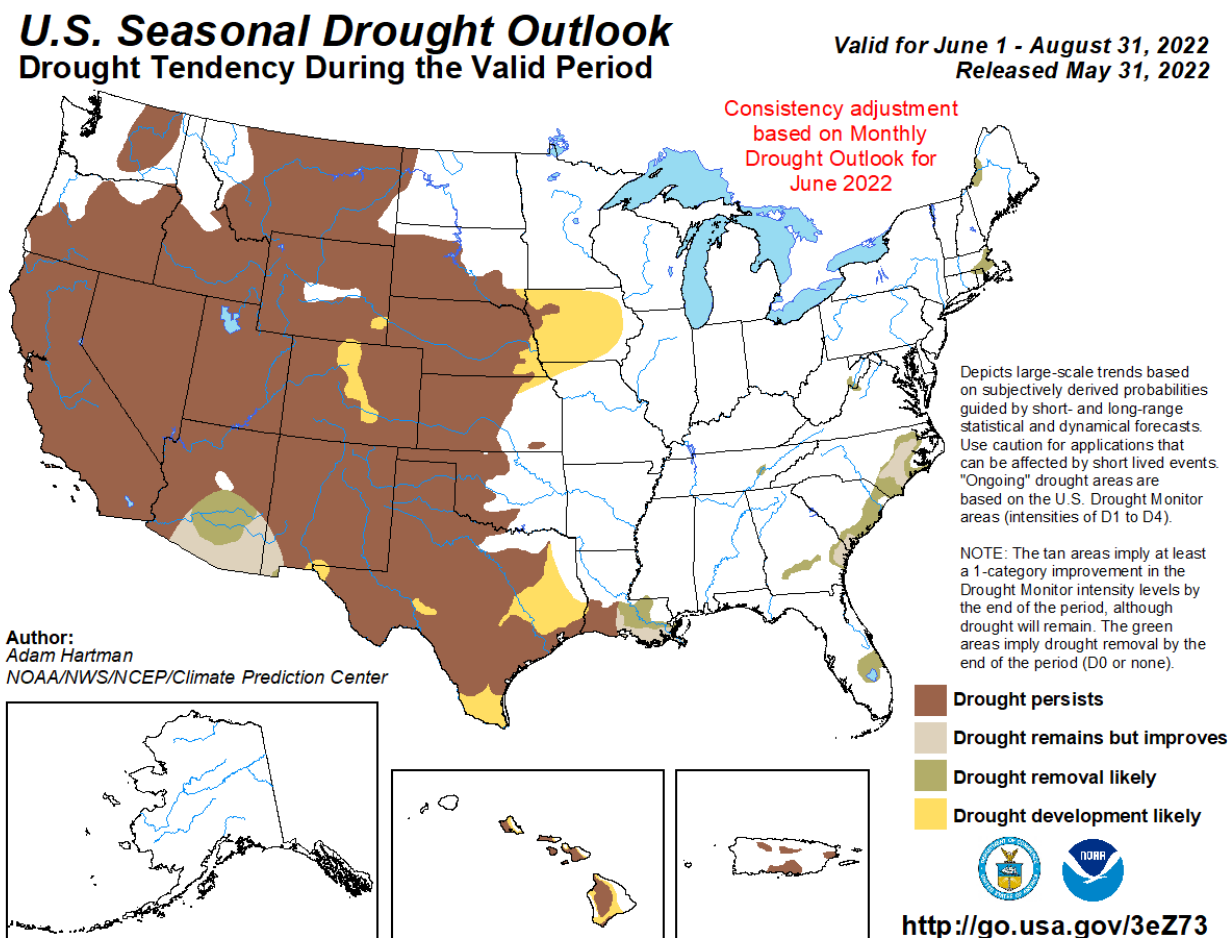
Figure 1. Colorado Drought Monitor, June 7, 2022.

(<https://droughtmonitor.unl.edu/CurrentMap/StateDroughtMonitor.aspx?CO>).



The seasonal drought outlook is expected to persist in Colorado through August 2022 based on current NOAA climate simulations for temperature and precipitation.

Figure 2. US Seasonal Drought Outlook through August 31, 2022 (NOAA).



Peak Snow Water Equivalent ended below the median peak average for 4 of the 5 local SNOTEL sites (Vail, Beaver Creek Village, Fremont Pass, and Copper Mountain). McCoy Park was the one outlier, peaking at 16.3 inches on April 13, above the median value of 14.3 on April 6. Vail and Fremont Pass SNOTEL plots are shown below in Figures 3 and 4. Vail ended at 4.3 inches of snow water equivalent below the Median Peak at 17.0 inches. The peak SWE was measured on both April 15 and April 18. The median peak SWE for Vail Mountain is 21.3 inches on April 27. The SWE peaked at 17.6 inches on May 6 at the Fremont Pass SNOTEL site, which is 87% of the median value of 20.2 inches, occurring on May 14.

Figure 3. Snow Water Equivalent, Vail Mountain SNOTEL, June 14, 2022 (USDA).

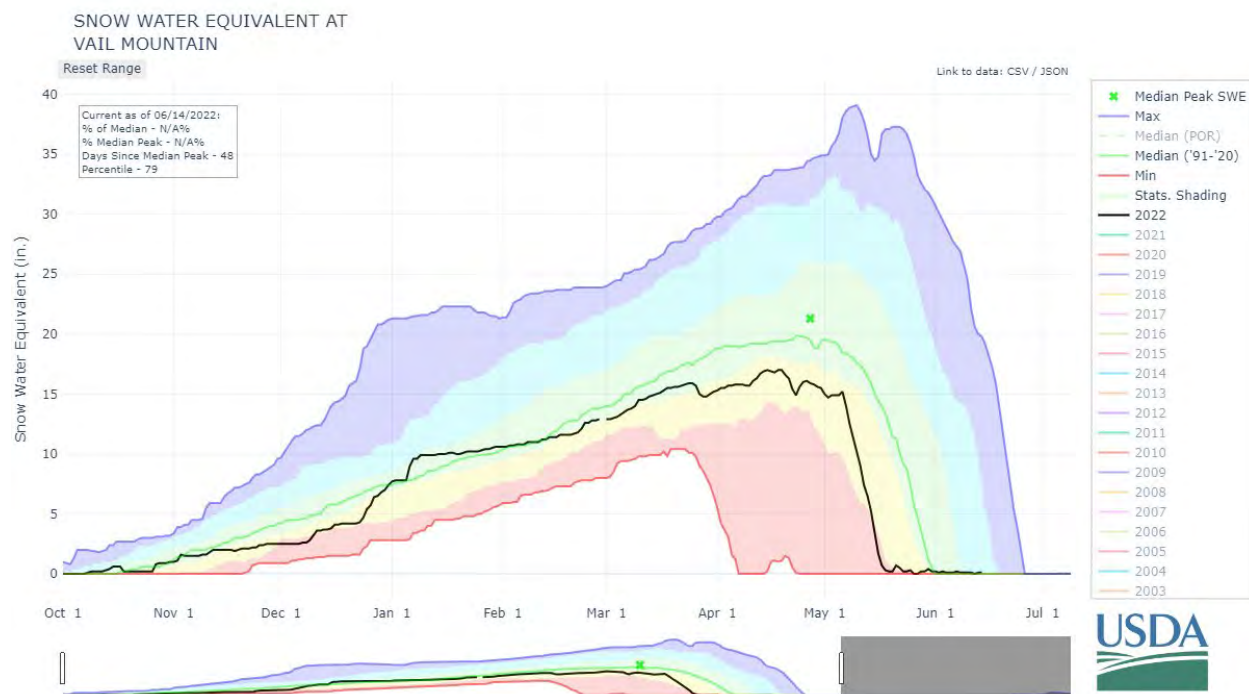
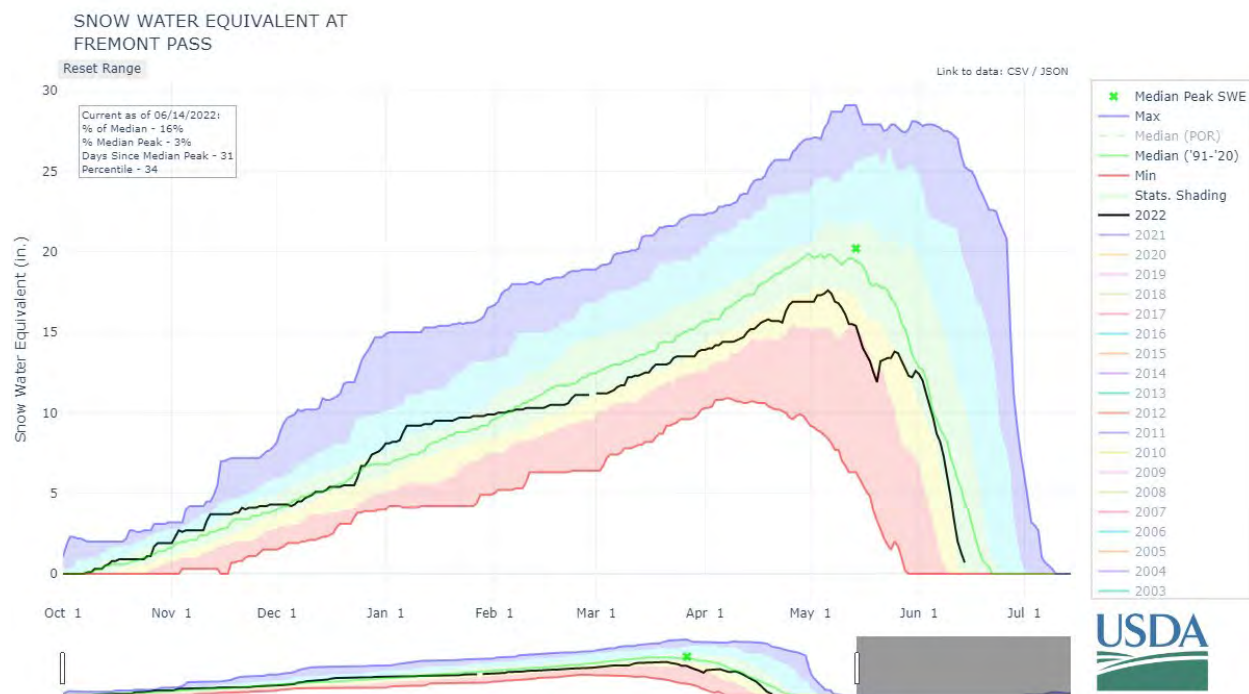


Figure 4. Snow Water Equivalent, Fremont Pass SNOTEL, June 14, 2022 (USDA).



Cumulative water year-to-date precipitation at Vail Mountain and Fremont Pass are shown in Figures 5 and 6. Both are tracking below the mean value for early June. Fremont Pass is only 1.8 inches below the mean for June 14, however Vail Mountain is full 6.6 inches below the mean value. This is 24% of the mean value for June 14, which is a very significant precipitation deficit heading into the summer months.

Figure 4. Cumulative Precipitation, Vail Mountain SNOTEL, June 15, 2022 (USDA).

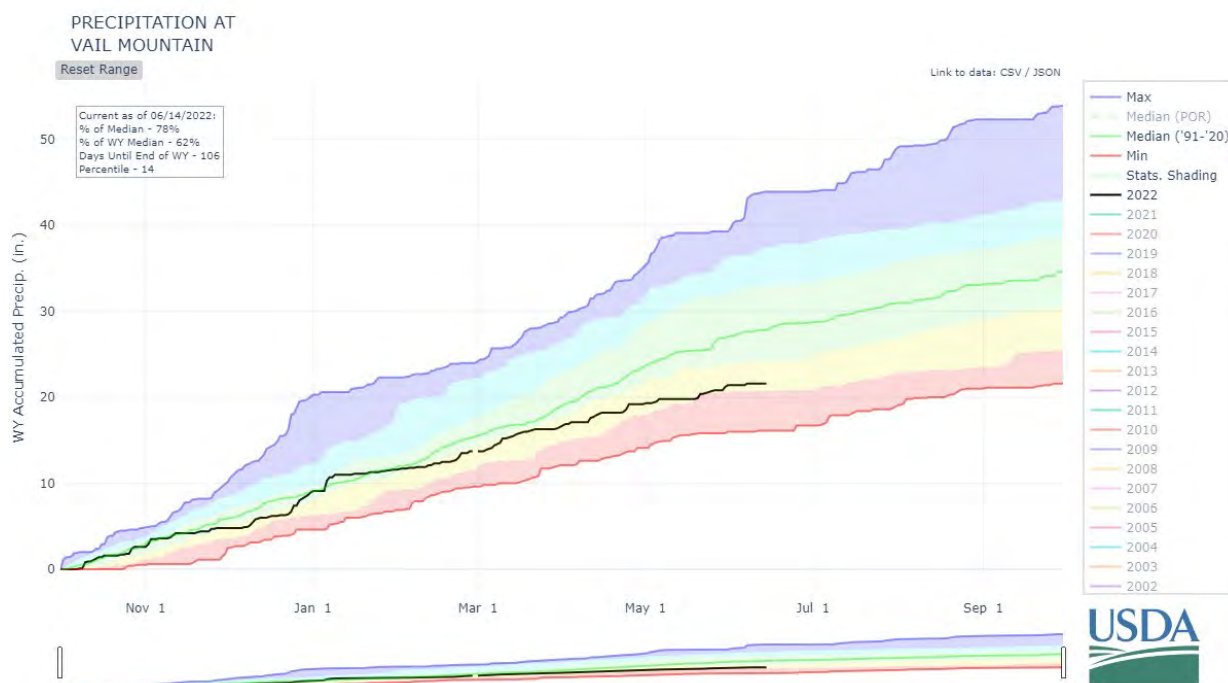
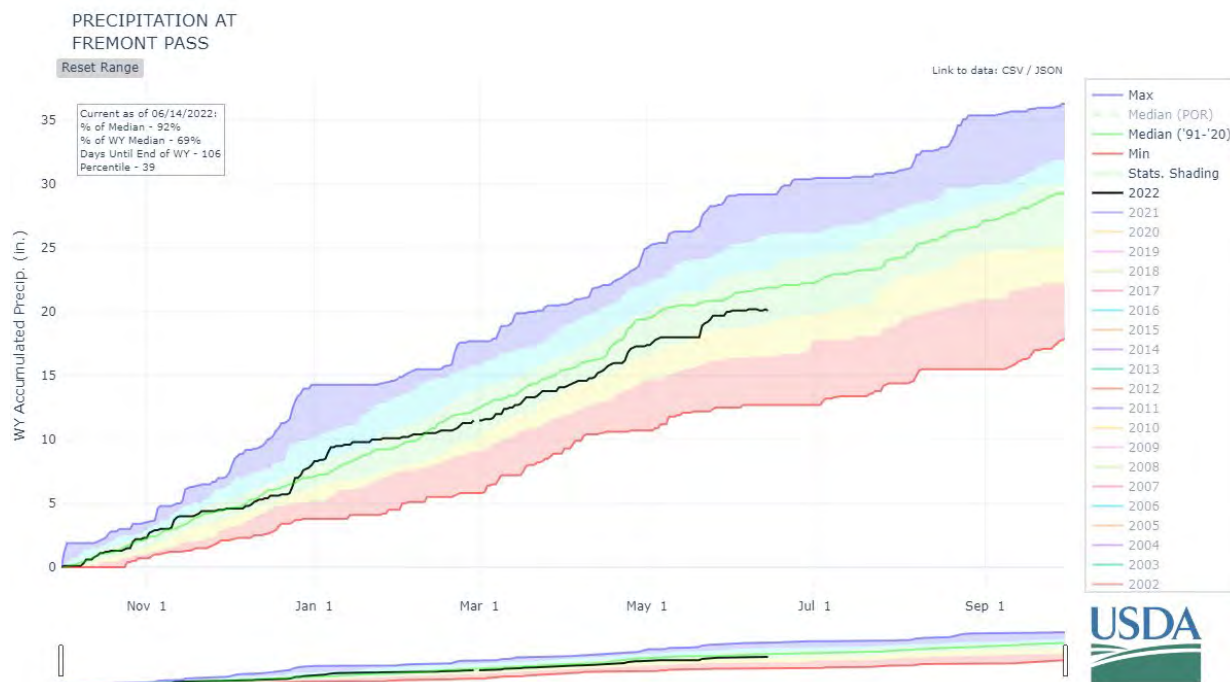


Figure 5. Cumulative Precipitation, Fremont Pass SNOTEL, June 15, 2022 (USDA).



Streamflow appeared to peak early this season around May 20, but precipitation in late May that was followed by cooling temperatures provided some respite that slowed the rapid snowmelt that was occurring. Recent trends reached new seasonal peaks for several gages in the ERWSD and UERWA service areas around June 12. Stream hydrographs plotted from the USGS gages on Gore Creek above Red Sandstone Creek and the Eagle River at Avon are shown below in Figures 6 and 7. Streamflow is expected to drop off into the lower percentile ranges for these locations by the end of June.

Figure 6. Streamflow for the USGS station on Gore Creek above Red Sandstone Creek (CBRFC).

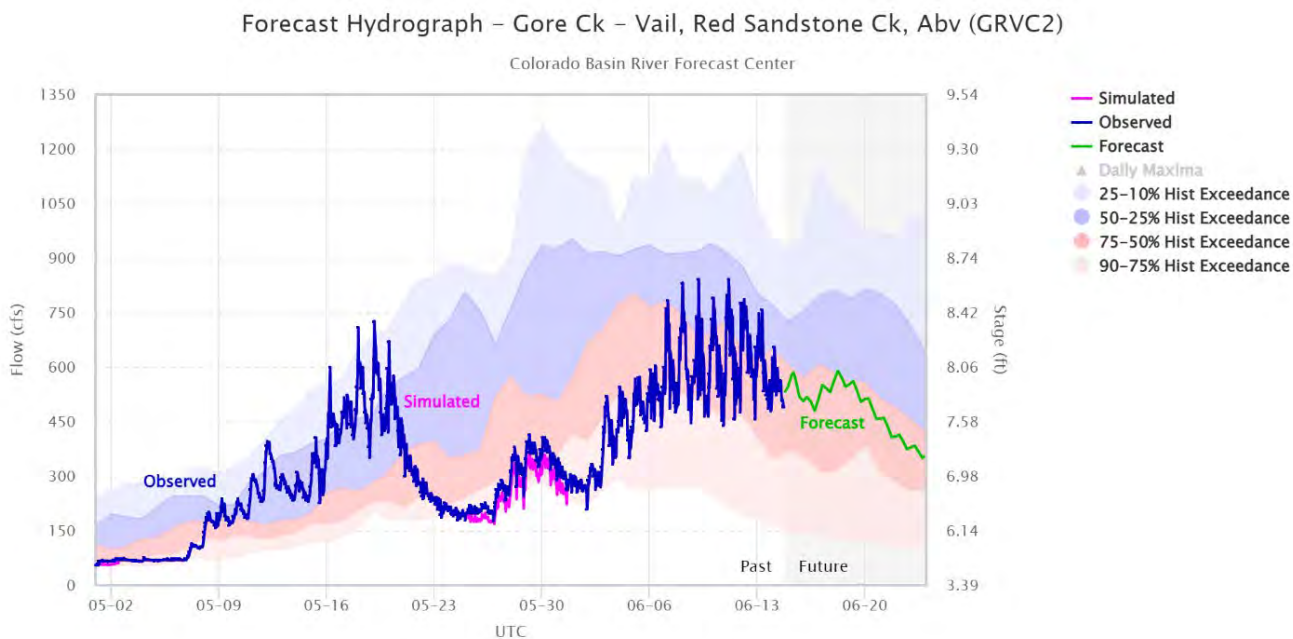
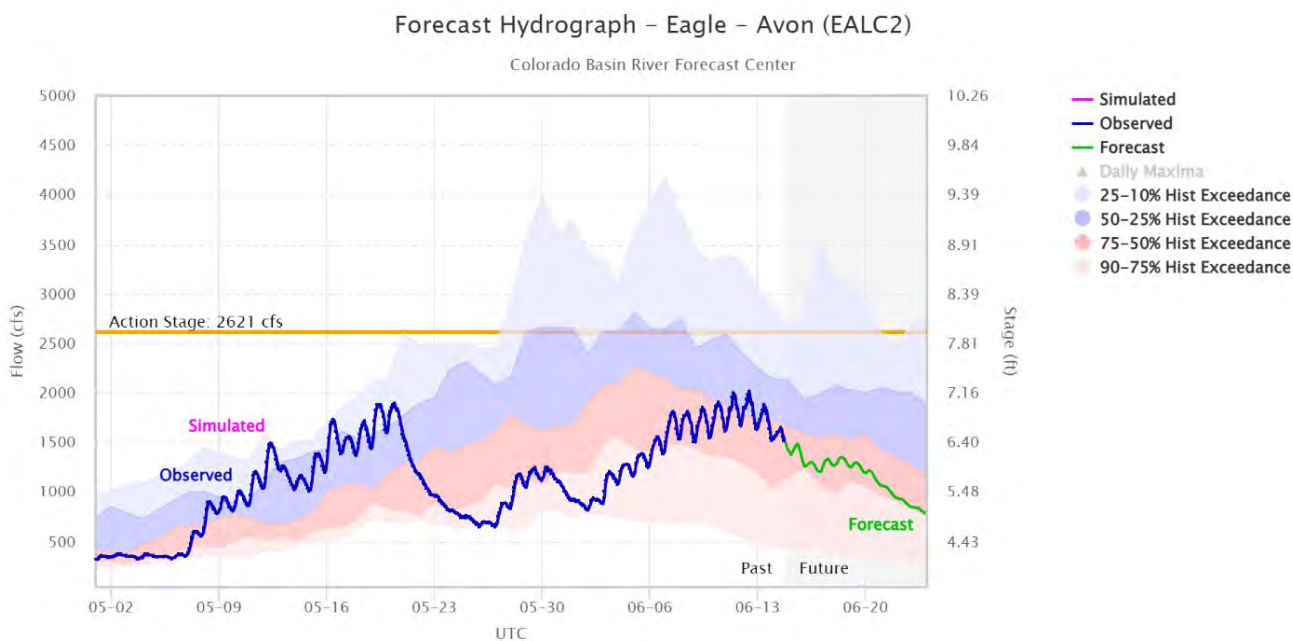


Figure 7. Streamflow for the USGS station on the Eagle River at Avon (CBRFC).



ERWSD and UERWA storage accounts are shown in Table 1 as of June 1, 2022. These values are typical for June as seen in Figures 8 and 9, for 2022 and 2021 respectively.

Table 1. ERWSD and UERWA Storage accounts as of June 1, 2022 (Helton and Williamsen).

Reservoir	ERWSD		UERWA		TOTAL	
Green Mountain	542.58	58%	398.37	73%	940.95	63%
Black Lakes	9.30	2%	9.30	3%	9.30	2%
Eagle Park	428.72	99%	674.25	99%	1102.97	99%
Homestake Res	164.23	66%	38.42	15%	202.66	40%
Wolford Mtn	500.00	100%	599.95	84%	1099.95	91%

Current year reservoir storage is shown below in Figure 13 and may be compared with last year's storage accounting shown in Figure 14. Currently the sum of District and Authority accounts are below the April 2021 values. This past winter, releases from the Homestake Reservoir Exchange account were utilized to preserve storage in Eagle Park. This strategy was successful as Eagle Park Reservoir reached full pool on May 24, 2022. The District and Authority's accounts are both 99% full in anticipation of low streamflows this summer. It is anticipated that the District and Authority's Eagle Park Reservoir accounts will be refilled on September 1, 2022, when the conservation storage account is distributed amongst the shareholders.

Figure 8. Current Water Year, Sum of Storage Accounts (Helton and Williamsen).

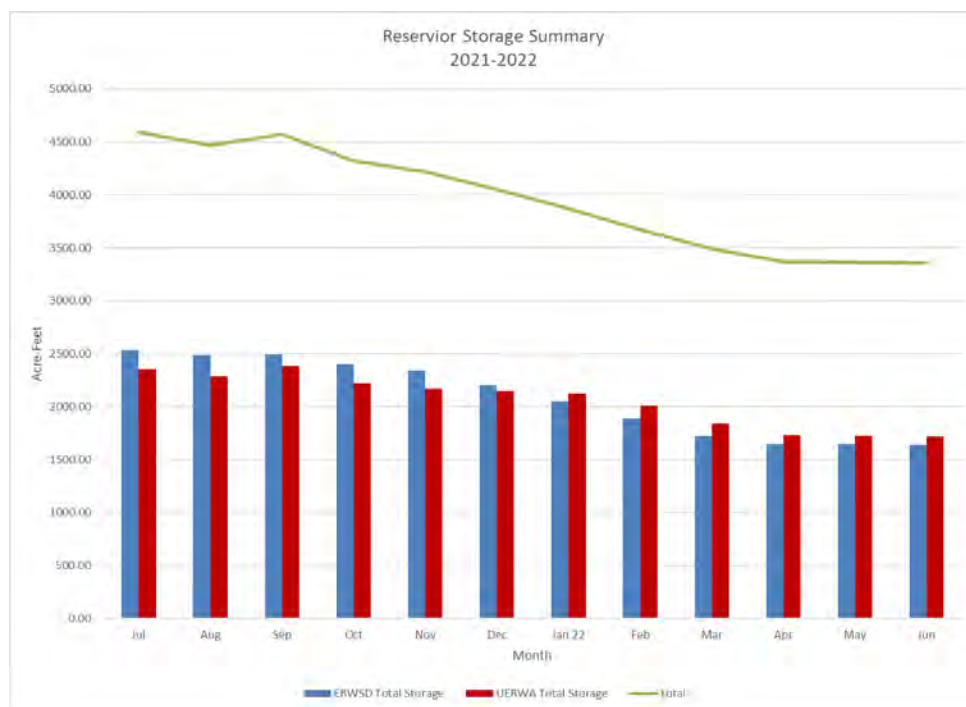
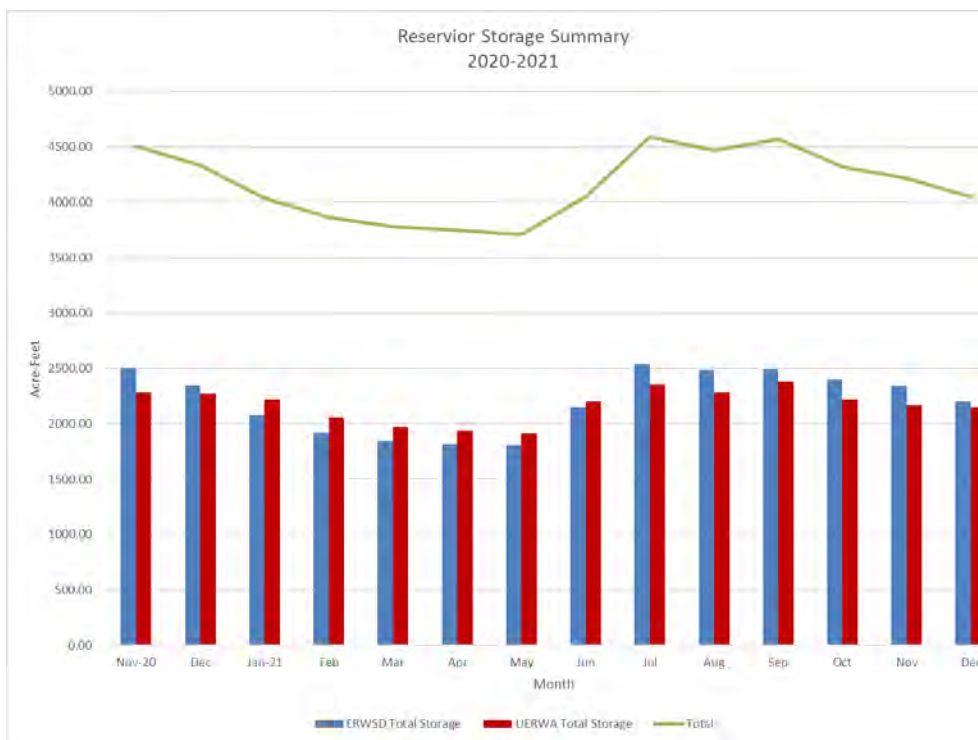
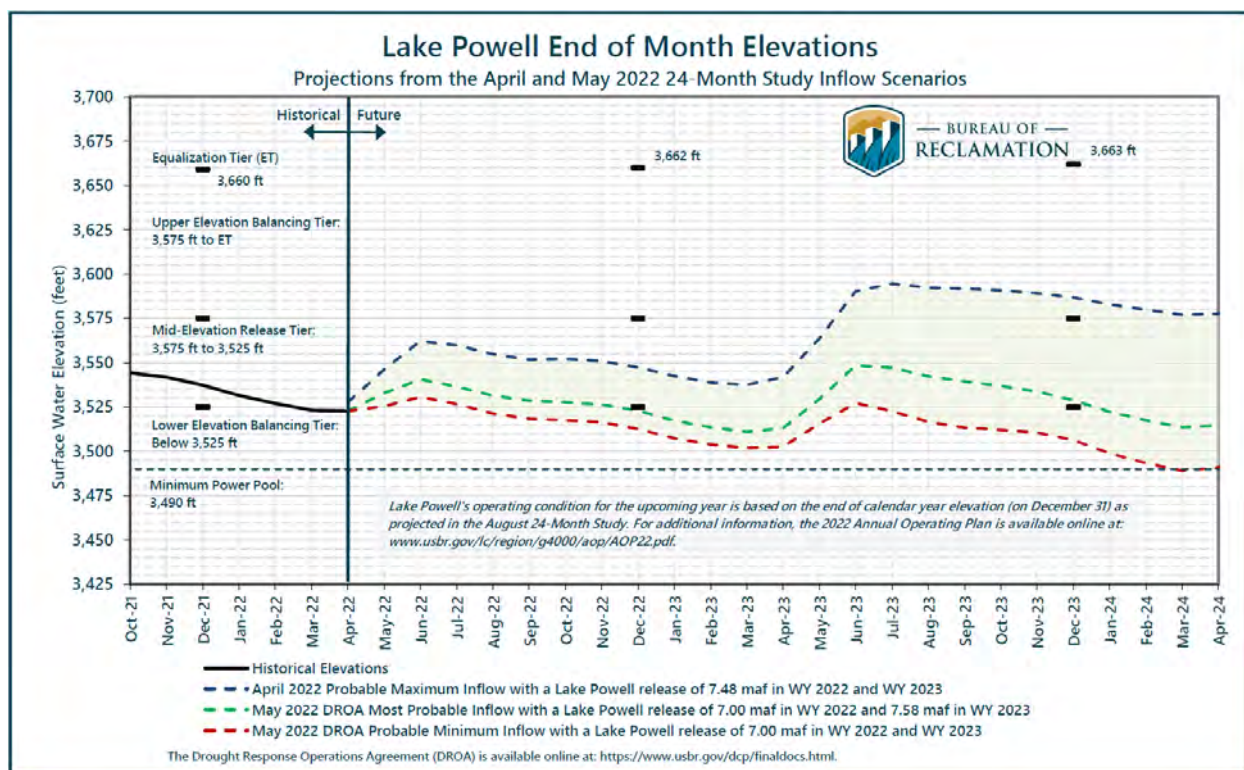


Figure 9. Previous Water Year (2020-2021), Sum of Storage Accounts (Helton and Williamsen).



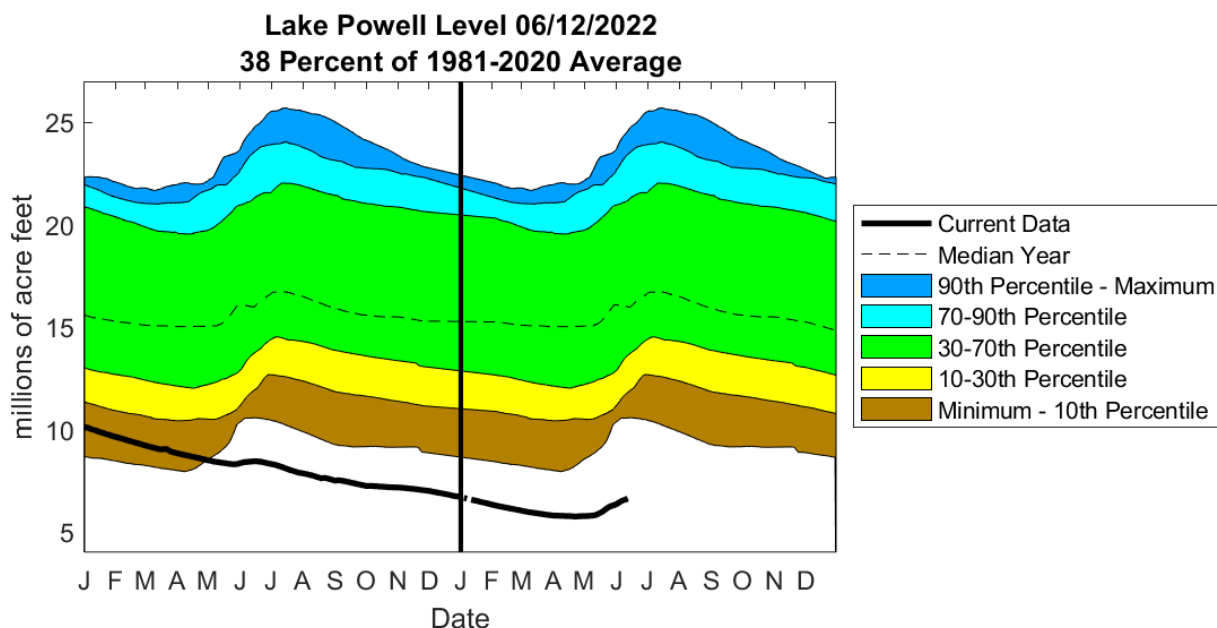
Current projections by the US Bureau of Reclamation for Lake Powell indicate water levels may drop to the power pool elevation over the next 24 months. The current modeled level projection is shown below in Figure 10. The green line represents the water elevation if average hydrologic, river and operations conditions persist over the next 24 months and the red dashed line represents the expected reservoir level if the basin snowpack is well below average next two winters.

Figure 10. USBR Predicted Water Elevation June 2022 (USBR).



The unprecedented conditions currently seen in Lake Powell are clearly depicted in Figure 11, where current levels (Black Line) are at historic lows, below the lowest percentile band of previously recorded levels.

Figure 11. Measured and Historic Water Elevation on Lake Powell June 12, 2022 (USBR).



Current long-range forecasts from the National Weather Service show average conditions are expected for the next three months. Current maps are shown in Figures 12 and 13.

Figure 12. Three-month precipitation outlook May 19, 2022 (NOAA).

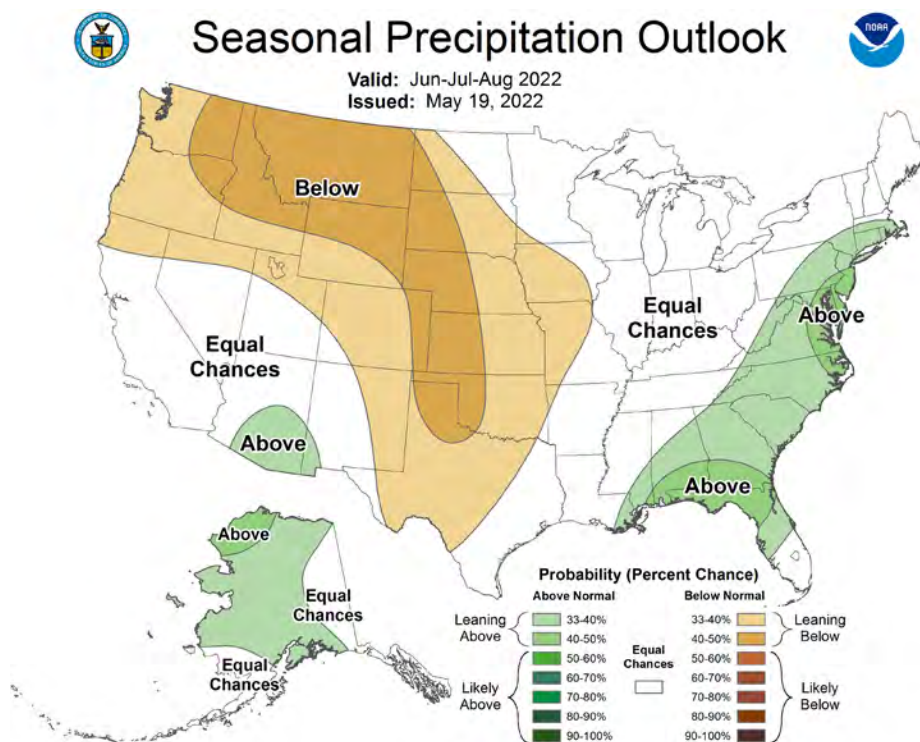


Figure 13. Three-month temperature outlook May 19, 2022 (NOAA).

