



Southeastern Colorado Water Activity Enterprise

2022 Mid-Year Financial Report Information Report

Date: August 31, 2022

Agenda Item:

STAFF RECOMMENDATIONS:

None

BUDGET IMPLICATIONS:

As described in the below section.

PREVIOUS BOARD ACTION AND/OR ACTIVITY:

In December 2021, the Board of Directors took action to adopt the 2022 Budget as published.

ISSUE SUMMARY DESCRIPTION:

2022 Mid-Year Enterprise Operating Financial Report

Enterprise Revenues:

Water sales, Storage and Surcharges, as of July 31, have generated an \$1,117,010 in revenues. For the remainder of the year the Enterprise will have small amount of municipal return flows only. We expect that the Water sales, storage and surcharges will fall short of the 20-year budgeted average of imports in the amount of \$307,000 or 21 percent.

Interest income has collected 57 percent of budget as of July 31, with an expectation of collecting an estimated 114 percent. Due to the market fluctuations interest income was budgeted conservatively. In recent months we have experienced a positive change in the market adjustment as interest rates rise. This is a forecasted increase compared to budgeted revenue of \$6,400.

The Enterprise overall revenues are forecasted to collect revenues under the budgeted amount of \$370,000 or 23 percent less than budgeted.

Enterprise Expenditures:

As of July 31, the Enterprise has expended \$973,962 or 42 percent of the total budget. The Enterprise operations is forecast to spend 75 percent or \$1,584,300 of the total 2022 Budget by year-end. The majority of funds will be used in the second half of the year which include programs such as USGS water quality, Safety of Dams debt payment, Colorado River services, and the recurring capital funds transfer.

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In the 2022 Adopted Budget the Enterprise hold one capital expenditure item, the Restoration of Yield Storage (ROY) Project. At this point the Enterprise does not expect to expend these funds

Enterprise Estimated Year-End Balance:

The 2022 Adopted Budget for Enterprise operations planned a use of reserve funds in the amount of \$482,179. Year-end forecasting estimated that the Enterprise will spend reserves in the amount of \$318,000 or 34 percent of the total budgeted reserve use.

2022 Mid-Year Arkansas Valley Conduit Financial Report

Arkansas Valley Conduit Revenues:

The 2022 budget included large amount of grant expenditures that relate to the American Rescue Plan Act (ARPA) funds that will not take place. This summary will state the total expenditures this far and estimated year-end for 2022.

As of July 31, AVC participants have contributed \$195,490 or 70 percent of the 2022 budgeted expectation. The Enterprise is forecasted to meet the total participant budgeted revenues in the third quarter. This will determine that the participant will not receive a fourth quarter invoice from the Enterprise.

The IPA revenues total \$105,909 as of July 31 in which are expected to receive 100 percent or \$206,087 by year-end. Interest income is expected to reach 114 percent of budget in the amount of \$33,278. The Enterprise will also receive \$140,000 in American Rescue Plan Act Funds from Pueblo County for the delivery line design of Avondale and Boone.

The overall revenues of the AVC are projected to reach \$655,635.

Arkansas Valley Conduit Expenditures:

The expenditures for the AVC Project are forecasted to spend \$1,306,700. Expenditures include items such as: Outside and professional services for participant evaluation reports conducted by GMS Consulting, Reclamation repayment and legal contracting services, USGS water quality studies, and the design of the AVC delivery lines for both Avondale and Boone. All expenditures are within the adopted expenditure total for the AVC 2022 Budget.

Arkansas Valley Conduit Estimated Year-End Balance:

The 2022 Adopted Budget for AVC planned a use of reserve funds in the amount of \$383,961. Year-end forecasting estimated that the AVC will spend reserves in the amount of \$651,086.

2022 Mid-Year Hydroelectric Power Financial Report

Hydroelectric Power Revenues:

As of July 31, hydroelectric power generation revenues total \$462,900 or 36 percent of the total 2022 Budget. Hydroelectric power revenue are forecasted to reach \$940,500 or 73 percent of budget by year-end 2022.

Hydroelectric Power Expenditures:

As of July 31, the Hydroelectric power has expended \$247,500 or 31 percent of the total budget. The Hydroelectric operations is forecast to spend 92 percent or \$956,148 of the total

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2022 Budget by year-end. The remaining expenditures include operations contract, interest during construction payment to CWCB, flow meter repairs, outdoor ground maintenance, insurance policy renewals, transmission costs, Lease of Power Privilege annual fee and one capital expenditure which is the remaining cost of the mechanical plugs.

The Hydroelectric power operations year-end forecasting provides an estimate of \$143,600 in revenues over expenditure. These funds will be saved for future cash reserves of the Hydroelectric Power Project.

SUGGESTED MOTION:

None

ATTACHMENTS:

None