

**UTE PASS WATER DISTRICT
BUDGET MESSAGE
2025 BUDGET**

Attached is the proposed 2025 budget for the Ute Pass Water District (the “District”). The budget summarizes revenues and expenditures for the proposed budget year. The District was formed to operate and improve a water system which serves the properties within the District located near Durango, Colorado.

The primary operating revenue of the District for 2025 will be provided by user fees paid by customers of the District water system. The Board approved an increase in fees in 2024 based on a review of expenses, reserves and lending requirements. An increase in user fees in 2025 is projected in the budget. The operating expenses in the proposed budget are based on a review of the 2024 expenses with increases where necessary.

The District obtained a \$400,000 loan from Alpine Bank in August 2023. The waterline replacement project was completed in 2024. Final expenses for that project were \$367,718. The remaining bond proceeds, interest earnings, and funds from the Ute Pass Water Association will be used for engineering and administrative expenses to develop and analyze alternatives for providing water service to the District residents. An engineering report outlining possible alternatives has been finalized and sent to the City of Durango for discussion. Once a final determination is made on the preferred alternative, the District will seek additional funding for the selected alternative.

The assessed valuation for the District for 2024 is \$6,145,860. A mill levy of 10.000 will provide tax revenue of \$61,458 in 2025 for repayment of principal and interest on the loan. The District has already repaid \$62,436 in principal on the loan.

The District uses the cash method as the basis for budgetary accounting. The voters also approved a measure waiving the spending limitations of TABOR so additional funds from grants and other sources could be made available to the District. Since the receipt of grants in 2025 is not guaranteed, possible revenue from grants is not included in the budget.