

Upper Gunnison River Water Conservancy District
Financial Statements
December 31, 2016

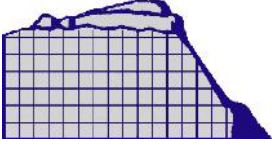


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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upper Gunnison River Conservancy District
Glenwood Springs, Colorado

I have audited the accompanying financial statements of the governmental activities and business-type activities of Upper Gunnison River Conservancy District as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Upper Gunnison River Conservancy District, as of December 31, 2016, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the actual to budget schedules on pages 3-10 and 27 be presented to supplement the basic financial statements. Such information, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Gunnison River Conservancy District's financial statements taken as a whole. The budgetary comparison information on page 28 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Paul D. Miller, CPA, LLC

Grand Junction, CO
April 21, 2017

Upper Gunnison River Water Conservancy District Management's Discussion and Analysis

As management of the Upper Gunnison River Water Conservancy District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

General Background

The Upper Gunnison River Water Conservancy District was formed pursuant to the Colorado Water Conservancy Act, Sections 37-45-101 et seq., C.R.S. The original organizational decree was entered June 1, 1959, with reorganization decrees entered in October 1991 and November 2011. The District boundaries include all of the Upper Gunnison River basin drainage, which is made up of the majority of Gunnison County and portions of Hinsdale and Saguache Counties. The Water Conservancy Act gives the District fairly broad powers. The District can appropriate water, litigate, enter into contracts, hold real property, operate projects, and perform other functions as needed to meet the present and future water needs of the District. The 2011 reorganization shifted a boundary line between Divisions 4 and 5 and added a second director to Division 5 based on the 2010 U.S. Census data. This resulted in a temporary increase from eleven to twelve directors. When a vacancy subsequently arose in Division 8, City of Gunnison, the number of directors in that division decreased from four to three and the total number of directors reverted to eleven.

The District's mission is to be an active leader in all issues affecting the water resources of the Upper Gunnison River Basin.

An eleven-member Board of Directors governs the District. Each member of the Board of Directors serves a four-year term. The terms are staggered with no more than four seats open in any given year. The Board utilizes committees to assist in resolving specific issues affecting the District. Regular meetings of the Board are generally held on the fourth Monday of each month. The Board also holds special meetings and work sessions as necessary.

A staff of four, consisting of a general manager, office manager, administrative assistant, and general counsel, along with contracted engineering consultants, carries out the activities of the District as directed by the Board.

FINANCIAL HIGHLIGHTS

-) The District's assets exceeded its liabilities by \$6,016,834 (i.e. net position) as of December 31, 2016, an increase of \$232,931 in comparison to the prior year.
-) The District's Net Position for the General Fund was \$4,414,565, an increase of \$187,297 in comparison to the prior year.
-) General property taxes totaled \$1,116,065 or 80% of general revenues.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

The **statement of activities** presents information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the District include general government administration. The Business-type Activities of the District include the following water enterprise fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

Governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Proprietary Funds – The District maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses a separate enterprise fund to account for its utility fund: Water Enterprise Fund.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2016, the District's combined assets exceeded liabilities by \$6,016,834. Of this amount, \$4,340,913 is unrestricted and available to meet the District's ongoing financial obligations.

A portion of Net Position is the investment in capital assets (net of related debt) of \$1,641,921 (27% of Net Position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, dams, reservoirs, and office equipment) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

The following table summarizes the District's governmental and business-type Net Position for 2015 and 2016:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 4,303,285	\$ 4,305,780	\$ 73,867	\$ 60,419	\$ 4,377,152	\$ 4,366,199
Capital assets	621,962	636,605	1,019,959	1,023,188	1,641,921	1,659,793
Long-term Investments	1,182,728	992,036	-	-	1,182,728	992,036
Total assets	<u>6,107,975</u>	<u>5,934,421</u>	<u>1,093,826</u>	<u>1,083,607</u>	<u>7,201,801</u>	<u>7,018,028</u>
Current Liabilities	39,328	38,428	6,903	6,213	46,231	44,641
Non-current liabilities						
Compensated absences	31,616	30,310				
Loans payable	-	-	75,000	127,054	75,000	127,054
Total liabilities	<u>70,944</u>	<u>68,738</u>	<u>81,903</u>	<u>133,267</u>	<u>121,231</u>	<u>171,695</u>
Deferred Inflow of Resources						
Property taxes	<u>1,032,120</u>	<u>1,032,120</u>	<u>-</u>	<u>-</u>	<u>1,032,120</u>	<u>1,032,120</u>
Net Position						
Investment in capital assets, net of related debt	621,962	636,605	1,019,959	896,134	1,641,921	1,532,739
Restricted	34,000	50,576	-	-	34,000	50,576
Unrestricted	4,348,949	4,146,382	(8,036)	54,206	4,340,913	4,200,588
Total net position	<u>\$ 5,004,911</u>	<u>\$ 4,833,563</u>	<u>\$ 1,011,923</u>	<u>\$ 950,340</u>	<u>\$ 6,016,834</u>	<u>\$ 5,783,903</u>

An additional portion of net position, \$34,000, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$4,340,913 (72% of Net Position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

Governmental and business-type activities increased the District's Net Position by \$232,931 in 2016.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 255,938	\$ 115,752	\$ 93,981	\$ 61,464	\$ 349,919	\$ 177,216
General Revenues						
Taxes	1,116,065	1,030,622	-	-	1,116,065	1,030,622
Miscellaneous	588	3,175	32	-	620	3,175
Interest income	15,720	16,701	19	13	15,739	16,714
Lake San Cristobal	-	-	-	-	-	-
Totals	1,388,311	1,166,250	94,032	61,477	1,482,343	1,227,727
Expenses						
Salaries & Benefits	477,364	458,775	22,309	21,491	499,673	480,266
Public Outreach	24,082	18,441	-	-	24,082	18,441
Legal & Accounting	5,583	6,144	261	274	5,844	6,418
Occupancy Expenses	9,605	11,378	476	993	10,081	12,371
Bonding & Insurance	8,541	8,838	888	818	9,429	9,656
Office Expense	60,883	63,912	1,570	1,451	62,453	65,363
Board of Directors Expenses	14,039	13,939	513	831	14,552	14,770
Board of Directors Fees	5,300	5,450	-	650	5,300	6,100
General & administrative	31,943	24,850	1,130	878	33,073	25,728
Membership & Dues	3,580	2,684	-	-	3,580	2,684
Stream Monitoring	94,884	95,468	-	-	94,884	95,468
Water Workshop	5,000	5,000	-	-	5,000	5,000
Taylor Park Project	6,377	8,989	-	-	6,377	8,989
Basin Planning & Development	48,493	113,714	-	-	48,493	113,714
Fish Recovery Program	3,000	3,000	-	-	3,000	3,000
Water Costs & Supply Program	157,244	158,834	-	-	157,244	158,834
Lake San Cristobal	14,247	14,251	-	-	14,247	14,251
Cloud Seeding Program	227,748	-	-	-	227,748	-
Repairs & Maintenance	-	-	555	-	555	-
Interest Expense	-	-	1,518	3,669	1,518	3,669
Depreciation Expense	-	-	3,229	3,229	3,229	3,229
Capital outlay	3,101	-	-	-	3,101	-
Total Expenses	1,201,014	1,013,667	32,449	34,284	1,233,463	1,047,951
Increase in net assets	187,297	152,583	61,583	27,193	248,880	179,776
Beginning	4,227,268	4,074,685	950,340	923,147	5,177,608	4,997,832
Ending	\$ 4,414,565	\$ 4,227,268	\$ 1,011,923	\$ 950,340	\$ 5,426,488	\$ 5,177,608

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

Business-type Activities

Business-type activities for the year resulted in an increase in Net Position of \$61,583. Charges for services accounted for 32.9% of total revenues and the sale of water shares accounted for 68% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved net position may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The District has one governmental fund, the General Fund, which is the primary operating fund for the District. At the end of 2016, unassigned net position of the General Fund was \$4,368,977, while the total fund balance was \$4,414,565. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned net position and total net position to total fund expenditures. The net position of the District's General Fund increased by \$187,297 during 2016.

Proprietary funds. The District's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The District has one enterprise fund: Water Enterprise Fund. At the end of 2016, the fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$(8,036)
Total net position	\$1,011,923
Increase in net position	\$61,583

GENERAL FUND BUDGETARY HIGHLIGHTS

The District budgeted \$1,236,090 for 2016 expenditures. Actual expenditures were \$1,201,014. There was no amendment to the original budget for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental and business-type activities as of December 31, 2016, was \$1,641,921.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

	Balance 12/31/2015	Increase	Decrease	Balance 12/31/2016
<u>Governmental Funds</u>				
Buildling and Land	\$ 731,871	\$ -	\$ -	\$ 731,871
Office Equipment	29,572	3,102	2,708	29,966
Less Accumulated Depreciation	(124,838)	(17,745)	2,708	(139,875)
Net Governmental Capital Assets	<u>\$ 636,605</u>	<u>\$ (14,643)</u>	<u>\$ 5,416</u>	<u>\$ 621,962</u>
<u>Business-type Activities</u>				
Asset not being depreciated	\$ 942,457			\$ 942,457
Asset being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	(32,293)	(3,229)	-	(35,522)
Net Depreciable Capital Assets	<u>80,731</u>	<u>(3,229)</u>	<u>-</u>	<u>77,502</u>
Total Business-type Capital Assets	<u>\$1,023,188</u>	<u>\$ (3,229)</u>	<u>\$ -</u>	<u>\$ 1,019,959</u>

Economic Factors and Next Year's Budget

The economy of the region comprising the District is slowly recovering from adverse economic conditions affecting most of the rest of the country. Property values are gradually rising across the region. District management believes that the next round of county assessments will show increased valuation, and thus increased revenue for a given mill levy.

The budget for 2016 closely follows that of 2015. In 2016, the District continued to address potential curtailment of water rights associated either with physical shortages or by calls from downstream senior rights.

The Aspinall Unit augmentation water is available via third-party contracts pursuant to the District's 40-year contract with the Bureau of Reclamation. The District, through its Water Activity Enterprise, has recouped the acquisition and rehabilitation costs incurred in 2006 with the purchase of Meridian Lake Reservoir. The District, in conjunction with Hinsdale County and the Town of Lake City, has formed the Lake San Cristobal Water Activity Enterprise which has constructed an outlet structure at Lake San Cristobal. This structure will provide augmentation for the Lake Fork of the Gunnison River basin, as well for portions of a number of other drainages in the District. The staff and legal counsel will continue to work with the Division of Water Resources on administrative issues and cooperate with other entities to minimize the impact of downstream senior water rights. Staff and counsel will also work with owners of water rights under consideration for abandonment by the Division of Water Resources.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis

The conditional portion of the Taylor Park Reservoir Second Fill storage right has been made absolute. The District will continue to monitor the activities of the General Assembly and agencies of the Executive Branch of the State of Colorado. The District will continue to coordinate the basin wide water quality monitoring program and will continue its participation in the state-level discussions regarding proposed changes to water quality basic standards.

Request for Information

The financial 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 financial information should be addressed to General Manager, Upper Gunnison River Water Conservancy District, 210 West Spencer Avenue, Suite B, Gunnison, CO. 81230 or 970-641-6065, 970-641-1162 (fax), fkugel@ugrwcd.org.

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Government-Wide
Statement of Net Position
December 31, 2016

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
Assets			
Current Assets:			
Cash & equivalents	\$ 198,577	\$ 72,527	\$ 271,104
Certificates of deposits	1,200,146	-	1,200,146
Investments-ColoTrust	1,765,044	1,246	1,766,290
Loans receivable	75,000	-	75,000
Accounts receivable	6,913	-	6,913
Due from other Governments	5,833	-	5,833
Property taxes Receivable	1,032,120	-	1,032,120
Accrued Interest Receivable	8,064	94	8,158
Prepaid expenses	11,588	-	11,588
Total Current Assets	<u>4,303,285</u>	<u>73,867</u>	<u>4,377,152</u>
Long-term Investments:			
Bonds	<u>1,182,728</u>	<u>-</u>	<u>1,182,728</u>
Capital Assets:			
Office equipment	29,966	-	29,966
Office building & land	731,871	-	731,871
Dam rehabilitation	-	113,024	113,024
Meridian Lake Reservoir	-	942,457	942,457
Less accumulated depreciation	<u>(139,875)</u>	<u>(35,522)</u>	<u>(175,397)</u>
Net Capital Assets	<u>621,962</u>	<u>1,019,959</u>	<u>1,641,921</u>
TOTAL ASSETS	<u><u>6,107,975</u></u>	<u><u>1,093,826</u></u>	<u><u>7,201,801</u></u>
Liabilities			
Accounts payable	39,328	6,903	46,231
Noncurrent Liabilities:			
Compensated absences	31,616	-	31,616
Due within one year	-	75,000	75,000
TOTAL LIABILITIES	<u>70,944</u>	<u>81,903</u>	<u>152,847</u>
Deferred Inflow of Resources			
Property taxes	<u>1,032,120</u>	<u>-</u>	<u>1,032,120</u>
Net Position			
Investment in capital assets	621,962	1,019,959	1,641,921
Restricted for TABOR reserve	34,000	-	34,000
Unrestricted	4,348,949	<u>(8,036)</u>	4,340,913
TOTAL NET POSITION	<u><u>\$ 5,004,911</u></u>	<u><u>\$ 1,011,923</u></u>	<u><u>\$ 6,016,834</u></u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Government-Wide
Statement of Activities
December 31, 2016

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
Expenses Programs			
Salaries & Benefits	\$ 478,669	\$ 22,309	\$ 500,978
Public Outreach	24,082	-	24,082
Legal & Accounting	5,583	261	5,844
Occupancy Expenses	9,605	476	10,081
Bonding & Insurance	8,541	888	9,429
Office Expense	60,883	1,570	62,453
Board of Directors Expenses	14,039	513	14,552
Board of Directors Fees	5,300	-	5,300
General & administrative	31,943	1,130	33,073
Membership & Dues	3,580	-	3,580
Stream Monitoring	94,884	-	94,884
Water Workshop	5,000	-	5,000
Taylor Park Project	6,377	-	6,377
Basin Planning & Development	48,493	-	48,493
Fish Recovery Program	3,000	-	3,000
Water Costs & Supply Program	157,244	-	157,244
Cloud Seeding Program	227,748	-	227,748
Lake San Cristobal	14,247	-	14,247
Repairs & Maintenance	-	555	555
Interest Expense	-	1,518	1,518
Depreciation Expense	17,745	3,229	20,974
TOTAL PROGRAM EXPENSES	<u>1,216,963</u>	<u>32,449</u>	<u>1,249,412</u>
Program Revenue			
Basin implementation plan-passed through	20,445	-	20,445
Cloud Seeding Program	205,392	-	205,392
Charges for services	30,101	93,981	124,082
Total Program Revenue	<u>255,938</u>	<u>93,981</u>	<u>349,919</u>
NET PROGRAM REVENUE(EXPENSES)	<u>(961,025)</u>	<u>61,532</u>	<u>(899,493)</u>
General Revenues			
Property taxes	1,052,022	-	1,052,022
Specific Ownership taxes	64,043	-	64,043
Interest on deposits and investments	15,720	19	15,739
Miscellaneous	588	32	620
TOTAL GENERAL REVENUES	<u>1,132,373</u>	<u>51</u>	<u>1,132,424</u>
Change in Net Assets	171,348	61,583	232,931
Net Position - January 1	4,833,563	950,340	5,783,903
Net Position - December 31	<u>\$ 5,004,911</u>	<u>\$ 1,011,923</u>	<u>\$ 6,016,834</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Balance Sheet - General Fund
December 31, 2016

Assets

Current Assets:

Cash & equivalents	\$ 198,577
Certificates of deposits	1,200,146
Investment-ColoTrust	1,765,044
Loans receivable	75,000
Accounts receivable	6,913
Due from other Governments	5,833
Property taxes receivable	1,032,120
Accrued interest receivable	8,064
Prepaid expense	11,588
Total Current Assets	4,303,285

Long-term investments:

Bonds	1,182,728
TOTAL ASSETS	5,486,013

Liabilities

Accounts payable	39,328
TOTAL LIABILITIES	39,328

Deferred Inflow of Resources

Property taxes	1,032,120
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Net Position

Restricted for TABOR reserve	34,000
Nonspendable	11,588
Unassigned	4,368,977
TOTAL NET POSITION	\$ 4,414,565

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Reconciliation of the Governmental Net Position to
the Statement of Net Assets
December 31, 2016

Total Governmental Net Position \$ 4,414,565

Amounts reported for governmental activities in the statement of
activities are different because:

Capital assets used in governmental activities are not financial resources and,
therefore are not reported as assets in the governmental funds. 621,962

Long-term liabilities for compensated absences are not due and payable in
the current period and therefore are not reported as expenditures in the funds. (31,616)

Net position of Governmental Activities. \$ 5,004,911

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures and Change in Net Position - General Fund
For the Year Ended December 31, 2016

Revenues

Taxes	\$ 1,116,065
Charges for services	30,101
Interest on deposits and investments	15,720
Basin implementation plan	20,445
Cloud seeding program	205,392
Miscellaneous	588
TOTAL REVENUES	1,388,311

Expenditures

Current:	
Salaries & Benefits	477,364
Public Outreach	24,082
Legal & Accounting	5,583
Occupancy Expenses	9,605
Bonding & Insurance	8,541
Office Expense	60,883
Board of Directors Expenses	14,039
Board of Directors Fees	5,300
General & Administrative	31,943
Membership & Dues	3,580
Stream Monitoring	94,884
Water Workshop	5,000
Taylor Park Project	6,377
Basin Planning & Development	48,493
Fish Recovery Program	3,000
Water Costs & Supply Program	157,244
Lake San Cristobal	14,247
Cloud seeding program	227,748
Capital Outlay	3,101
TOTAL EXPENDITURES	1,201,014

NET CHANGE IN NET POSITION	187,297
Net Position January 1	4,227,268
Net Position December 31	\$ 4,414,565

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Reconciliation of the Governmental Net Position to
the Statement of Net Assets
December 31, 2016

Net Change in Net Position - Governmental Fund

Amounts reported for governmental activities in the statement of activities are different because: \$ 187,297

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount by which capital outlays exceeded depreciation in the current period.

Fixed assets added during year	\$ 3,101	
Depreciation	<u>(17,745)</u>	(14,644)

Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds (1,305)

Change in Net Position of Governmental Activities \$ 171,348

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Net Position
Enterprise Fund
December 31, 2016

	Water Enterprise Fund
Assets	
Current Assets:	
Cash & equivalents	\$ 72,527
Accounts receivable	-
Accrued interest receivable	94
Investments-ColoTrust	1,246
Total Current Assets	73,867
Capital Assets:	
Meridian Lake Reservoir	942,457
Dam Rehabilitation	113,024
Less Accumulated Depreciation	(35,522)
Net Capital Assets	1,019,959
Total Assets	1,093,826
Liabilities	
Current Liabilities	
Accounts payable	6,903
Operating Loan	75,000
Total Current Liabilities	81,903
Net Position	
Invested in Capital Assets, Net of Related Debt	1,019,959
Unrestricted	(8,036)
Total Net Position	\$ 1,011,923

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenses and Change in Net Assets
Enterprise Fund
For The Year Ended December 31, 2016

	Water Enterprise Fund
Operating Revenues:	
Water Contract Sales	\$ 63,000
Charges for Services	30,981
Total Operating Revenue	93,981
Operating Expenses:	
Salaries & Benefits	22,309
Accounting & Legal	261
Occupancy Expenses	476
Bonding & Insurance	888
Office Expenses	1,570
General & Administrative	1,130
Board Expenses	513
Repairs & maintenance	555
Depreciation	3,229
Total Operating Expenses	30,931
Operating Income (Loss)	63,050
Non-Operating Revenues (Expenses)	
Interest Income	19
Miscellaneous income	32
Interest Expense	(1,518)
Total Non-Operating Revenues (Expense)	(1,467)
Income (Loss) Before Transfers	61,583
Total Net Position, January 1	950,340
Total Net Position, December 31	\$ 1,011,923

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Cash Flows
Enterprise Fund
For The Year Ended December 31, 2016

	Water Enterprise Fund
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 31,188
Water Contract Sales	63,000
Payments to and on behalf of employees	(22,309)
Cash Payments for Goods and Services	(4,703)
Net Cash Provided (Used) by Operating Activities	67,176
 Cash Flows From Capital & Related Financing Activities	
Principal Paid on Loans & Leases	(52,054)
Interest Expenses	(1,518)
Net Cash Provided (Used) by Capital & Related Financing Activities	(53,572)
 Cash Flows From Investing Activities	
Increase in Investment	(8)
Interest on Investments	19
Net Cash Provided (Used) by Investing Activities	11
 Net Increase (Decrease) in Cash & Cash Equivalents	13,615
 Cash Balance, January 1	58,912
 Cash Balance, December 31	\$ 72,527
 Reconciling of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 63,050
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	3,229
Assets (Increased) Decreased	
Accounts Receivable	207
Liabilities Increased (Decreased)	
Accounts Payable	690
Total Adjustments	4,126
Net Cash Provided (Used) by Operating Activities	\$ 67,176

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

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Upper Gunnison River Water Conservancy District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below:

Reporting Entity

These financial statements present the financial position and results of operations of the District, a political subdivision of the State of Colorado created on June 1, 1959. The District is supported jointly by Gunnison, Hinsdale and Saguache counties based upon a mill levy on real property located in the District. The purpose of the District is to represent the water interests of the residents of the Upper Gunnison River Watershed area. An eleven-member board governs the District.

These financial statements include only the District as there are no component units required to be included in accordance with GASB Statement No 14.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of governmental net position and the statement of governmental activities) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the General *Fund*, which is the general operating fund of the District.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The District has presented the following major proprietary fund.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Water Enterprise Fund

Water Enterprise Fund is used to account for the provision of water services to the residents of the Upper Gunnison River Watershed and include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to customers.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

Use of Estimates

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

Property Taxes Receivable

Property taxes for the current year are levied and attached as a lien on property on January 1 of the succeeding year. They are payable in full by April 30 or in two equal installments due on February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the property taxes are not available to pay current liabilities, the receivable is reported as deferred revenue.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of \$1,000 or greater. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets – continued

Capital assets are depreciated using the straight-line method over the following useful lives:

Office equipment	5-10 years
Dam rehabilitation	35 years

The District started to depreciate the cost of the Meridian Lake Reservoir dam rehabilitation in 2006 when the asset was transferred to the enterprise fund.

Compensated Absences

Full-time employees, except for the manager and water attorney who are covered under separate contracts, earn vacation and sick leave based upon the number of years of service. At the Board's discretion, part-time employees may earn vacation and sick leave on a pro-rata basis. The maximum amount of vacation time that can be accumulated is 160 hours. All earned vacation is payable upon termination. The maximum amount of sick leave that can be accumulated is 240 hours. Upon retirement, resignation or dismissal the employee will be paid for one-third of the accrued sick leave (up to a maximum of 80 hours). The employee will also be paid for all vacation leave earned.

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances* of the *governmental funds* and *Net Position of governmental activities* as reported in the government-wide statement of Net Position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the *net change in fund balances of the governmental funds* and the *changes in Net Position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

On November 3, 1998, the electors of the District approved the retention and spending of the District's non-tax revenues for the year beginning January 1, 1999, and subsequent years, without regard to the limitations imposed by the Amendment and to impose a maximum property tax rate not to exceed 2.0 mills. The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the general fund's fund balance is classified as restricted for emergencies as required by the Amendment. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

**Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016**

NOTE 4 – BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law for all governmental, proprietary, and trust funds.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. No changes were made to the originally adopted budget.
- F. Budget appropriations lapse at the end of each year.
- G. The District adopts budgets on a basis that is consistent with GAAP.

NOTE 5 - DEPOSITS AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of the uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations secured by first lien mortgages on real property located in the state. PDPA allows the institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

On December 31, 2016, the carrying amount of the District's deposits were \$1,464,034. Of the bank balances, \$1,422,700 is covered by FDIC depository insurance and \$41,334 is collateralized. Of the above bank balance, the General Fund's share is \$1,391,507 and the Water Fund's share is \$72,527.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S government agency securities, certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The District's investment policy follows Colorado statutes. At December 31, 2016, the District's investments included certificates of deposit, funds held in Colotrust and long-term government bonds. The CD's have maturity dates ranging from February 2016, to August 2019. The long-term Government maturities range from August 2016, to October 2019.

	Carrying Value	Cost	
CD's	\$ 1,200,146	\$1,200,146	
COLOTRUST	1,765,044	1,765,044	
Federal Farm Credit Banks	735,499	755,000	Moody's AAA; S&P AA+
Federal Home Loan Bank	197,424	200,000	Moody's AAA; S&P AA+
U.S. Treasury Notes	249,805	250,000	Moody's AAA
	\$ 4,147,918	\$4,170,190	

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016

NOTE 5 - DEPOSITS AND INVESTMENTS – continued

The District had invested \$1,766,290 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services. The General Funds share of the amount is \$1,765,044 and the Water fund's share is \$1,246.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance 12/31/2015	Increase	Decrease	Balance 12/31/2016
Governmental Funds				
Capital assets being depreciated				
Building and Land	\$ 731,871	\$ -	\$ -	\$ 731,871
Office Equipment	29,572	3,102	2,708	29,966
Less Accumulated Depreciation	<u>(124,838)</u>	<u>(17,745)</u>	2,708	<u>(139,875)</u>
Governmental Activities Capital Assets, Net.	<u>\$ 636,605</u>	<u>\$ (14,643)</u>	\$ -	<u>\$ 621,962</u>
Business-type Activities				
Capital assets not being depreciation	\$ 942,457	\$ -	\$ -	\$ 942,457
Capital assets being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	<u>(32,293)</u>	<u>(3,229)</u>	-	<u>(35,522)</u>
Total Capital Assets Being Depreciated	<u>80,731</u>	<u>(3,229)</u>	-	<u>77,502</u>
Business-Type Activities Capital Assets, Net.	<u>\$ 1,023,188</u>	<u>\$ (3,229)</u>	\$ -	<u>\$ 1,019,959</u>

Total depreciation expense for the General Fund for the year ended December 31, 2016, was \$17,745, which was charged to the General and Administrative function. Water Enterprise Fund had depreciation expense of \$ 3,229.

**Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016**

NOTE 7 - RETIREMENT PLANS

The District participates in the Colorado County Officials and Employees Retirement Association (CCOERA) which provides retirement benefits through a defined contribution money purchase plan (the Plan) to participating Colorado counties, municipalities and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All employees must participate in the plan immediately after employment. The District has agreed to contribute 5% of employee compensation. The employee is required to contribute an amount equal to the District's contribution, and may contribute up to 10% of compensation. Employees are 100% vested once they are eligible to participate in the Plan. The covered payroll for the Plan was \$404,162 for the year ended December 31, 2016. The District and employees, each, contributed \$20,208 which is 5% of the covered payroll. The district's employees may participate in CCOERA's 457 deferred compensation plan if they so choose. There is no District participation in this plan.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded commercial coverage in any of the past three years.

NOTE 9 - LONG TERM DEBT

The Water Enterprise Fund has an operating loan. The Fund borrowed \$75,000 from the general fund on an interest free operating loan. The Water Enterprise Fund also purchased the Meridian Lake property and Dam improvements for \$225,000. The loan for the lake property was paid off in 2016.

The following is a detailed breakdown of those debt service payments.

	Balance 1/1/2016	Payments	Balance 12/31/2016
Operating Loan	\$ 75,000	\$ -	\$ 75,000
Promissory Loan	52,054	(52,054)	-
	\$ 127,054	\$ (52,054)	\$ 75,000

NOTE 11 — COMMITMENTS

In 2007, the District entered into an agreement with Hinsdale County and the Town of Lake City to commission a feasibility study for a controlled outlet structure for Lake San Cristobal and the District. That project was on going as of December 31, 2016.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2016

NOTE 12 – FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

During 2016, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted-fund constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision making authority , in the District’s case that is the Board of Directors. The funds must be established, modified or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the District’s case that is the General Manager and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classification in 2016.

It is the District’s policy to spend restricted funds first then unrestricted fund for the purpose for which both funds are available and committed and assigned funds are spent when expenditure is incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The District does have fund classification as follows:

- Restricted which is dictated by Colorado State Law
-) Nonspendable
- Unassigned.

NOTE 13 – DEFICIET FUND BALANCE ENTERPRISE FUND

At December 31, 2016, the Enterprise Fund had a deficiet fund balance. This was the result of paying off the long-term debt early.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures and Change in Fund Balance - Budget & Actual
General Fund
For the Year Ended December 31, 2016

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes:			
Property	\$ 1,065,999	\$1,048,452	\$ (17,547)
Specific Ownership	60,000	64,043	4,043
Interest of Delinquent Taxes	3,300	3,570	270
Total Taxes	<u>1,129,299</u>	<u>1,116,065</u>	<u>(13,234)</u>
Cloud Seeding Program	-	205,392	205,392
Basin Implementation Plan	-	20,445	20,445
Water Contract Sales	15,883	17,238	1,355
Water Quality Monitoring	20,424	12,863	(7,561)
Earnings on Deposits & Investments	10,000	14,202	4,202
Interest on Note	2,603	1,518	(1,085)
Miscellaneous	1,000	588	(412)
Total Revenues	<u>1,179,209</u>	<u>1,388,311</u>	<u>209,102</u>
Expenditures			
Salaries & Benefits	510,033	477,364	32,669
Public Outreach	30,350	24,082	6,268
Legal & Accounting	7,500	5,583	1,917
Occupancy Expenses	12,763	9,605	3,158
Bonding & Insurance	9,689	8,541	1,148
Office Expense	92,359	60,883	31,476
Board of Directors Expenses	14,200	14,039	161
Board of Directors Fees	6,920	5,300	1,620
General & Administrative	13,500	31,943	(18,443)
Membership & Dues	9,300	3,580	5,720
Stream Monitoring	90,694	94,884	(4,190)
General Engineering	5,000	5,000	0
Taylor Park Project	6,000	6,377	(377)
Basin Planning & Development	102,500	48,493	54,007
Fish Recovery Program	3,000	3,000	-
Water Costs & Supply Program	272,029	157,244	114,785
Lake San Cristobal	16,253	14,247	2,006
Contingency	34,000	-	34,000
Cloud Seeding Program	-	227,748	(227,748)
Capital Outlay	-	3,101	(3,101)
Total Expenditures	<u>1,236,090</u>	<u>1,201,014</u>	<u>35,076</u>
Excess of Revenues Over (Under) Expenditures	<u>(56,881)</u>	187,297	244,178
Fund Balance, January 1	56,881	4,227,268	4,170,387
Fund Balance, December 31	<u>\$ -</u>	<u>\$4,414,565</u>	<u>\$ 4,414,565</u>

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

OTHER SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Schedule of Revenues, Expenses and Change in Available Resources - Budget & Actual
Water Enterprise Fund
For the Year Ended December 31, 2016

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Annual Meridian Dues	\$ 29,265	\$ 30,981	\$ 1,716
Water Contract Sales	-	63,000	63,000
Other Income	-	32	32
Earnings on Deposits & Investments	15	19	4
Total Revenues	<u>29,280</u>	<u>94,032</u>	<u>64,752</u>
Expenses			
Salaries & Benefits	22,748	22,309	(439)
Accounting & Legal	335	261	(74)
Occupancy Expenses	569	476	(93)
Bonding & Insurance	882	888	6
Office Expenses	2,839	1,570	(1,269)
General & Administrative	709	1,130	421
Board Fees	550	-	(550)
Board Expenses	633	513	(120)
Repairs & Maintenance	-	555	555
Debt Service Payments:			
Principal	22,397	52,054	29,657
Interest	2,603	1,518	(1,085)
Total Expenses	<u>54,265</u>	<u>81,274</u>	<u>27,009</u>
Excess of Revenues Over (Under) Expenses	(24,985)	12,758	37,743
Reconciliation to Statement of Activities:			
Depreciation	-	(3,229)	(3,229)
Principal payments	-	52,054	52,054
Available Resources, January 1	24,985	950,340	925,355
Available Resources, December 31	<u>\$ -</u>	<u>\$1,011,923</u>	<u>\$ 1,011,923</u>

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