
DELTA CONSERVATION DISTRICT

FINANCIAL STATEMENTS

December 31, 2016



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Independent Auditor's Report

Board of Supervisors
Delta Conservation District
Delta, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Delta Conservation 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Delta Conservation District, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Blair and Associates, P.C.

Cedaredge, Colorado

April 20, 2017

Basic Financial Statements

DELTA CONSERVATION DISTRICT

Statement of Net Position

December 31, 2016

Assets

Cash.....	\$ 248,897
Note Receivable.....	4,888
Accounts Receivable.....	24,780
Equipment.....	<u>9,500</u>

Total Assets 288,065

Liabilities

Advance from grantor and payables.....	103,672
Accrued leave time.....	6,943
Accounts payable.....	106,500
Payroll liabilities.....	<u>8,355</u>

Total Liabilities 225,470

Net Position

Net investment in capital assets.....	9,500
Restricted for emergencies.....	50,229
Unrestricted.....	<u>2,866</u>

Total Net Position \$ 62,595

The accompanying notes are an integral part of this statement.

DELTA CONSERVATION DISTRICT

Statement of Activities

Year Ended December 31, 2016

Expenses	
Operations.....	\$ (727,609)
General and administrative.....	<u>(11,541)</u>
Total Expenses	<u>(739,150)</u>
Program Revenues	
Charges for services and other.....	6,972
Interest and investment income.....	229
Operating grants and contributions.....	<u>734,026</u>
Total Program Revenues	<u>741,227</u>
Change in Net Position	2,077
Net Position - January 1	<u>60,518</u>
Net Position - December 31	<u>\$ 62,595</u>

The accompanying notes are an integral part of this statement.

DELTA CONSERVATION DISTRICT

Balance Sheet - General Fund

December 31, 2016

Assets		
Cash	\$ 248,897	
Note Receivable	4,888	
Accounts Receivable	<u>24,780</u>	
Total Assets	\$ <u>278,565</u>	
Liabilities and Fund Balances		
Liabilities:		
Advance from grantor and payables	\$ 103,672	
Accounts payable.....	106,500	
Payroll liabilities.....	<u>8,355</u>	
Total Liabilities	<u>218,527</u>	
Fund Balance:		
Restricted for emergencies	50,229	
Unassigned	<u>9,809</u>	
Total Fund Balance	<u>60,038</u>	
Total Liabilities and Fund Balance	\$ <u>278,565</u>	
Reconciliation of Governmental Fund Balance Sheet - General Fund to Statement of Net Position:		
Fund Balance	\$ 60,038	
Amounts reported for governmental activities in the statement of governmental net position are different because:		
Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		9,500
Some liabilities, (such as long-term compensated absences), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		<u>(6,943)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$ <u>62,595</u>	

The accompanying notes are an integral part of this statement.

DELTA CONSERVATION DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Year Ended December 31, 2016

Revenues		
Charges for services and fees	\$	6,972
Intergovernmental revenues		734,026
Interest and investment income		<u>229</u>
	Total Revenues	<u>741,227</u>
Expenditures		
Current:		
Operations		728,630
General and administrative.....		11,541
Capital Outlay		<u>9,500</u>
	Total Expenditures	<u>749,671</u>
	Excess of Revenues over Expenditures	<u>(8,444)</u>
	Net Change in Fund Balance	(8,444)
Fund Balance - January 1		<u>68,482</u>
Fund Balance - December 31	\$	<u><u>60,038</u></u>
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund to the Statement of Activities:		
Net Change in Fund Balance	\$	(8,444)
Amounts reported for governmental activities in the statement of governmental activities are different because:		
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 is the amount by which capital outlays exceeded depreciation in the current period.		
		9,500
In the governmental funds, accruals for compensated absences are not recognized because they are not paid with expendable available financial resources. In the statement of activities, however, these accruals are reported regardless of when financial resources are available. This adjustment shows the change in accrued compensated absences balance.		
Compensated absences.....		<u>1,021</u>
Change in Net Position of the Statement of Activities	\$	<u><u>2,077</u></u>

The accompanying notes are an integral part of this statement.

DELTA CONSERVATION DISTRICT

Notes to Basic Financial Statements

December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Delta Conservation 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:

A. Reporting Entity

The District was established to provide for the conservation and preservation of our natural resources and agricultural heritage in order to ensure the health prosperity and welfare of the citizens of the District and State of Colorado. The District's Board of Supervisors (the Board) consists of nine elected members. There are no entities required to be included in the District's financial statements based on GASB requirements.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of governmental net assets and the statement of governmental activities) report information on all of the activities of the District. *Governmental activities* are supported by taxes and charges for services. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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*.

C. 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.

C. Fund Financial Statements (Continued)

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. The District has no financial resources required to be accounted for in a separate fund.

D. 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. 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.

E. 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.

F. Compensated Absences

The District has compensated absences of \$6,943 as of December 31, 2016.

G. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Fund Equity (Continued)

- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board of Supervisors has provided otherwise in its commitment or assignment actions.

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 governmental 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 governmental 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.

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.

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.
- 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.
- F. Budget appropriations lapse at the end of each year.

The District does not certify mil levies to any County government nor does it receive any tax revenues. The District could be in violation of Colorado Budget Law because actual expenditures exceed budgetary amounts in the General Fund.

Note 5 – Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools. Additionally, the local governments are authorized to invest in obligations of the United States Treasury or its agencies, commercial paper, money market, mutual funds and certain corporate instruments. At December 31, 2016, the bank balance of the District's deposits was \$221,563, all of which is insured by FDIC.

Note 6 - 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.

Note 7 – Advances from grantor and payables

As of December 31, 2016, The District had an advance of \$19,000 from the Colorado Department of Agriculture and \$30,500 from Basin State for the first quarter payroll costs. Also, the District had received Energy Efficiency funds to be loaned out of \$34,237.

Required Supplementary Information

DELTA CONSERVATION DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended December 31, 2016

	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues			
Intergovernmental:			
Farm/Ditch Cost Share	\$ 12,611	\$ 5,263	\$ (7,348)
CWCB Selenium Grant	83,470	82,613	(857)
Basin State PP	1,495,564	595,629	(899,935)
State Direct Assistance and other	6,000	15,184	9,184
DC Technician Grant	36,874	21,837	(15,037)
North Fork Weed Removal Grant	40,000	13,500	(26,500)
CDA Hydro Grant	25,000	-	(25,000)
Total Intergovernmental	1,699,519	734,026	(965,493)
Charges for services:			
Special Events	500	2,861	2,361
Miscellaneous	3,070	3,571	501
Donations	200	540	340
Total Charges for Services	3,770	6,972	3,202
Miscellaneous:			
Interest and investment income	350	229	(121)
Total Miscellaneous	350	229	(121)
Total Revenue	1,703,639	741,227	(962,412)
Expenditures			
Current			
Cost share expenses	1,261,180	480,261	780,919
Salaries and payroll expenses	285,660	220,112	65,548
Information and education	2,000	1,438	562
Dues	2,900	1,000	1,900
Insurance	2,450	1,298	1,152
Professional fees & Contracts	3,500	3,960	(460)
Office expenses	750	1,571	(821)
Donation and awards	2,500	-	2,500
Travel and Meetings	500	668	(168)
Miscellaneous	250	1,606	(1,356)
Capital Outlay	-	9,500	(9,500)
Other projects	112,623	28,257	84,366
Total Expenditures	1,674,313	749,671	924,642
Excess Revenues over (under) Expenditures	29,326	(8,444)	(37,770)
Fund Balance - January 1	70,909	68,482	(2,427)
Fund Balance - December 31	\$ 100,235	\$ 60,038	\$ (40,197)