

JEFFERSON CONSERVATION DISTRICT

FINANCIAL STATEMENTS

December 31, 2016



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Board of Supervisors
Jefferson Conservation District
Lakewood, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Jefferson Conservation District as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Jefferson Conservation 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Conservation District as of December 31, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

The Jefferson Conservation District has omitted the 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.

Other Matters (Other Information)

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Jefferson Conservation District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is 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. The 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 the 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



July 21, 2017

BASIC FINANCIAL STATEMENTS

JEFFERSON CONSERVATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2016

ASSETS	
Cash	\$ 663,453
Accounts Receivable	1,709
Grants Receivable	<u>89,023</u>
TOTAL ASSETS	\$ <u><u>754,185</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	\$ 114,013
Accrued Liabilities	<u>12,954</u>
TOTAL LIABILITIES	<u>126,967</u>
NET POSITION	
Restricted for Emergencies	48,449
Unrestricted	<u>578,769</u>
TOTAL NET POSITION	<u>627,218</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>754,185</u></u>

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

JEFFERSON CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Year Ended December 31, 2016

OPERATING REVENUES	
Charges for Services	\$ 424,115
Grants	625,183
Donations	3,000
Miscellaneous	<u>2,929</u>
TOTAL OPERATING REVENUES	<u>1,055,227</u>
OPERATING EXPENSES	
General Administration	228,710
Contractor Services	699,561
Supplies	5,049
Governing Board and Elections	3,346
Training	868
Financial Administration	<u>5,000</u>
TOTAL OPERATING EXPENSES	<u>942,534</u>
CHANGE IN NET POSITION	112,693
NET POSITION, Beginning	<u>514,525</u>
NET POSITION, Ending	<u>\$ 627,218</u>

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

JEFFERSON CONSERVATION DISTRICT

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash
Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services	\$ 474,136
Cash Received from Grants	675,255
Cash Received from Donations	3,000
Cash Received from Other Sources	2,929
Cash Paid to Employees	(210,373)
Cash Payments to Suppliers	<u>(621,253)</u>
Net Cash Provided (Used) by Operating Activities	323,694
CASH, Beginning	<u>339,759</u>
CASH, Ending	<u><u>\$ 663,453</u></u>
 RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in Net Position	\$ 112,693
Adjustments to Reconcile Change in Net Position to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts Receivable	50,021
Grants Receivable	50,072
Accounts Payable	113,413
Accrued Liabilities	<u>(2,505)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 323,694</u></u>

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

JEFFERSON CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jefferson Conservation District (the “District”) was formed to provide conservation services and technical assistance to landowners. These services are financed by fees assessed on landowners that implement conservation practices such as forest stand improvement and wildfire mitigation. The District operates within Jefferson, Clear Creek, and Gilpin Counties in Colorado.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. 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

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

Based on the application of this criteria, the District does not include additional organizations in its reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where a fee is charged to external users for goods or services.

The 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 the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific purpose, it is the District’s practice to use restricted resources first, then unrestricted resources as they are needed.

JEFFERSON CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets - Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful lives, as follows:

Equipment 5 years

Net Position - Net position is restricted when constraints placed on the use of resources are externally imposed.

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; and natural disasters. The District maintains commercial insurance for these risks of loss.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are required by State statutes and are adopted on a non-GAAP budgetary basis. Capital outlay is budgeted as an expense and depreciation is not budgeted. The District follows these procedures to establish the budgetary information reflected in the financial statements:

- Prior to December 31, an annual budget and appropriation resolution is adopted by the Board of Supervisors in accordance with State statutes.
- Public hearings are conducted to obtain citizen comments.
- Expenditures may not legally exceed appropriations. Revisions that alter the total appropriations must be approved by the Board of Supervisors.
- All appropriations lapse at year end.

JEFFERSON CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the District had bank deposits of \$415,725 collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes an investment for a period in excess of five years. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District had no investments at December 31, 2016.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is summarized below.

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Capital Assets, Being Depreciated				
Equipment	\$ 53,000	\$ -	\$ (53,000)	\$ -
Accumulated Depreciation	(53,000)	-	53,000	-
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JEFFERSON CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the District has established a reserve for emergencies representing 3% of qualifying expenditures. At December 31, 2016, the reserve was reported as restricted net position in the financial statements, in the amount of \$48,449.

Claims and Judgements

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At December 31, 2016, certain grant expenses have not been audited, but the District believes that subsequent audits will not have a material effect on the overall financial position of the District.

SUPPLEMENTARY INFORMATION

JEFFERSON CONSERVATION DISTRICT

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 887,791	\$ 424,115	\$ (463,676)
Grants	631,647	625,183	(6,464)
Donations	500	3,000	2,500
Miscellaneous	-	2,929	2,929
TOTAL REVENUES	<u>1,519,938</u>	<u>1,055,227</u>	<u>(464,711)</u>
EXPENSES			
General Administration	290,364	228,710	61,654
Contractor Services	1,259,111	699,561	559,550
Supplies	11,500	5,049	6,451
Governing Board and Elections	2,650	3,346	(696)
Training	5,000	868	4,132
Capital Equipment	39,850	-	39,850
Financial Administration	6,500	5,000	1,500
TOTAL EXPENSES	<u>1,614,975</u>	<u>942,534</u>	<u>672,441</u>
CHANGE IN NET POSITION	(95,037)	112,693	207,730
NET POSITION, Beginning	<u>395,369</u>	<u>514,525</u>	<u>119,156</u>
NET POSITION, Ending	<u>\$ 300,332</u>	<u>\$ 627,218</u>	<u>\$ 326,886</u>

See the accompanying Independent Auditors' Report.