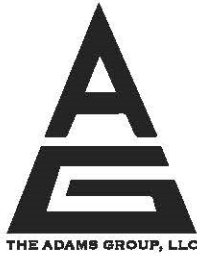


**CENTRAL COLORADO
WATER CONSERVANCY DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Colorado Water Conservancy District
Greeley, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Central Colorado Water Conservancy District (the "District"), as of and for the year then ended December 31, 2018, 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.

Auditors' 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 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 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, the business-type activities and each major fund of the District as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principles

As described in Note 13 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, net position was decreased \$134,813 for the year ending December 31, 2017. Our opinion is not modified with the implementation of this GASB standard.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison, pension and other postemployment benefit (OPEB) information on pages B1 to B10 and E1 to E7 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual budgetary schedules on F1 to F6 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual budgetary schedules are the responsibility of management and were derived from the relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

June 26, 2019
Denver, Colorado

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

This section of the annual financial report offers readers of the Central Colorado Water Conservancy District (the "District") financial statements its discussion and analysis of the District's financial performance during the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follows this section.

Background Information

On September 15, 1965, pursuant to the applicable provisions of the "Water Conservancy Act" of the State of Colorado, the District Court in and for Weld County, Colorado, approved the creation and establishment of a water conservancy district to be known as "Central Colorado Water Conservancy District." The principal purpose of the District is to provide for the conservation of the water resources of the State of Colorado for the greatest beneficial use of water within this state and the territory within the District. The District includes two blended component units, the Ground Water Management Subdistrict of Central Colorado Water Conservancy District ("GMS"), and the Well Augmentation Subdistrict of Central Colorado Water Conservancy District ("WAS"), within its reporting entity.

Financial Highlights

- The District's financial status increased over the course of the 2018 fiscal year, with total net position increasing by \$7,026,018.
- Total revenues decreased by \$1,108,043 in the 2018 calendar year.
- The District had \$11,160,626 in expenses, with the major categories being professional services, water leases and assessments, administration, and capital improvements.
- Outlays for capital assets were primarily bond construction projects and water rights acquisitions. See the capital assets section of this management's discussion and analysis for more information.
- The District's debt decreased by \$206,941 for the year ended December 31, 2018.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services were financed in the short-term, as well as what remains for future spending.

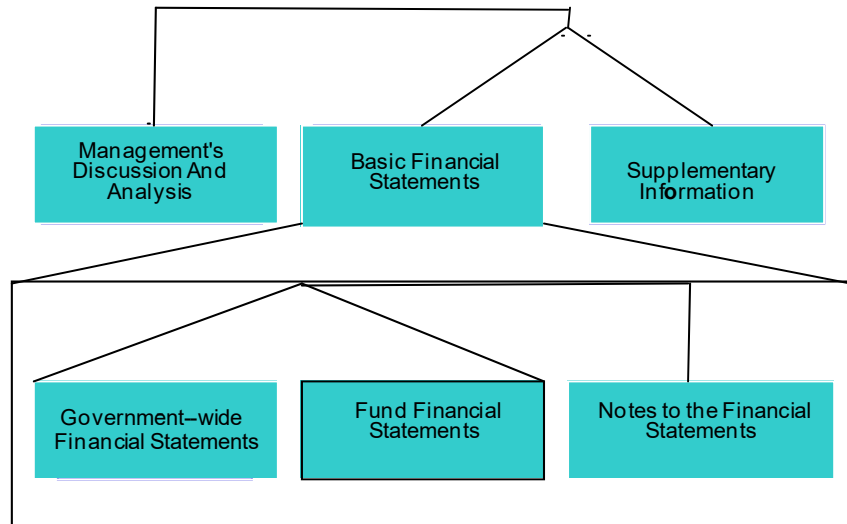
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

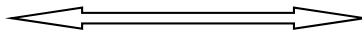
Detailed in the following diagram is how the various parts of this annual report are arranged and relate to one another.

Table 1

**Organization of the Central Colorado Water
Conservancy District's Annual Financial Report**



SUMMARY



DETAIL

Table 2 displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Table 2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District	Activities the District operates similar to private businesses
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as the condition of water projects, buildings and equipment.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

The statement of activities presents information showing how the government'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 are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District's basic services.

The basic government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental funds:* The District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains five individual governmental funds. Included in the required supplementary information section is budget-to-actual information for the general and two major special revenue funds.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

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 an enterprise fund to account for its business-type activities in the Ground Water Subdistrict of Central Colorado Water Conservancy District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-37 of this report.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Financial Analysis of the District as a Whole

Net position and Changes in Net position

The District's combined net position was larger on December 31, 2018, than it was the year before, increasing 7% to \$65,810,285. Table 3 provides a summary of the District's net position at December 31, 2018.

**Table 3
Condensed Statement of Net Position**

	2018			2017
	Governmental Activities	Business-type Activities	Totals	RESTATED Totals
Assets				
Current assets	\$ 53,918,070	\$ 3,675,599	\$ 57,593,669	\$ 60,402,882
Capital assets, net	83,426,106	6,397,666	89,823,772	72,326,238
Total assets	137,344,176	10,073,265	147,417,441	132,729,120
Deferred outflows of resources				
Deferred outflows of resources related to pensions	302,061	-	302,061	589,115
Liabilities				
Current liabilities	4,872,980	691,391	5,564,371	5,337,895
Long-term liabilities	54,800,972	5,339,185	60,140,157	55,449,027
Total liabilities	59,673,952	6,030,576	65,704,528	60,786,922
Deferred inflows of resources				
Deferred inflows of resources related to pensions	326,633	-	326,633	5,726
Unearned revenue - property taxes	15,589,947	288,109	15,878,056	11,251,493
Total deferred inflows of resources	15,916,580	288,109	16,204,689	11,257,219
Net position				
Net investment in capital assets	41,249,364	568,524	41,817,888	29,676,830
Restricted	20,764,455	-	20,764,455	24,182,978
Unrestricted	41,886	3,186,056	3,227,942	7,414,376
Total net position at December 31,	\$ 62,055,705	\$ 3,754,580	\$ 65,810,285	\$ 61,274,184

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Table 4 provides a summary of the changes in net position.

**Table 4
Changes in Net Position from Operating Results**

	2018			2017
	Governmental Activities	Business-type Activities	Totals	RESTATED Totals
Revenues				
Program revenues				
Charges for services	\$ 1,594,590	\$ 2,310,420	\$ 3,905,010	\$ 5,049,774
Capital grants and contributions		-	-	43,423
General revenues				
Taxes	11,927,334	225,939	12,153,273	10,373,431
Earnings on investments	692,947	48,843	741,790	405,687
Insurance Proceeds	70,845	-	70,845	2,355,104
Other	772,545	543,181	1,315,726	1,067,268
Transfers	-	-	-	-
Total revenues	15,058,261	3,128,383	18,186,644	19,294,687
Expenses				
Personnel	1,843,566		1,843,566	943,630
Travel	22,266		22,266	17,281
Maintenance	1,273,877		1,273,877	1,726,094
Supplies	263,088		263,088	135,116
Professional fees	1,262,771		1,262,771	1,490,648
Business meals	14,409		14,409	13,070
Water Purchases	1,661,010		1,661,010	1,497,986
Utilities	94,829		94,829	198,673
Augmentation Plan	85,034		85,034	161,444
Other	757,703		757,703	493,625
Interest	1,615,519		1,615,519	1,657,579
Water enterprise	2,266,554		2,266,554	2,461,259
Total expenses	11,160,626		11,160,626	10,796,405
Increase in net position	\$ 3,897,635	\$ 3,128,383	\$ 7,026,018	\$ 8,498,282

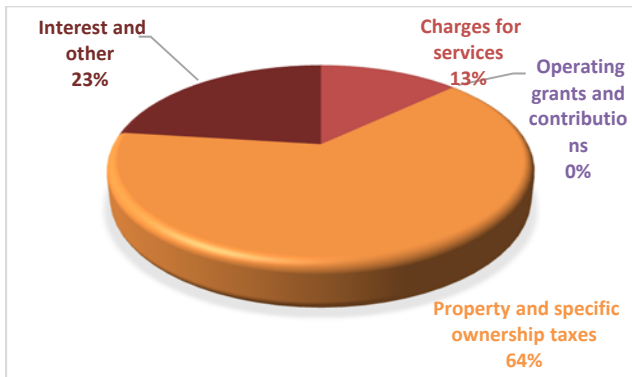
**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Detailed below in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the District.

Table 5

Sources of Revenues (including the Subdistricts)

2017 District Revenues



2018 District Revenues

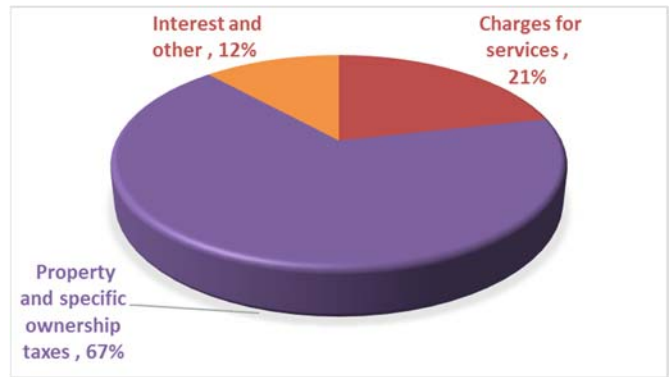
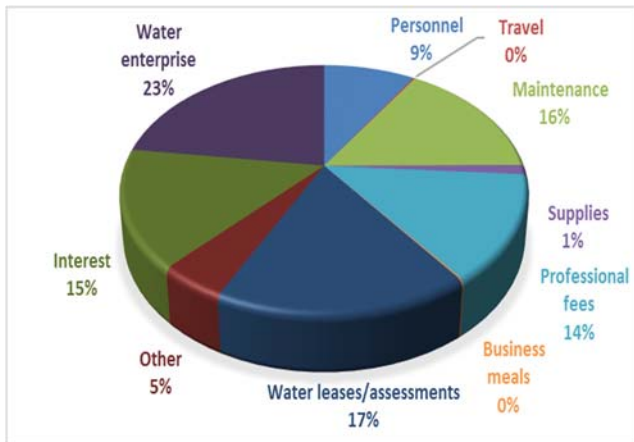


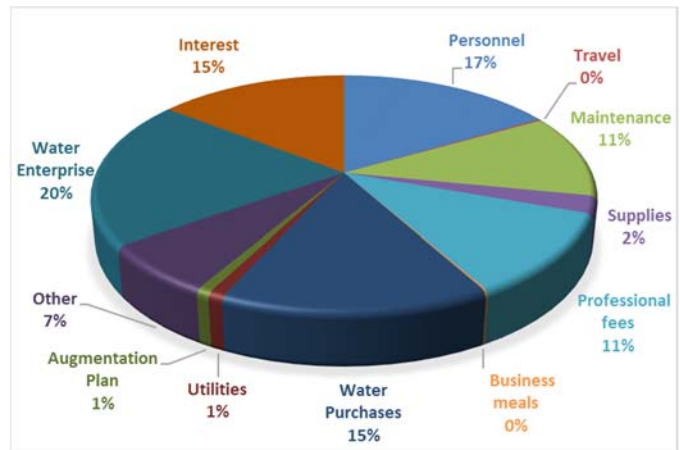
Table 6

Expenses (including the Subdistricts)

2017 District Expenses



2018 District Expenses



**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Governmental Activities

The governmental funds monitor cash resources and expenditures.

Table 7 reflects the program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Personnel	\$ 1,843,566	\$ (1,843,566)
Travel	22,266	(22,266)
Maintenance	1,273,877	(1,273,877)
Supplies	263,088	(263,088)
Professional fees	1,262,771	(1,262,771)
Business meals	14,409	(14,409)
Water Purchases	1,661,010	(66,420)
Utilities	94,829	(94,829)
Augmentation Plan	85,034	(85,034)
Other	757,703	(757,703)
Interest	1,615,519	(1,615,519)
Total	\$ 8,894,072	\$ (7,299,482)

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Financial Analysis of District's Funds

General Fund

The general fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration, water quality, and gravel pit reservoirs. The general fund also provides for such other items as insurance, utilities, and other costs the District incurs. The primary funding source for the general fund is taxation of real property. The primary projects or program efforts for establishing needed funding during 2018 were:

1. Salaries and benefits for all existing full-time personnel of the District.
2. Normal operational costs of the District.
3. Maintenance of the gravel pit reservoirs.
4. Water quality projects.
5. Public outreach and education

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements.

Long-Term Debt

At year-end, the District, WAS and GMS had \$31,146,375 in outstanding loans from the Colorado Water Conservation Board ("CWCB"), and a general obligation bond outstanding of \$25,807,771. The total debt of the combined districts increased by \$206,941, as shown in Table 9. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

**Table 9
Outstanding Long-Term Debt**

	Total District		% of Change 2017-2018
	2018	2017	
Governmental Activities:			
CWCB loans	\$ 31,146,375	\$ 28,866,402	7.9%
General obligation bonds	25,807,771	27,880,803	-7.4%
	<u>\$ 56,954,146</u>	<u>\$ 56,747,205</u>	

Colorado Revised Statute 37-5-102 (2)(a)(I), states that a water conservancy district shall have a limit of bonded indebtedness determined by a specific formula. The District's outstanding debt is below this limit.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

Central Colorado Water Conservancy's District's 2019 budget provides for property tax revenue of \$6,052,230 (based on an assessed valuation for the District of \$3,930,019,544 and a mill levy of 1.540 mills) with budget expenditures of \$11,947,915. The property taxes together with fund balance carryover and the remainder of the \$30,000,000 in bond funds will cover budgeted expenditures.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2018**

Ground Water Management Subdistrict of Central Colorado Water Conservancy District's 2019 budget provides for property tax revenue of \$7,524,047 (based on an assessed valuation for the District of \$2,747,006,018 and a mill levy of 2.739 mills) with budget expenditures of \$53,017,000. The property taxes together with fund balance carryover and a bond issue for construction will cover budgeted expenditures.

Well Augmentation Subdistrict of Central Colorado Water Conservancy District's 2019 budget provides for property tax revenue of \$2,302,411 (based on an assessed valuation for the District of \$255,795,007 and a mill levy of 9.001 mills) with budget expenditures of \$9,119,350. The property taxes together with fund balance carryover and a new CWCB construction loan will cover budgeted expenditures.

Contacting the District's Financial Management

This financial report is designed to provide the District's taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Central Colorado Water Conservancy District at 3209 West 28th Street, Greeley, Colorado 80634.

BASIC FINANCIAL STATEMENTS

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 30,492,733	\$ 2,970,275	\$ 33,463,008
Receivables	15,864,284	415,750	16,280,034
Deposits	25,000	-	25,000
Internal balances	15,993	(15,993)	-
Prepaid items	180,251	305,567	485,818
Other	61,305	-	61,305
Cash and investments-restricted	7,278,504	-	7,278,504
Capital assets, not being depreciated	41,773,579	863,650	42,637,229
Capital assets, net of accumulated depreciation	41,652,527	5,534,016	47,186,543
Total assets	<u>137,344,176</u>	<u>10,073,265</u>	<u>147,417,441</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB/pensions	<u>302,061</u>	<u>-</u>	<u>302,061</u>
LIABILITIES			
Accounts payable	586,502	72,392	658,894
Accrued interest payable	314,662	129,042	443,704
Retainage payable	-	-	-
Noncurrent liabilities			
Net pension and OPEB liability	1,818,642	-	1,818,642
Due within one year	2,153,174	489,957	2,643,131
Due in more than one year	54,800,972	5,339,185	60,140,157
Total liabilities	<u>59,673,952</u>	<u>6,030,576</u>	<u>65,704,528</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB/pensions	326,633	-	326,633
Unavailable revenue-property taxes	15,589,947	288,109	15,878,056
Total deferred inflows of resources	<u>15,916,580</u>	<u>288,109</u>	<u>16,204,689</u>
NET POSITION			
Net investment in capital assets	41,249,364	568,524	41,817,888
Restricted	20,764,455	-	20,764,455
Unrestricted	41,886	3,186,056	3,227,942
Total net position	<u>\$ 62,055,705</u>	<u>\$ 3,754,580</u>	<u>\$ 65,810,285</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:						
Personnel	\$ 1,843,566	\$ -	\$ -	\$ (1,843,566)	\$ -	\$ (1,843,566)
Travel	22,266	-	-	(22,266)	-	(22,266)
Maintenance	1,273,877	-	-	(1,273,877)	-	(1,273,877)
Supplies	263,088	-	-	(263,088)	-	(263,088)
Professional	1,262,771	-	-	(1,262,771)	-	(1,262,771)
Business meals	14,409	-	-	(14,409)	-	(14,409)
Water purchases	1,661,010	1,594,590	-	(66,420)	-	(66,420)
Utilities	94,829	-	-	(94,829)	-	(94,829)
Augmentation plan	85,034	-	-	(85,034)	-	(85,034)
Other	757,703	-	-	(757,703)	-	(757,703)
Interest on long-term debt	1,615,519	-	-	(1,615,519)	-	(1,615,519)
Total governmental activities	<u>8,894,072</u>	<u>1,594,590</u>	<u>-</u>	<u>(7,299,482)</u>	<u>-</u>	<u>(7,299,482)</u>
Business-type activities						
Water Enterprise Fund-District	502,459	340,129	-	-	(162,330)	(162,330)
Water Enterprise Fund-WAS	-	61,771	-	-	61,771	61,771
Water Enterprise Fund-GMS	1,764,095	1,908,520	-	-	144,425	144,425
Total business-type activities	<u>2,266,554</u>	<u>2,310,420</u>	<u>-</u>	<u>-</u>	<u>43,866</u>	<u>43,866</u>
 Total primary government	<u>\$ 11,160,626</u>	<u>\$ 3,905,010</u>	<u>\$ -</u>	<u>(7,299,482)</u>	<u>43,866</u>	<u>(7,255,616)</u>

General revenues:			
Taxes	11,927,334	225,939	12,153,273
Investment earnings	692,947	48,843	741,790
Insurance proceeds	70,845	-	70,845
Other	772,545	543,181	1,315,726
Total general revenues	<u>13,463,671</u>	<u>817,963</u>	<u>14,281,634</u>
Change in net position	6,164,189	861,829	7,026,018
Net position - Beginning of year as previously stated	56,026,329	2,892,751	58,919,080
Cumulative effect of change in accounting principle-OPEB	(134,813)	-	(134,813)
Restated net position - Beginning of year	<u>55,891,516</u>	<u>2,892,751</u>	<u>58,784,267</u>
Net position - Ending	<u>\$ 62,055,705</u>	<u>\$ 3,754,580</u>	<u>\$65,810,285</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	<u>General District</u>	<u>Special Revenue</u>	
		<u>WAS</u>	<u>GMS</u>
ASSETS			
Cash and investments	\$ 5,124,894	\$ 2,711,060	\$ 3,342,562
Cash and investments-restricted	6,178,900	-	-
Accounts receivable	60,888	203,373	10,075
Deposits	-	-	25,000
Due from other funds	146,593	107,523	60,110
Other	61,003	151	151
Property taxes receivable	2,014,407	639,736	1,361,315
Prepaid expenses	8,841	166,221	5,189
Total assets	<u>\$13,595,526</u>	<u>\$ 3,828,064</u>	<u>\$ 4,804,402</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 546,881	20,109	\$ 19,512
Due to other funds	-	-	42,299
Total liabilities	<u>546,881</u>	<u>20,109</u>	<u>61,811</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable grant revenues	50,587	202,350	-
Unavailable revenue-property taxes and assessments	2,014,407	639,736	1,361,315
Total deferred inflows of resources	<u>2,064,994</u>	<u>842,086</u>	<u>1,361,315</u>
FUND BALANCES			
Nonspendable			
Prepaid expenses	8,841	5,189	5,189
Restricted			
Emergency reserves	527,881	39,343	39,343
Debt service	-	-	-
Assigned			
Subdistricts	-	2,921,337	3,336,744
Unassigned	10,446,929	-	-
Total fund balances	<u>10,983,651</u>	<u>2,965,869</u>	<u>3,381,276</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$13,595,526</u>	<u>\$ 3,828,064</u>	<u>\$ 4,804,402</u>

<u>District</u>	<u>Debt Service Fund</u>		<u>Total Governmental Funds</u>
	<u>WAS</u>	<u>GMS</u>	
\$ 13,171,360	\$ 6,132,909	\$ 9,948	\$ 30,492,733
-	570,832	528,772	7,278,504
-	-	-	274,336
-	-	-	25,000
-	-	-	314,226
-	-	-	61,305
3,898,616	1,662,675	6,013,199	15,589,948
-	-	-	180,251
<u>\$17,069,976</u>	<u>\$ 8,366,416</u>	<u>\$ 6,551,919</u>	<u>\$ 54,216,303</u>
\$ -	\$ -	\$ -	\$ 586,502
133,046	66,622	56,266	298,233
<u>133,046</u>	<u>66,622</u>	<u>56,266</u>	<u>884,735</u>
-	-	-	252,937
3,898,615	1,662,675	6,013,199	15,589,947
<u>3,898,615</u>	<u>1,662,675</u>	<u>6,013,199</u>	<u>15,842,884</u>
-	-	-	19,219
-	-	-	606,567
13,038,315	6,637,119	482,454	20,157,888
-	-	-	6,258,081
-	-	-	10,446,929
<u>13,038,315</u>	<u>6,637,119</u>	<u>482,454</u>	<u>37,488,684</u>
<u>\$17,069,976</u>	<u>\$ 8,366,416</u>	<u>\$ 6,551,919</u>	<u>\$ 54,216,303</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2018**

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

Total fund balance - Total governmental funds	\$ 37,488,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	83,426,106
The proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to their participation in the Colorado Public Employees' Retirement Association is not recorded in governmental funds but is recorded in the statement of net position.	(1,706,351)
The proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to their participation in the Colorado Public Employees' Retirement Association is not recorded in governmental funds but is recorded in the statement of net position.	(136,863)
A portion of the receivables related to federal grants are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are not recognized as revenue in the governmental funds.	252,937
Accrued interest payable is not included in the funds.	(314,662)
Noncurrent liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(56,954,146)</u>
Net position of governmental activities	<u><u>\$ 62,055,705</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	General District	Special Revenue	
		WAS	GMS
REVENUES			
Taxes	\$ 2,262,072	\$ 964,910	\$ 1,226,158
Water assessments	-	1,594,590	-
Investment income	214,183	51,101	60,081
Miscellaneous	584,729	81,430	106,386
Total revenues	<u>3,060,984</u>	<u>2,692,031</u>	<u>1,392,625</u>
EXPENDITURES			
Current			
Operating expenses	2,536,906	1,543,067	1,213,075
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	15,059,117	63,034	98,348
Total expenditures	<u>17,596,023</u>	<u>1,606,101</u>	<u>1,311,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,535,039)</u>	<u>1,085,930</u>	<u>81,202</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	5,334	5,334	5,334
Insurance recoveries	23,615	23,615	23,615
Proceeds from the issuance of debt	9,572,076	-	-
Total other financing sources (uses)	<u>9,601,025</u>	<u>28,949</u>	<u>28,949</u>
NET CHANGE IN FUND BALANCES	(4,934,014)	1,114,879	110,151
FUND BALANCES - BEGINNING OF YEAR	<u>15,917,665</u>	<u>1,850,990</u>	<u>3,271,125</u>
FUND BALANCES - END OF YEAR	<u>\$10,983,651</u>	<u>\$ 2,965,869</u>	<u>\$ 3,381,276</u>

District	Debt Service Fund		Total Governmental Funds
	WAS	GMS	
\$ 3,896,357	\$ 1,956,653	\$ 1,621,184	\$ 11,927,334
-	-	-	1,594,590
228,744	108,662	30,176	692,947
-	-	-	772,545
<u>4,125,101</u>	<u>2,065,315</u>	<u>1,651,360</u>	<u>14,987,416</u>
58,488	29,398	24,317	5,405,251
1,000,000	446,699	8,138,583	9,585,282
965,112	338,087	402,183	1,705,382
-	-	-	15,220,499
<u>2,023,600</u>	<u>814,184</u>	<u>8,565,083</u>	<u>31,916,414</u>
<u>2,101,501</u>	<u>1,251,131</u>	<u>(6,913,723)</u>	<u>(16,928,998)</u>
-	-	-	16,002
-	-	-	70,845
-	-	-	9,572,076
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,658,923</u>
2,101,501	1,251,131	(6,913,723)	(7,270,075)
<u>10,936,814</u>	<u>5,385,988</u>	<u>7,396,177</u>	<u>44,758,759</u>
<u>\$13,038,315</u>	<u>\$ 6,637,119</u>	<u>\$ 482,454</u>	<u>\$ 37,488,684</u>

These financials statements should be read only in connection with the accompanying notes to financial statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2018**

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

Net change in fund balances - Total governmental funds \$ (7,270,075)

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 net of depreciation expense. This is the amount by which capital outlay exceeded depreciation and loss on disposal of assets in the current period.

Capital outlay	15,220,499
Depreciation	(921,847)
Loss on disposal of assets	(154,732)
Proceeds from sale of assets	(16,002)

Changes in the District's proportionate share of the net pension liability, deferred inflows and outflows of resources related to the Colorado Public Employees' Retirement Association for the current year are not reported in governmental funds but are reported in the Statement of Net Position (665,228)

Changes in the District's proportionate share of the net OPEB liability, deferred inflows and outflows of resources related to the Colorado Public Employees' Retirement Association for the current year are not reported in governmental funds but are reported in the Statement of Net Position (2,050)

Certain expenses, such as interest expense and compensated absences, reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds 79,690

The issuance of long-term debt (e.g. capital leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from the issuance of debt	(9,572,076)
Accrual of loan fees related to CWCB loans	(119,272)
Principal payments made	<u>9,585,282</u>

Change in net position of governmental activities \$ 6,164,189

These financials statements should be read only in connection with
the accompanying notes to financial statements.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2018

	Business-Type Activities Water Enterprise Fund			
	District	WAS	GMS	Total
ASSETS				
Current assets				
Cash and investments	\$ 1,646,413	\$ 125,785	\$ 1,198,077	\$ 2,970,275
Receivables	-	-	127,641	127,641
Property taxes receivable	138,576	-	149,533	288,109
Due from other funds	54,100	-	-	54,100
Prepaid items	-	-	305,567	305,567
Total current assets	<u>1,839,089</u>	<u>125,785</u>	<u>1,780,818</u>	<u>3,745,692</u>
Noncurrent assets				
Capital assets, not being depreciated	-	-	863,650	863,650
Capital assets, net of accumulated depreciation	59,108	-	5,474,908	5,534,016
Total noncurrent assets	<u>59,108</u>	<u>-</u>	<u>6,338,558</u>	<u>6,397,666</u>
 Total assets	 <u>1,898,197</u>	 <u>125,785</u>	 <u>8,119,376</u>	 <u>10,143,358</u>
LIABILITIES				
Current liabilities				
Accounts payable	71,841	-	551	72,392
Accrued interest payable	-	-	129,042	129,042
Due to other funds	-	-	70,093	70,093
Current portion of capital lease payable	-	-	489,957	489,957
Total current liabilities	<u>71,841</u>	<u>-</u>	<u>689,643</u>	<u>761,484</u>
Noncurrent liabilities				
Capital lease payable	-	-	5,339,185	5,339,185
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>5,339,185</u>	<u>5,339,185</u>
 Total liabilities	 <u>71,841</u>	 <u>-</u>	 <u>6,028,828</u>	 <u>6,100,669</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	138,576	-	149,533	288,109
Total deferred inflows of resources	<u>138,576</u>	<u>-</u>	<u>149,533</u>	<u>288,109</u>
NET POSITION				
Net investment in capital assets	59,108	-	509,416	568,524
Unrestricted	1,628,672	125,785	1,431,599	3,186,056
Total net position	<u>\$ 1,687,780</u>	<u>\$ 125,785</u>	<u>\$ 1,941,015</u>	<u>\$ 3,754,580</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
December 31, 2018

	Business-Type Activities Water Enterprise Fund			Total
	District	WAS	GMS	
OPERATING REVENUES				
Water assessments	\$ 340,129	\$ 61,771	\$ 1,753,572	\$ 2,155,472
Water lease revenue	-	-	154,948	154,948
Miscellaneous	-	-	543,181	543,181
Total operating revenues	<u>340,129</u>	<u>61,771</u>	<u>2,451,701</u>	<u>2,853,601</u>
OPERATING EXPENSES				
General Government	2,141	-	-	2,141
Professional fees	346,734	-	-	346,734
Operating expenses	148,792	-	1,496,842	1,645,634
Depreciation expense	4,792	-	80,003	84,795
Total operating expenses	<u>502,459</u>	<u>-</u>	<u>1,576,845</u>	<u>2,079,304</u>
OPERATING INCOME (LOSS)	<u>(162,330)</u>	<u>61,771</u>	<u>874,856</u>	<u>774,297</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	15,895	1,703	31,245	48,843
Property taxes	115,173	-	110,766	225,939
Interest expense	-	-	(187,250)	(187,250)
Total nonoperating revenues (expenses)	<u>131,068</u>	<u>1,703</u>	<u>(45,239)</u>	<u>87,532</u>
CHANGE IN NET POSITION	<u>(31,262)</u>	<u>63,474</u>	<u>829,617</u>	<u>861,829</u>
NET POSITION - BEGINNING OF YEAR	1,719,042	62,311	1,111,398	2,892,751
NET POSITION - END OF YEAR	<u>\$ 1,687,780</u>	<u>\$ 125,785</u>	<u>\$ 1,941,015</u>	<u>\$ 3,754,580</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF CASHFLOWS
PROPRIETARY FUND
December 31, 2018

	Business-Type Activities Water Enterprise Fund			
	District	WAS	GMS	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 706,716	\$ 124,082	\$ 2,377,167	\$ 3,207,965
Cash received from property taxes	115,706	-	110,766	226,472
Cash paid to suppliers	(147,969)	-	(1,401,543)	(1,549,512)
Cash paid to employees	(346,734)	-	(355,397)	(702,131)
Net cash flows provided by operating activities	<u>327,719</u>	<u>124,082</u>	<u>730,993</u>	<u>1,182,794</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	<u>15,895</u>	<u>1,703</u>	<u>31,245</u>	<u>48,843</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital leases	-	-	5,000	5,000
Acquisition of capital assets	(63,900)	-	-	(63,900)
Principal paid on capital debt	-	-	(601,080)	(601,080)
Interest paid on capital debt	-	-	(81,759)	(81,759)
Net cash flows used by capital and related financing activities	<u>(63,900)</u>	<u>-</u>	<u>(677,839)</u>	<u>(741,739)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	279,714	125,785	84,399	489,898
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	1,366,699	-	1,113,678	2,480,377
CASH AND CASH EQUIVALENTS END OF THE YEAR	<u>\$ 1,646,413</u>	<u>\$ 125,785</u>	<u>\$ 1,198,077</u>	<u>\$ 2,970,275</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (162,330)	\$ 61,771	\$ 874,856	\$ 774,297
Adjustments to reconcile operating income to net cash flows from operating income (loss)				
Depreciation	4,792	-	80,003	84,795
Related to the pension liability	-	-	(355,397)	(355,397)
Property taxes	115,173	-	110,766	225,939
Changes in assets and liabilities				
Receivables	367,121	-	(74,534)	292,587
Due from other funds	(68,055)	62,311	131,734	125,990
Prepaid expenses	-	-	1	1
Accounts payable	71,018	-	(36,436)	34,582
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 327,719</u>	<u>\$ 124,082</u>	<u>\$ 730,993</u>	<u>\$ 1,182,794</u>
NONCASH TRANSACTIONS				
Capital assets acquired through capital lease	\$ -	\$ -	\$ 3,210,514	\$ 3,210,514
Amounts related to pension liability	-	-	355,397	355,397

These financial statements should be read only in connection with the accompanying notes to financial statements.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Organization

On September 15, 1965, pursuant to the applicable provisions of the “Water Conservancy Act” of the State of Colorado, the District Court in and for Weld County, Colorado, approved the creation and establishment of a water conservancy district to be known as Central Colorado Water Conservancy District, (The “District”). The principal purpose of the District is to provide for the conservation of the water resources of the State of Colorado for the greatest beneficial use of water within this state and the territory within the District.

Reporting Entity

In evaluating how to define the governmental entity, the District has considered all potential component units. The decision to include or exclude a potential unit was made by applying the criteria defined by Governmental Accounting Standards Board (GASB) Statement No. 14 and Governmental Accounting Standard Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus”. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

Based on this criteria, there are two organizations that are considered blended component units of the District, Well Augmentation Subdistrict of Central Colorado Water Conservancy District (“WAS”) and Ground Water Management Subdistrict of Central Colorado Water Conservancy District (“GMS”).

Blended Component Units

WAS was established to conserve the water resources of the State of Colorado for the greatest beneficial use of water within this state to develop a plan of augmentation, which will replace the depletion of the river caused by underground water users in the South Platte River Basin. The fifteen-member Board of Directors is the same as the District’s. The District and the Subdistrict have the same management.

WAS has two governmental funds, the General Fund and Debt Service Fund and one proprietary enterprise fund, the Water Enterprise Fund. The General Fund of WAS is presented as a major special revenue fund of the District, and the Debt Service and Water Enterprise funds are presented pursuant to their function. Separate financial statements of WAS are available from the District’s office.

GMS was established to develop a plan of augmentation, which will replace the depletion of the river caused by underground water users in the South Platte River Basin.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units (Continued)

The fifteen-member Board of Directors is the same as the District's. The District and the Subdistrict have the same management.

GMS has two governmental funds: the General Fund and Debt Service Fund, and one proprietary enterprise fund, the Water Enterprise Fund. The General Fund of GMS is presented as a major special revenue fund of the District, and the Debt Service and Water Enterprise funds are presented pursuant to their function. Separate financial statements of GMS are available from the District's office.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Any fiduciary activities of the District are not included in these statements. For the most part, the effect of interfund activity has been removed from all these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, 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 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: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District does not have any nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resource, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 33, *Accounting and Financial Reporting for Non exchange Transactions*, (“GASB No. 33”) the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Governmental funds are used to account for all or most of a government’s general activities. The following are the District’s major governmental funds:

The *General Fund* is the District’s primary operating fund. It accounts for all the financial resources of the District, except those required to be accounted for in another fund.

WAS Special Revenue Fund- The General Fund of WAS is reported as a special revenue fund of the District. It accounts for all the financial resources of WAS, except for those accounted for in the WAS Debt Service Fund and the WAS Water Enterprise Fund.

GMS Special Revenue Fund- The General Fund of GMS is reported as a special revenue fund of the District. It accounts for all the financial resources of GMS, except for those accounted for in the GMS Debt Service Fund and the GMS Water Enterprise Fund.

The *Debt Service Fund* is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

WAS Debt Service Fund- The Debt Service Fund of WAS is used to account for the resources accumulated and payments for principal and interest on the long-term debt of its governmental funds.

GMS Debt Service Fund- The Debt Service Fund of GMS is used to account for the resources accumulated and payments for principal and interest on the long-term debt of its governmental funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

An *enterprise fund* is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's major enterprise funds are the Water Enterprise Fund, the WAS Water Enterprise Fund and the GMS Water Enterprise Fund. These funds account for the financial transactions related to the water enterprise operations of the District, WAS and GMS.

Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the District staff submits to the Board of Directors (the "Board"), a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The District legally adopts budgets for all the funds. Budgets for the governmental and enterprise funds are adopted on a basis consistent with GAAP, except that for the enterprise funds, purchases of capital assets and the payment of principal on debt are budgeted as expenditures.

Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

For the year ended December 31, 2018, the GMS Water Enterprise Funds incurred expenditures which exceeded the final approved appropriations, due to capital outlay purchased through debt proceeds. This maybe a violation of Colorado State Statutes.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District has defined Cash and cash equivalents to include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2018. Property taxes levied on December 31, 2018 are identified as property taxes receivable and deferred inflows of resources.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position and, classified as due from other funds/due to other funds on the balance sheet and proprietary statements of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items and will be reported as expenditures in the following year. Because these assets do not represent current financial resources, these amounts are shown as a nonspendable fund balance in the governmental funds.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements and on the proprietary statements of net position. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are expensed.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives for asset types are as follows:

	Estimated Lives
Well and ditch improvements	10-75 years
Office building and improvements	15-40 years
Water projects	50-100 years
Equipment and vehicles	5-25 years
Land, easements, water and construction in progress	Not depreciated

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources include certain amounts related to the District's defined benefit pension and other postemployment benefit (OPEB) plans which are to be amortized and recognized as revenue/expense in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period and certain amounts related to the District's defined benefit pension and OPEB plans which are to be amortized and recognized as revenue/expense in future periods.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay; there is no payment for sick leave upon termination.

A liability for accrued vacation and compensatory time is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity. In the fund financial statements, proceeds from debt issuances are reported as other financing sources. Payment on debt and debt costs are reported as debt service expenditures. Debt issuance costs are recognized as expenditures during the period of issuance.

Funds Balance and Net Position

In the government-wide and enterprise fund financial statements, net position is classified in the following categories:

Net Investments in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Balance and Net Position (Continued)

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position – This category represents the net positions of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the “Board”). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts. The General Fund is the only fund that would report a positive unassigned fund balance. However, in government funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. 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 the Board has provided otherwise in its commitment or assignment actions.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November. The County Treasurers' offices collect property taxes and remits to the District on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflows of resources are recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources is recognized as revenue and the receivable is reduced.

Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits and investments at December 31, 2018, follows:

Cash on hand	\$ 75
Cash deposits	1,302,149
Cash with County Treasurers	69,822
Investments	<u>39,369,466</u>
Total cash and investments	<u>\$ 40,741,512</u>
Cash and investments	\$ 33,463,008
Cash and investments-restricted	<u>7,278,504</u>
Total cash and investments	<u>\$ 40,741,512</u>

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The Colorado Public Deposit Protection Act (PDPA), governs the investment of public funds. PDPA requires that all units of local government 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 financial institution is allowed to create a single collateral pool for all public funds held.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2018, the District had deposits with a financial institution with a carrying amount of \$1,302,149. The bank balance with the financial institution was \$1,313,635. At December 31, 2018, of the District's deposits \$667,053 was covered by the Federal Deposit Insurance Corporation (FDIC), \$646,582 was covered by the PDPA.

Investments:

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

Credit Risk – The District does not have a specific policy regarding credit risk, but is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

The District and Subdistricts invest funds in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”), an investment vehicle established for local government entities in Colorado to pool surplus funds (pool). At December 31, 2018, the District and Subdistricts have invested \$39,369,466. The State Securities Commissioner administers and enforces all State statutes governing the pool. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. The pool offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

A designated custodial bank serves as custodian for the pool's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the pool's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The custodian’s internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor’s.

Fair Value Hierarchy. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As COLOTRUST is valued at a net asset value, there is not an investment component to be valued under GASB Statement No. 72, *Fair Value Measurement and Application*.

Interest Rate Risk - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District has interest rate risk related to its investments in COLOTRUST. At December 31, 2018 COLOTRUST PRIME had a weighted average maturity of 29 days to reset and 79 days to final maturity.

Custodial Credit Risk – Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer.

Restricted Cash and Investments – At December 31, 2018, the District had the following restricted cash balances:

Debt service reserves-CWCB loans	\$ 1,099,604
Unexpended bond proceeds	<u>6,178,900</u>
Total Restricted Cash	<u>\$ 7,278,504</u>

NOTE 3 - INDIVIDUAL FUND INTERFUND RECEIVABLES/PAYABLES

Due to Due From Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position and as due from other funds/due to other funds on the fund statement balance sheets. Internal balances are eliminated in the statement of net position. All interfund receivables and payables are expected to be paid within the next year.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 - INDIVIDUAL FUND INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS
(CONTINUED)

As of December 31, 2018, the District had the following interfund receivables and payables:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 146,593	\$ -
Special Revenue – WAS	107,523	-
Special Revenue – GMS	60,110	42,299
Debt Service - District	-	133,046
Debt Service – WAS	-	66,622
Debt Service – GMS	-	56,266
Water Enterprise Fund – District	54,100	-
Water Enterprise Fund – District	-	70,093
	<u>\$ 368,326</u>	<u>\$ 368,326</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2018, was as follows:

	<u>Beginning</u>		<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
		<u>Deletions</u>	
Capital assets, not being depreciated:			
Perpetual easements	\$ 489,941	\$ -	\$ (12,644) \$ 477,297
Water rights	22,400,210	76,667	- 22,476,877
Land	1,203,442	2,963	- 1,206,405
Construction in progress	<u>3,394,568</u>	<u>14,865,281</u>	<u>(646,849)</u> <u>17,613,000</u>
Total capital assets, not being depreciated	<u>27,488,161</u>	<u>14,944,911</u>	<u>(659,493)</u> <u>41,773,579</u>
Capital assets, being depreciated:			
Office building and improvements	518,745	55,745	- 574,490
Water projects	45,403,320	646,849	(141,591) 45,908,578
Equipment and vehicles	<u>2,475,723</u>	<u>219,843</u>	<u>(60,554)</u> <u>2,635,012</u>
Total capital assets, being depreciated	48,397,788	922,437	(202,145) 49,118,080
Accumulated depreciation for:			
Office building and improvements	(323,036)	(18,751)	- (341,787)
Water projects	(5,109,964)	(739,613)	3,359 (5,846,218)
Equipment and vehicles	<u>(1,154,761)</u>	<u>(163,483)</u>	<u>40,696</u> <u>(1,277,548)</u>
Total accumulated depreciation	<u>(6,587,761)</u>	<u>(921,847)</u>	<u>44,055</u> <u>(7,465,553)</u>
Total capital assets, being depreciated, net	<u>41,810,027</u>	<u>590</u>	<u>(158,090)</u> <u>41,652,527</u>
Total capital assets, net	<u>\$ 69,298,188</u>	<u>\$ 14,945,501</u>	<u>\$ (817,583)</u> <u>\$ 83,426,106</u>

The 2018 depreciation expense of \$921,847 has been allocated to the maintenance activity.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 863,650	\$ -	\$ -	\$ 863,650
Total capital assets, not being depreciated	<u>863,650</u>	<u>-</u>	<u>-</u>	<u>863,650</u>
Capital assets, being depreciated:				
Water projects	2,394,899	3,274,414	-	5,669,313
Total capital assets, being depreciated	<u>2,394,899</u>	<u>3,274,414</u>	<u>-</u>	<u>5,669,313</u>
Accumulated depreciation for:				
Water projects	(50,502)	(84,795)	-	(135,297)
Total capital assets, being depreciated, net	<u>2,344,397</u>	<u>3,189,619</u>	<u>-</u>	<u>5,534,016</u>
Total capital assets, net	<u>\$ 3,208,047</u>	<u>\$3,189,619</u>	<u>\$ -</u>	<u>\$ 6,397,666</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2018:

Governmental Activities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2013 general obligation bond	\$ 25,950,000	\$ -	\$ 1,000,000	\$ 24,950,000	\$ 1,020,000
Bond premium	906,787	-	49,016	857,771	-
2013 CWCB construction loan	1,651,905	-	42,338	1,609,567	43,079
2010 CWCB loan	12,367,162	-	404,361	11,962,801	414,471
2004 CWCB loan	10,406,843	-	5,046,510	5,360,333	666,456
2005 CWCB loan	3,092,073	-	3,092,073	-	-
2015 CWCB loan	2,355,104	9,572,076	-	11,927,180	-
Accrued interest on 2015 loan	-	139,718	-	139,718	-
Accrued loan fee on 2015 loan	-	119,272	-	119,272	-
Accrued compensated absences	17,331	65,106	54,933	27,504	9,168
Total	<u>\$ 56,747,205</u>	<u>\$ 9,896,172</u>	<u>\$ 9,689,231</u>	<u>\$ 56,954,146</u>	<u>\$ 2,153,174</u>

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2016 capital lease	\$ 714,708	\$ -	\$ 138,942	\$ 575,766	\$ 143,942
2017 capital lease	2,500,000	-	249,522	2,250,478	212,654
2018 loan	-	<u>3,210,514</u>	<u>207,616</u>	<u>3,002,898</u>	<u>133,361</u>
Total	<u>\$ 3,214,708</u>	<u>\$ 3,210,514</u>	<u>\$ 596,080</u>	<u>\$ 5,829,142</u>	<u>\$ 489,957</u>

In 2013, the District obtained a 23 year general obligation bond for \$30,000,000. Escalating principal payments paid annually; interest payments with varying coupon rates of 1.5% to 5.0% paid semi-annually through December 1, 2036. Property taxes have been pledged for the purpose of repayment of this loan.

In 2013, the Subdistrict obtained a loan from the CWCB for \$3,030,000 with four years to draw the funds. During 2017, the loan was closed with a balance of \$1,651,905. Annual payments of \$71,246 including principal and interest at a rate of 1.75% are due annually beginning June 1, 2018. Property taxes collected have been pledged to the CWCB for the purpose of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

In 2010, WAS obtained a loan from CWCB for \$14,934,612, requiring annual payments of \$713,541 principal and interest, at 2.50%, through June 1, 2040. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

In 2004, the GMS obtained a loan from the CWCB for \$15,000,000, requiring annual payments of \$740,766, principal and interest, at 2.75%, through June 1, 2035. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years. Additional principal payments were made in 2018.

In 2005, the GMS obtained a loan from the CWCB for \$4,513,200, requiring annual payments of \$215,630, principal and interest, at 2.50%, through June 1, 2035. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. Additional principal payments were made on this loan in 2018 and the loan balance is zero at December 31, 2018.

In 2016, GMS entered into a 9 year capital lease for the purchase of water for \$1,016,100. During 2017, capital assets and debt related to this lease totaling \$152,450 were reallocated to WAS. The maturity date of the lease was also changed to May 31, 2022. Annual payments are \$143,942 including interest at a rate of 1% over the CWCB Water Project Loan Program Agricultural rate. The value of the assets under this lease are \$863,650.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

In 2015, the District obtained a loan from the CWCB for \$18,263,830. During 2017, the District began drawing on the loan to fund costs related to expansion of Chatfield Reservoir. The loan requires that annual payments of \$787,715 including principal and interest at a rate of 1.75% are due annually, for thirty years, beginning one year after substantial completion of the project. The project is not complete and the District is still drawing on the loans.

In 2017, GMS entered into a 10 year capital lease related to the purchase of water storage and settlements related to construction contracts. Annual payments are \$302,673 including interest at 4%. The value of the assets under this lease are \$2,367,000.

In 2018, GMS entered into a 20 year loan related to the purchase of water storage. Annual payments are \$215,797 including interest at 3%. The value of the assets under this lease are \$2,272,320.

The annual requirements to amortize all debt outstanding, as of December 31, 2018, are as follows. As the 2015 loan has not been completed, it is not included in this schedule.

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2019	\$ 2,144,005	\$ 1,349,160	\$ 3,493,165
2020	2,120,350	1,372,417	3,492,767
2021	2,188,559	1,302,607	3,491,166
2022	2,252,510	1,242,006	3,494,516
2023	2,327,221	1,167,695	3,494,916
2024-2028	11,257,504	4,768,743	16,026,247
2029-2033	10,704,108	2,799,707	13,503,815
2034-2038	8,924,459	923,515	9,847,974
2039-2043	1,691,045	92,428	1,783,473
2044-2047	272,940	12,044	284,984
Totals	<u>\$ 43,882,701</u>	<u>\$ 15,030,322</u>	<u>\$ 58,913,023</u>

Business-Type Activities Year Ending December 31,	Annual Maturities	Interest	Total Payment
2019	\$ 489,957	\$ 192,319	\$ 682,276
2020	494,813	182,497	677,310
2021	507,551	164,793	672,344
2022	520,759	146,619	667,378
2023	390,515	127,956	518,471
2024-2027	1,873,759	415,921	2,289,680
2028-2032	898,536	180,449	1,078,985
2033-2038	653,252	209,935	863,187
Totals	<u>\$ 5,829,142</u>	<u>\$ 1,620,489</u>	<u>\$ 7,449,631</u>

On November 6, 2012, the District's voters approved the issuance of up to \$60,000,000 of debt. At December 31, 2018, \$48,700,000 of this debt remains unissued. However, as described in Note 14 the District issued additional debt after the end of the fiscal year.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 - 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; injuries to employees; and natural disasters. The District carries commercial insurance covering specific and general risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 7 - RELATED PARTY TRANSACTIONS

As described in Note 11, the District is in the process of purchasing additional storage in the Chatfield Reservoir. A member of management is the President of the Chatfield Reservoir Mitigation Company.

The sibling of a member of management was engaged to perform contract work for the District. The amounts paid for the year ended December 31, 2018 were \$9,416.

NOTE 8 - DEFINED PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Central Colorado Conservancy District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2018. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and December 31, 2018*.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 - DEFINED PENSION PLAN (CONTINUED)

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2018: Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rates
Employer contribution rate ¹	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total employer contribution rate to the LGDTF¹	12.68%

*Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from District of Central Colorado Conservancy District were \$134,008 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District of Central Colorado Conservancy District reported a liability of \$1,667,402 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The District of Central Colorado Conservancy District proportion of the net pension liability was based on District of Central Colorado Conservancy District contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the District of Central Colorado Conservancy District proportion was .14975% percent, which was a decrease of .0031% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2018 the District of Central Colorado Conservancy District recognized pension expense of \$309,832. At December 31, 2018, the District of Central Colorado Conservancy District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 104,311	\$ -
Changes in assumptions or other inputs	17,614	-
Net Difference between projected and actual earnings	-	324,103
Changes in proportion and differences between contributions recognized and proportionate share of contributions	29,221	-
Contributions subsequent to the measurement date	134,008	-
Total	<u>\$ 285,154</u>	<u>\$ 324,103</u>

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$134,008 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018 reported in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 102,075
2020	(36,987)
2021	(117,868)
2022	(120,177)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District of Central Colorado Conservancy District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,655,629	\$ 1,667,402	\$ 843,571

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and December 31, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the District reported a liability of \$1,667,402 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the District of Central Colorado Conservancy District proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 1,179,381

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 - DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District made no contributions to the plan in for the year ended December 31, 2018 and members contributed \$1,800.

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Plan description (Continued). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Contributions(Continued). Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$10,850 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the District reported a liability of \$151,240 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was .01164 percent, which was an increase of .0004 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of \$2,050. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 715	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	2,530
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,342	-
Contributions subsequent to the measurement date	10,850	-
Total	\$ 16,907	\$ 2,530

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

\$10,850 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31, 2018:	
2019	\$ 557
2020	557
2021	558
2022	558
2023	1,190
Thereafter	107

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016. Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Sensitivity of the District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$147,068	\$151,240	\$156,240

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

Benefit payments and contributions were assumed to be made at the end of the month.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$170,029	\$151,240	\$135,182

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11- COMMITMENTS AND CONTINGENCIES

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At December 31, 2018, The District has restricted \$527,881 for this purpose.

On November 4, 2014, the voting electors of the District authorized the District to collect, retain, and expend all excess revenues and other funds collected in calendar year 2005 and in each subsequent calendar year thereafter without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law. This effectively removed all revenue and spending limits imposed by TABOR.

On November 4, 2005, the voting electors of the WAS Subdistrict authorized the Subdistrict to collect, retain, and expend all excess revenues and other funds collected in calendar year 2005 and in each subsequent calendar year thereafter without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law. This effectively removed all revenue and spending limits imposed by TABOR.

On November 6, 2013, the voting electors of the GMS Subdistrict authorized the Subdistrict to collect, retain, and expend the full amount of revenues generated from all sources without limitation or condition under Article X, Section 20 of the Colorado Constitution and as an exception to the limitations under Section 29-1-301 of the Colorado Revised Statutes and related limits. This effectively removed all revenue and spending limits imposed by TABOR. The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

The District has unexpended proceeds from the Series 2013 General Obligation Bond issue. As a result, the District will be required to compute the amount of arbitrage earned on the investment of the proceeds of bond issue. Management anticipates that no rebate penalty will be owed to the federal government.

On November 6, 2012, the District’s voters approved the issuance of up to \$60,000,000 of debt. At December 31, 2016, \$48,700,000 of this debt remains unissued.

The District received a grant from the Federal Emergency Management Agency and are in the process of closing out this grant. The District has recorded a receivable for \$252,937. The amount of expenditures which may be disallowed by the granting agency, if any, related to this receivable, cannot be determined at this time, although the management anticipates such amounts, if any, will be immaterial.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11- COMMITMENTS AND CONTINGENCIES (CONTINUED)

The District has entered into a joint venture to purchase storage in Chatfield Reservoir. The cost to complete the District's share of the project has increased to \$35,478,346. CWCB will loan additional funds on this project.

NOTE 12- NEW ACCOUNTING PRONOUNCEMENTS

In addition, the GASB has issued a pronouncement prior to December 31, 2016 that has an effective date that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 87 *Leases*. In June of 2018 the GASB issued Statement No. 87. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments by establishing a single model for lease accounting. Under this guidance, the District will be required to recognize a right-to-use lease asset and a lease liability for leases that were previously reported as operating leases. This accounting will be mirrored by the lessor. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently determining the effects of the implementation of this statement on the District's financial records.

NOTE 13 - FINANCIAL STATEMENT RESTATEMENT

For the year ended December 31, 2018, the District has implemented the provisions of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to reflect the recording of net Other Postemployment Benefits (OPEB) assets and liabilities, deferred inflows and deferred outflows, and pension expense as required under the new GASBs. The net change in beginning net position is a decrease of \$134,813.

NOTE 14 - SUBSEQUENT EVENTS

The District has certain loans related to expansion of Chatfield Reservoir. During 2019, the District made draws on these loans totaling \$8,702,412.

In April 2019, the GMS Subdistrict issued \$16.015 million in a limited tax water conservancy bond, for work at the Nissen and Bernhardt reservoirs. These bonds require varying annual payments, with principal and interest, at 5.00%, through December 1, 2029. Also, during 2019, the GMS Subdistrict entered into a loan for \$8,697,110. The Subdistrict has made draws on this loan of \$3,202,751.

During 2018, the WAS Subdistrict received a loan of \$2,367,440 for the Shores project. The Subdistrict has made draws on this loan totaling \$1,631,410 during 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property tax	\$ 1,796,039	\$ 1,797,990	\$ 1,951
Specific ownership tax	251,000	464,082	213,082
Intergovernmental	250,000	-	(250,000)
Investment income	60,000	214,183	154,183
Miscellaneous	265,000	584,729	319,729
Total revenues	<u>2,622,039</u>	<u>3,060,984</u>	<u>438,945</u>
EXPENDITURES			
Operating			
Personnel	652,010	565,111	86,899
Travel	13,050	7,930	5,120
Maintenance	2,951,500	48,559	2,902,941
Supplies	241,250	147,495	93,755
Professional	533,500	1,039,562	(506,062)
Business meals	6,000	8,339	(2,339)
Water purchases	636,000	518,555	117,445
Utilities	33,000	11,760	21,240
Other	311,000	189,595	121,405
Capital outlay	10,663,250	15,059,117	(4,395,867)
Reserve Fund	2,405,000	-	2,405,000
Total expenditures	<u>18,445,560</u>	<u>17,596,023</u>	<u>849,537</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,823,521)</u>	<u>(14,535,039)</u>	<u>1,288,482</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	-	5,334	5,334
Insurance recoveries	-	23,615	23,615
Proceeds from debt	1,650,000	9,572,076	7,922,076
Total other financing sources (uses)	<u>1,650,000</u>	<u>9,601,025</u>	<u>7,951,025</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (14,173,521)</u></u>	<u>(4,934,014)</u>	<u><u>\$ 9,239,507</u></u>
FUND BALANCE - BEGINNING OF YEAR		<u>15,917,665</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 10,983,651</u></u>	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND-WAS
Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 752,818	\$ 755,646	\$ 2,828
Specific ownership tax	63,750	209,264	145,514
Water assessments	976,000	1,594,590	618,590
Investment income	6,000	51,101	45,101
Miscellaneous	16,000	81,430	65,430
Total revenues	<u>1,814,568</u>	<u>2,692,031</u>	<u>877,463</u>
EXPENDITURES			
Operating			
Personnel	360,505	300,438	60,067
Travel	8,050	7,315	735
Maintenance	114,500	57,461	57,039
Supplies	57,500	53,699	3,801
Professional	212,750	154,127	58,623
Business meals	4,000	3,035	965
Water purchases	1,101,360	716,242	385,118
Utilities	108,000	41,263	66,737
Augmentation plan	137,500	85,034	52,466
Other	177,000	124,453	52,547
Debt service	345,000	-	345,000
Capital outlay	2,768,350	63,034	2,705,316
Total expenditures	<u>5,394,515</u>	<u>1,606,101</u>	<u>3,788,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,579,947)</u>	<u>1,085,930</u>	<u>4,665,877</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	-	5,334	5,334
Insurance recoveries	-	23,615	23,615
Proceeds from the issuance of debt	2,343,200	-	(2,343,200)
Total other financing sources (uses)	<u>2,343,200</u>	<u>28,949</u>	<u>(2,314,251)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,236,747)</u>	1,114,879	<u>\$ 2,351,626</u>
FUND BALANCE - BEGINNING OF YEAR		<u>1,850,990</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,965,869</u>	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND-GMS
Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 1,008,436	\$ 1,009,779	\$ 1,343
Specific ownership tax	105,750	216,379	110,629
Investment income	10,000	60,081	50,081
Miscellaneous	80,000	106,386	26,386
Total revenues	<u>1,204,186</u>	<u>1,392,625</u>	<u>188,439</u>
EXPENDITURES			
Operating			
Personnel	360,505	300,566	59,939
Travel	13,050	7,021	6,029
Maintenance	261,500	91,278	170,222
Supplies	44,500	61,894	(17,394)
Professional	179,750	69,082	110,668
Business meals	4,000	3,035	965
Water purchases	435,000	426,213	8,787
Utilities	129,500	41,806	87,694
Other	526,800	212,180	314,620
Capital outlay	941,650	98,348	843,302
Total expenditures	<u>2,896,255</u>	<u>1,311,423</u>	<u>1,584,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,692,069)</u>	<u>81,202</u>	<u>1,773,271</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	-	5,334	5,334
Insurance recoveries	-	23,615	23,615
Total other financing sources (uses)	<u>-</u>	<u>28,949</u>	<u>28,949</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,692,069)</u>	110,151	<u>\$ 1,802,220</u>
FUND BALANCE - BEGINNING OF YEAR		<u>3,271,125</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,381,276</u>	

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2018

Measurement period ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion (percentage) of the collective net pension liability	.14975%	0.1466%	0.13683%	0.13706%	0.13645%
District's proportionate share of the collective net pension liability	\$ 1,667,402	\$1,979,909	\$ 1,507,330	\$ 1,228,459	\$ 1,028,012
Covered-employee payroll	1,062,675	1,008,602	766,496	743,023	736,380
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.91%	196.30%	196.65%	165.33%	139.60%
Plan fiduciary net pension as a percentage of the total pension liability	79.37%	73.6%	76.9%	80.70%	77.66%

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PENSION LIABILITY
DECEMBER 31, 2018

Reporting period ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 134,008	\$ 127,063	\$ 109,477	\$ 98,537	\$ 95,229	\$ 92,306
Contributions in relation to the statutorily required contributions	<u>134,008</u>	<u>127,063</u>	<u>109,477</u>	<u>98,537</u>	<u>95,229</u>	<u>92,306</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$1,062,675	\$1,008,602	\$ 757,275	\$ 766,496	\$ 743,023	\$ 736,380
Contribution as a percentage of covered of employee payroll	12.61%	12.59%	14.45%(a)	12.86%	12.82%	12.54%

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

(a)As the result of a review of contributions, the District determined that certain deductions from employee's pay were not excluded from PERA compensation and other stipends should have been included in PERA compensation. These contribution differences from a prior year were corrected in 2016.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
DECEMBER 31, 2018

Measurement period ending December 31,	<u>2017</u>
District's proportion (percentage) of the collective net OPEB liability	.1164%
District's proportionate share of the collective net pension liability	\$ 151,240
Covered-employee payroll	1,062,675
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.23%
Plan fiduciary net pension as a percentage of the total pension liability	17.53%

*Fiscal year 2018 was the first year of implementation, therefore only available years are shown.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
OPEB LIABILITY
DECEMBER 31, 2018

Reporting period ending December 31,	<u>2018</u>	<u>2017</u>
Statutorily required contributions	\$ 10,850	\$ 11,115
Contributions in relation to the statutorily required contributions	<u>10,850</u>	<u>11,115</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$1,062,675	\$1,008,602
Contribution as a percentage of covered of employee payroll	1.02%	1.10%

*Fiscal year 2018 was the first year of implementation, therefore only available years are shown.

OTHER SUPPLEMENTARY INFORMATION

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 3,899,660	\$ 3,896,357	\$ (3,303)
Investment income	30,000	228,744	198,744
Total revenues	3,929,660	4,125,101	195,441
EXPENDITURES			
General government	65,000	58,488	6,512
Debt service			
Principal	1,000,000	1,000,000	-
Interest	965,114	965,112	2
Total expenditures	2,030,114	2,023,600	6,514
NET CHANGE IN FUND BALANCE	\$ 1,899,546	2,101,501	\$ 201,955
FUND BALANCE - BEGINNING OF YEAR		10,936,814	
FUND BALANCE - END OF YEAR		\$ 13,038,315	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND-WAS
Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 1,949,527	\$ 1,956,653	\$ 7,126
Investment income	14,000	108,662	94,662
Total revenues	1,963,527	2,065,315	101,788
EXPENDITURES			
General government	80,000	29,398	50,602
Debt service			
Principal	446,700	446,699	1
Interest	338,089	338,087	2
Total expenditures	864,789	814,184	50,605
NET CHANGE IN FUND BALANCE	\$ 1,098,738	1,251,131	\$ 152,393
FUND BALANCE - BEGINNING OF YEAR		5,385,988	
FUND BALANCE - END OF YEAR		\$ 6,637,119	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND-GMS
Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property tax	\$ 1,619,156	\$ 1,619,156	\$ 1,621,184	\$ 2,028
Investment income	25,000	25,000	30,176	5,176
Total revenues	<u>1,644,156</u>	<u>1,644,156</u>	<u>1,651,360</u>	<u>7,204</u>
EXPENDITURES				
General government	30,000	30,000	24,317	5,683
Debt service				
Principal	7,592,907	8,167,907	8,138,583	29,324
Interest	363,491	438,491	402,183	36,308
Total expenditures	<u>7,986,398</u>	<u>8,636,398</u>	<u>8,565,083</u>	<u>71,315</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,342,242)</u>	<u>\$ (6,992,242)</u>	(6,913,723)	<u>\$ 78,519</u>
FUND BALANCE - BEGINNING OF YEAR			<u>7,396,177</u>	
FUND BALANCE - END OF YEAR			<u>\$ 482,454</u>	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WATER ENTERPRISE FUND
NON GAAP BUDGET BASIS
Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 115,053	\$ 115,173	\$ 120
Water assessments	412,220	340,129	(72,091)
Investment income	-	15,895	15,895
Debt proceeds	3,000,000	-	(3,000,000)
Total revenues	<u>3,527,273</u>	<u>471,197</u>	<u>(3,056,076)</u>
EXPENDITURES			
General government	3,000	2,141	859
Professional Fees	5,000	346,734	(341,734)
Operating expenses	252,500	148,792	103,708
Capital outlay	3,355,000	-	3,355,000
Total expenditures	<u>3,615,500</u>	<u>497,667</u>	<u>3,117,833</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS			
	<u>\$ (88,227)</u>	(26,470)	<u>\$ 61,757</u>
PERSPECTIVE DIFFERENCES			
Depreciation		-	(4,792)
NET CHANGE IN FUND BALANCE-GAAP BASIS			
		(31,262)	
NET POSITION - BEGINNING OF YEAR			
		<u>1,719,042</u>	
NET POSITION - END OF YEAR			
		<u>\$ 1,687,780</u>	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WATER ENTERPRISE FUND-WAS
NON GAAP BUDGET BASIS
Year Ended December 31, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Water assessments	\$ 61,771	\$ 61,771	\$ -
Investment income	-	1,703	1,703
Proceeds from the issuance of debt	1,500,000	-	(1,500,000)
Total revenues	<u>1,561,771</u>	<u>63,474</u>	<u>(1,498,297)</u>
EXPENDITURES			
Capital outlay	<u>1,500,000</u>	-	<u>1,500,000</u>
Total expenditures	<u>1,500,000</u>	-	<u>1,500,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 61,771</u>	63,474	<u>\$ 1,703</u>
PERSPECTIVE DIFFERENCES		-	
NET CHANGE IN FUND BALANCE-GAAP BASIS		63,474	
FUND BALANCE - BEGINNING OF YEAR		<u>62,311</u>	
FUND BALANCE - END OF YEAR		<u>\$ 125,785</u>	

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WATER ENTERPRISE FUND-GMS
NON GAAP BUDGET BASIS
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Water assessments	\$ 1,775,000	\$ 1,753,572	\$ (21,428)
Water lease revenue	-	154,948	154,948
Miscellaneous	55,000	543,181	488,181
Property taxes	-	110,766	110,766
Investment income	9,000	31,245	22,245
Capital lease proceeds	<u>1,500,000</u>	<u>3,210,514</u>	<u>1,710,514</u>
Total revenues	<u>3,339,000</u>	<u>5,804,226</u>	<u>2,465,226</u>
EXPENDITURES			
Operating expenses	2,383,360	1,496,842	886,518
Debt Service			
Principal	-	601,080	(601,080)
Interest	-	187,250	(187,250)
Capital outlay	<u>1,979,300</u>	<u>3,210,540</u>	<u>(1,231,240)</u>
Total expenditures	<u>4,362,660</u>	<u>5,495,712</u>	<u>(1,133,052)</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES-BUDGET BASIS	<u>\$ (1,023,660)</u>	308,514	<u>\$ 1,332,174</u>
PERSPECTIVE DIFFERENCES			
Proceeds from the issuance of debt		(3,210,514)	
Principal payments on debt		601,080	
Depreciation		(80,003)	
Capital outlay		<u>3,210,540</u>	
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES-GAAP BASIS		829,617	
NET POSITION - BEGINNING			
OF YEAR		<u>1,111,398</u>	
NET POSITION - END OF YEAR			
		<u>\$ 1,941,015</u>	