

CENTRAL COLORADO WATER  
CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

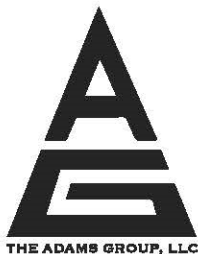
Year Ended December 31, 2019

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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, 2019, 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, 2019, 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**

### ***Restatement***

As described in Note 11 to the financial statements, the District determined that capital assets and accounts receivable balances were understated. As a result, net assets for the Governmental Activities net position was increased \$1,048,116 for the year ending December 31, 2018. Included in this amount is an increase in the District's General Fund Fund Balance of \$118,534. Our opinion is not modified with respect to these matters.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on pages 55 through 57, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 58, and the Schedule of District Contributions on page 59 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 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.

June 11, 2020  
Denver, Colorado

*The Adams Group, LLC*

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

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, 2019. 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 2019 fiscal year, with total net position increasing by \$13,765,769.
- Total revenues increased by \$6,945,045 in the 2019 calendar year.
- The District had \$11,365,920 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 increased by \$28,066,421 for the year ended December 31, 2019.

**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.

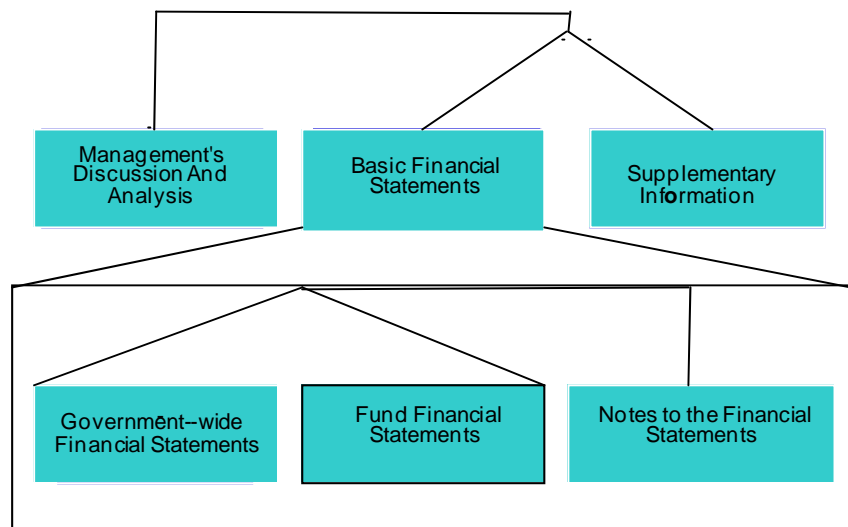
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations 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.

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

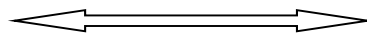
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year. 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, 2019**

**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

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

***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. 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) from business-type activities. Included in governmental activities are most of the District's basic services.

The basic government-wide financial statements can be found on pages 14-16 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 six 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 17-22 of this report.

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

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.

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 23-25 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 26-58 of this report.

**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, 2019, than it was the year before, increasing 20% to \$80,624,170. Table 3 provides a summary of the District's net position at December 31, 2019.

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

**Table 3  
Condensed Statement of Net Position**

	<b>2019</b>			<b>2018</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Restated Total</b>
<b>Assets</b>				
Current assets	\$ 49,548,872	\$ 5,534,941	\$ 55,083,813	\$57,712,203
Capital assets, net	132,437,521	6,830,924	139,268,445	90,753,354
<b>Total assets</b>	<b>181,986,393</b>	<b>12,365,865</b>	<b>194,352,258</b>	<b>148,465,557</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pensions/OPEB	1,000,470	--	1,000,470	302,061
<b>Liabilities</b>				
Current liabilities	8,445,505	887,046	9,332,551	5,564,371
Long-term liabilities	83,674,233	4,616,878	88,291,111	60,140,157
<b>Total liabilities</b>	<b>92,119,738</b>	<b>5,503,924</b>	<b>97,623,662</b>	<b>65,704,528</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pensions/OPEB	390,061	--	390,061	326,633
Unearned revenue – property taxes	16,421,916	292,919	16,714,835	15,878,056
<b>Total deferred inflows of resources</b>	<b>16,811,977</b>	<b>292,919</b>	<b>17,104,896</b>	<b>16,204,689</b>
<b>Net position</b>				
Net investment in capital assets	37,953,894	1,869,820	39,823,714	42,747,470
Restricted	26,880,167	--	26,880,167	20,764,455
Unrestricted	9,221,087	4,699,202	13,920,289	3,346,476
<b>Total net position at December 31</b>	<b>\$ 74,055,148</b>	<b>\$ 6,569,022</b>	<b>\$80,624,170</b>	<b>\$66,858,401</b>

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

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

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

	2019			2018
	Governmental Activities	Business-type Activities	Total	Restated Total
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 2,225,754	\$ 4,885,010	\$ 7,110,764	\$ 3,905,010
Capital grants and contributions	--	--	--	--
General revenues				
Taxes	16,688,625	148,510	16,837,135	12,153,273
Earnings on investments	1,109,822	73,968	1,183,790	741,790
Insurance Proceeds	--	--	--	70,845
Other	--	--	--	1,315,726
<b>Total revenue</b>	20,024,201	5,107,488	25,131,689	18,186,644
<b>Expenses</b>				
Personnel	1,071,221	--	1,071,221	1,843,566
Travel	45,233	--	45,233	22,266
Maintenance	1,408,285	--	1,408,285	1,273,877
Supplies	246,837	--	246,837	263,088
Professional fees	1,581,181	--	1,581,181	1,262,771
Business meals	--	--	--	14,409
Water Leases	1,297,391	--	1,297,391	1,661,010
Utilities	135,955	--	135,955	94,829
Augmentation Plan	--	--	--	85,034
Other	917,689	--	917,689	757,703
Interest	2,369,082	--	2,369,082	1,615,519
Water enterprise	--	2,293,046	2,293,046	2,266,554
<b>Total expenses</b>	9,072,874	2,293,046	11,365,920	11,160,626
<b>Increase (decrease) in net position</b>	\$ 10,951,327	\$ 2,814,442	\$13,765,769	\$ 7,026,018

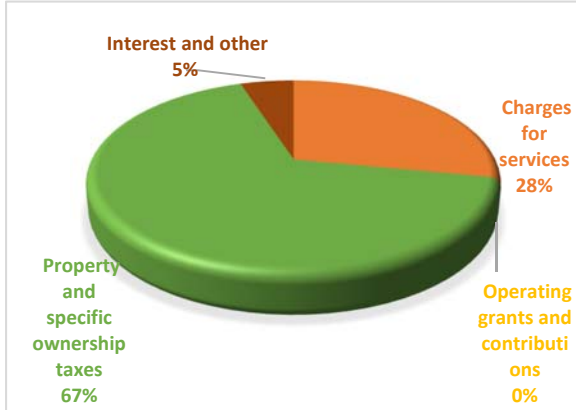
**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

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

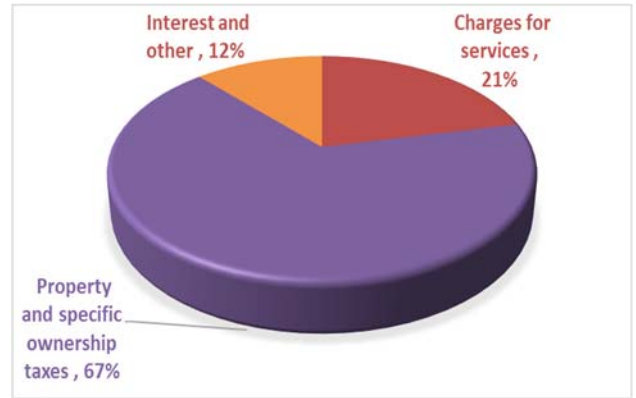
**Table 5**

**Sources of Revenues (including the Subdistricts)**

**2019 District Revenues**



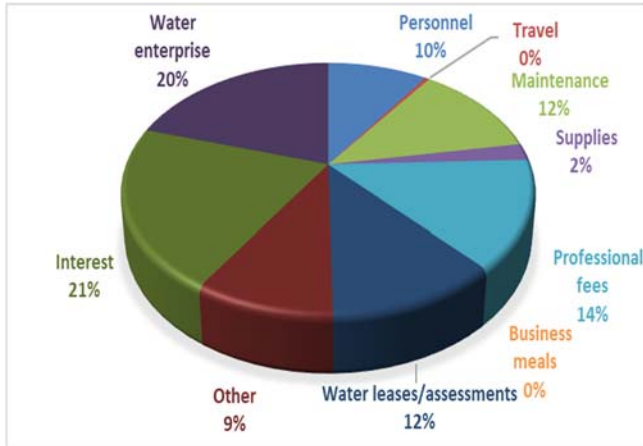
**2018 District Revenues**



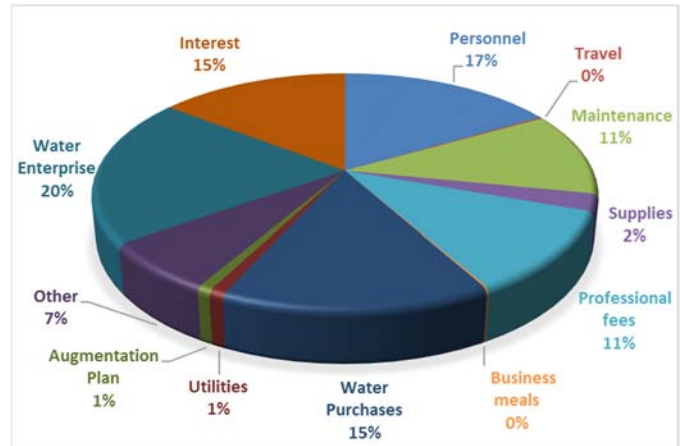
**Table 6**

**Expenses (including the Subdistricts)**

**2019 District Expenses**



**2018 District Expenses**



**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

*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	\$ 1,071,221	\$ (1,071,221)
Travel	45,233	(45,233)
Maintenance	1,408,285	(1,408,285)
Supplies	246,837	(246,837)
Professional fees	1,581,181	644,573
Water purchases	1,297,391	(1,297,391)
Utilities	135,955	(135,955)
Other	917,689	(917,689)
Interest	2,369,082	(2,369,082)
<b>Total</b>	<b>\$ 9,072,874</b>	<b>\$ (6,847,120)</b>

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

**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 2019 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 \$45,545,567 in outstanding loans from the Colorado Water Conservation Board (CWCB), and general obligation bonds outstanding of \$39,475,000. The total debt of the combined districts increased by \$28,066,421 as shown in Table 9. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

**Table 9  
Outstanding Long-Term Debt**

	Total District		% of Change 2018-2019
	2019	2018	
Governmental activities:			
CWCB loans	\$ 45,545,567	\$ 31,146,375	46.2%
General obligation bonds	39,475,000	25,807,771	53.0%
	<u>\$ 85,020,567</u>	<u>\$ 56,954,146</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.

**Central Colorado Water Conservancy District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019**

**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 2020 budget provides for property tax revenue of \$6,550,138 (based on an assessed valuation for the District of \$5,093,420,484 and a mill levy of 1.286 mills) with budget expenditures of \$15,942,780. The property taxes together with fund balance carryover and the remainder of the \$30,000,000 in bond funds will cover budgeted expenditures.

Ground Water Management Subdistrict of Central Colorado Water Conservancy District's 2020 budget provides for property tax revenue of \$8,004,799 (based on an assessed valuation for the District of \$3,512,417,172 and a mill levy of 2.279 mills) with budget expenditures of \$51,835,701. 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 2020 budget provides for property tax revenue of \$2,099,997 (based on an assessed valuation for the District of \$232,454,904 and a mill levy of 9.034 mills) with budget expenditures of \$11,682,950. 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 28<sup>th</sup> Street, Greeley, Colorado 80634.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## STATEMENT OF NET POSITION

December 31, 2019	Governmental Activities	Business- Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and investments	\$ 31,921,543	\$ 5,444,141	\$ 37,365,684
Receivables:			
Property taxes	16,421,916	292,919	16,714,835
Accounts	314,590	67,700	382,290
Internal balances	575,387	(575,387)	-
Prepaid items	176,402	305,568	481,970
Deposits	139,034	-	139,034
Capital Assets:			
Land and water rights	23,605,422	863,650	24,469,072
Depreciable	80,470,651	5,967,274	86,437,925
Cash and investments-Restricted	28,361,448	-	28,361,448
<b>Total Assets</b>	<b>181,986,393</b>	<b>12,365,865</b>	<b>194,352,258</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pensions/OPEB	1,000,470	-	1,000,470
<b><u>LIABILITIES</u></b>			
Accounts payable	1,246,872	80,132	1,327,004
Unearned revenue	-	350,557	350,557
Accrued interest payable	347,351	112,131	459,482
Long-Term Debt:			
Net pension/OPEB liability	2,188,155	-	2,188,155
Due within one year	4,663,127	344,226	5,007,353
Due in more than one year	83,674,233	4,616,878	88,291,111
<b>Total Liabilities</b>	<b>92,119,738</b>	<b>5,503,924</b>	<b>97,623,662</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Property Taxes	16,421,916	292,919	16,714,835
Pensions/OPEB	390,061	-	390,061
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	37,953,894	1,869,820	39,823,714
Restricted for:			
Debt Service and TABOR	26,880,167	-	26,880,167
Unrestricted	9,221,087	4,699,202	13,920,289
<b>TOTAL NET POSITION</b>	<b>\$ 74,055,148</b>	<b>\$ 6,569,022</b>	<b>\$ 80,624,170</b>

See Accompanying Notes to Financial Statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2019	Expenses	Charges for Services
Functions/Programs:		
Governmental Activities:		
Personnel	\$ 1,071,221	\$ -
Maintenance	1,408,285	-
Professional fees	1,581,181	2,225,754
Water leases	1,034,668	-
Water storage	262,723	-
Utilities	135,955	-
Travel and meals	45,233	-
Other	917,689	-
Supplies	246,837	-
Interest on long-term debt	2,369,082	-
Total Governmental Activities	9,072,874	2,225,754
Business-Type Activities:		
Water Enterprise Fund - District	338,798	1,353,962
Water Enterprise Fund - WAS	-	53,350
Water Enterprise Fund - GMS	1,954,248	3,477,698
Total Business-Type Activities	2,293,046	4,885,010
<b>TOTAL</b>	<b>\$11,365,920</b>	<b>\$7,110,764</b>

General Revenue:

Property taxes

Investment earnings

Total General Revenue

Change in Net Position

Net Position - Beginning, As Restated

NET POSITION - Ending

See Accompanying Notes to Financial Statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business- Type Activities	Total
\$ -	\$ -	\$ (1,071,221)	\$ -	\$ (1,071,221)
-	-	(1,408,285)	-	(1,408,285)
-	-	644,573	-	644,573
-	-	(1,034,668)	-	(1,034,668)
-	-	(262,723)	-	(262,723)
-	-	(135,955)	-	(135,955)
-	-	(45,233)	-	(45,233)
-	-	(917,689)	-	(917,689)
-	-	(246,837)	-	(246,837)
-	-	(2,369,082)	-	(2,369,082)
-	-	(6,847,120)	-	(6,847,120)
			1,015,164	1,015,164
			53,350	53,350
-	-	-	1,523,450	1,523,450
-	-	-	2,591,964	2,591,964
\$ -	\$ -	(6,847,120)	2,591,964	(4,255,156)
		16,688,625	148,510	16,837,135
		1,109,822	73,968	1,183,790
		17,798,447	222,478	18,020,925
		10,951,327	2,814,442	13,765,769
		63,103,821	3,754,580	66,858,401
		\$74,055,148	\$6,569,022	\$ 80,624,170

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019	General Fund	Special Revenue	
		WAS	GMS
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,346,054	\$ 3,003,360	\$ 3,506,212
Cash - restricted	4,649,242	-	17,565,939
Accounts receivable	64,610	228,922	21,058
Property taxes receivable	2,554,642	589,057	1,864,624
Deposits	64,034	-	75,000
Prepaid items	3,994	167,068	5,340
<b>Total Assets</b>	<b>\$ 11,682,576</b>	<b>\$ 3,988,407</b>	<b>\$23,038,173</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 450,063	\$ 441,511	\$ 355,298
Due to District	-	62,337	422,848
Due to (from) other funds	(619,432)	(69,254)	(860,397)
<b>Total Liabilities</b>	<b>(169,369)</b>	<b>434,594</b>	<b>(82,251)</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable grant revenue	56,226	224,912	-
Deferred property taxes	2,554,642	589,057	1,864,624
<b><u>FUND BALANCES</u></b>			
Nonspendable: Prepaids	3,994	167,068	5,340
Restricted for:			
TABOR emergencies	76,562	23,890	56,042
Debt Service	-	-	-
Capital Outlay	4,649,242	-	17,565,939
Assigned - subdistricts	-	2,548,886	3,628,479
Unassigned	4,511,279	-	-
<b>Total Fund Balances</b>	<b>9,241,077</b>	<b>2,739,844</b>	<b>21,255,800</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,682,576</b>	<b>\$ 3,988,407</b>	<b>\$23,038,173</b>

Continued on next page.

Debt Service Funds			Total
District	WAS	GMS	Governmental Funds
\$14,149,031	\$ 6,916,886	\$ -	\$ 31,921,543
859,050	789,638	4,497,579	28,361,448
-	-	-	314,590
3,896,447	1,510,940	6,006,206	16,421,916
-	-	-	139,034
-	-	-	176,402
<u>\$18,904,528</u>	<u>\$ 9,217,464</u>	<u>\$ 10,503,785</u>	<u>\$ 77,334,933</u>
\$ -	\$ -	\$ -	\$ 1,246,872
-	-	-	485,185
166,960	69,254	252,297	(1,060,572)
<u>166,960</u>	<u>69,254</u>	<u>252,297</u>	<u>671,485</u>
-	-	-	281,138
3,896,447	1,510,940	6,006,206	16,421,916
-	-	-	176,402
-	-	-	156,494
14,841,121	7,637,270	4,245,282	26,723,673
-	-	-	22,215,181
-	-	-	6,177,365
-	-	-	4,511,279
<u>14,841,121</u>	<u>7,637,270</u>	<u>4,245,282</u>	<u>59,960,394</u>
<u>\$18,904,528</u>	<u>\$ 9,217,464</u>	<u>\$ 10,503,785</u>	<u>\$ 77,334,933</u>

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

December 31, 2019	Total Governmental Funds
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$59,960,394
Capital assets used in governmental activities are not financial resources and are not reported in the funds	104,076,073
The proportionate share of net pension liability, deferred outflows of resources, and deferred inflows of resources related to their participation in Colorado PERA is not recorded in governmental funds but is recorded in the statement of net position	(1,454,751)
The proportionate share of net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to their participation in Colorado PERA is not recorded in governmental funds but is recorded in the statement of net position	(122,995)
Accrued interest payable is not included in the funds	(347,351)
Federal grants not collected timely to be available as a current financial resource	281,138
Long-term debt is not due and payable in the current period and therefore are not reported in the funds	(88,337,360)
Net Position of Governmental Activities	\$74,055,148

See Accompanying Notes to Financial Statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year Ended December 31, 2019	General Fund	Special Revenue	
		WAS	GMS
Revenue:			
Taxes	\$ 2,552,077	\$ 796,324	\$ 1,868,089
Interest income	197,869	70,646	311,634
Miscellaneous	688,410	1,359,433	149,710
Total Revenue	3,438,356	2,226,403	2,329,433
Expenditures:			
Operating expenses	2,451,270	1,841,767	1,501,474
Debt service:			
Principal	-	-	-
Interest	-	-	-
Issuance costs	-	-	297,026
Capital outlay	13,692,928	2,639,977	4,389,708
Total Expenditures	16,144,198	4,481,744	6,188,208
Revenue Over (Under)			
Expenditures	(12,705,842)	(2,255,341)	(3,858,775)
Other Financing Sources (Uses):			
Proceeds of debt	10,844,734	2,029,316	21,733,299
Net Change in Fund Balances	(1,861,108)	(226,025)	17,874,524
Fund Balance, January 1, As Restated	11,102,185	2,965,869	3,381,276
Fund Balance, December 31	\$ 9,241,077	\$ 2,739,844	\$ 21,255,800

Continued on next page.

District	Debt Service		Total Governmental Funds
	WAS	GMS	
\$ 3,849,147	\$ 1,658,681	\$5,964,306	\$16,688,624
310,317	151,199	68,157	1,109,822
-	-	-	2,197,553
4,159,464	1,809,880	6,032,463	19,995,999
57,778	24,942	89,541	5,966,772
1,020,000	457,587	1,636,456	3,114,043
1,278,880	327,200	543,638	2,149,718
-	-	-	297,026
-	-	-	20,722,613
2,356,658	809,729	2,269,635	32,250,172
1,802,806	1,000,151	3,762,828	(12,254,173)
-	-	-	34,607,349
1,802,806	1,000,151	3,762,828	22,353,176
13,038,315	6,637,119	482,454	37,607,218
\$14,841,121	\$ 7,637,270	\$4,245,282	\$59,960,394

## CENTRAL COLORADO WATER CONSERVANCY DISTRICT

### RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2019	Total Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 22,353,176
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded and loss on disposals in the year	19,720,385
The issuance of long-term debt and obligations 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 assets. This amount is the net effect of these differences including accrued interest and compensated absences	(31,383,214)
Changes in the Subdistrict's proportionate share of net pension liability, deferred inflows and outflows of resources related to Colorado PERA for the current year are not reported in governmental funds but are reported in the Statement of Net Position	251,600
Changes in the Subdistrict's proportionate share of net OPEB liability, deferred inflows and outflows of resources related to Colorado PERA for the current year are not reported in governmental funds but are reported in the Statement of Net Position	13,868
Federal grants not collected timely to be available as a current financial resource in the governmental funds	28,201
Certain expenses, such as interest expense, reported in the Statement of Activities does not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds	(32,689)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 10,951,327</b>

See Accompanying Notes to Financial Statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**STATEMENT OF NET POSITION**

December 31, 2019	Business-Type Activities			
	District	WAS	GMS	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 2,389,407	\$ 182,314	\$ 2,872,420	\$ 5,444,141
Property taxes receivable	99,050	-	193,869	292,919
Accounts receivable	-	-	67,700	67,700
Prepaid items	-	-	305,568	305,568
<b>Total Current Assets</b>	<b>2,488,457</b>	<b>182,314</b>	<b>3,439,557</b>	<b>6,110,328</b>
Capital Assets:				
Land improvements	376,756	-	-	376,756
Water rights	-	-	863,650	863,650
Assets being depreciated	63,900	-	5,780,413	5,844,313
	440,656	-	6,644,063	7,084,719
Accumulated depreciation	(11,182)	-	(242,613)	(253,795)
<b>Total Capital Assets</b>	<b>429,474</b>	<b>-</b>	<b>6,401,450</b>	<b>6,830,924</b>
<b>Total Assets</b>	<b>2,917,931</b>	<b>182,314</b>	<b>9,841,007</b>	<b>12,941,252</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	80,132	-	-	80,132
Due to other funds	(49,193)	-	624,580	575,387
Unearned revenue	-	-	350,557	350,557
Accrued interest payable	-	-	112,131	112,131
Current portion of long-term liabilities	-	-	344,226	344,226
<b>Total Current Liabilities</b>	<b>30,939</b>	<b>-</b>	<b>1,431,494</b>	<b>1,462,433</b>
Long-Term Liabilities:				
Loans and capital leases payable	53,745	-	4,563,133	4,616,878
<b>Total Long-Term Liabilities</b>	<b>53,745</b>	<b>-</b>	<b>4,563,133</b>	<b>4,616,878</b>
<b>Total Liabilities</b>	<b>84,684</b>	<b>-</b>	<b>5,994,627</b>	<b>6,079,311</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	99,050	-	193,869	292,919
<b>NET POSITION</b>				
Net Investment in Capital Assets	375,729	-	1,494,091	1,869,820
Unrestricted	2,358,468	182,314	2,158,420	4,699,202
<b>TOTAL NET POSITION</b>	<b>\$ 2,734,197</b>	<b>\$ 182,314</b>	<b>\$ 3,652,511</b>	<b>\$ 6,569,022</b>

See Accompanying Notes to Financial Statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION**

Year Ended December 31, 2019	Business-Type Activities			
	District	WAS	GMS	Total
Operating Revenue:				
Assessments	\$ 103,000	\$ 53,350	\$ 1,780,878	\$ 1,937,228
Water lease revenue	1,250,962	-	1,502,022	2,752,984
Miscellaneous	-	-	194,798	194,798
<b>Total Operating Revenue</b>	<b>1,353,962</b>	<b>53,350</b>	<b>3,477,698</b>	<b>4,885,010</b>
Operating Expenses:				
Water leases	-	-	1,543,523	1,543,523
Supplies	1,593	-	12,956	14,549
Professional fees	311,587	-	94,340	405,927
Utilities	15,888	-	10,124	26,012
Repairs and maintenance	3,340	-	9,244	12,584
Depreciation	6,390	-	112,108	118,498
<b>Total Operating Expenses</b>	<b>338,798</b>	<b>-</b>	<b>1,782,295</b>	<b>2,121,093</b>
<b>Operating Income (Loss)</b>	<b>1,015,164</b>	<b>53,350</b>	<b>1,695,403</b>	<b>2,763,917</b>
Nonoperating Revenue (Expenses):				
Investment earnings	31,253	3,179	39,536	73,968
Interest expense	-	-	(171,953)	(171,953)
Property taxes	-	-	148,510	148,510
<b>Net Nonoperating Revenue</b>	<b>31,253</b>	<b>3,179</b>	<b>16,093</b>	<b>50,525</b>
<b>Change in Net Position</b>	<b>1,046,417</b>	<b>56,529</b>	<b>1,711,496</b>	<b>2,814,442</b>
<b>Fund Net Position, January 1</b>	<b>1,687,780</b>	<b>125,785</b>	<b>1,941,015</b>	<b>3,754,580</b>
<b>Fund Net Position, December 31</b>	<b>\$ 2,734,197</b>	<b>\$ 182,314</b>	<b>\$ 3,652,511</b>	<b>\$ 6,569,022</b>

See Accompanying Notes to Financial Statements.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2019	Business-Type Activities			
	District	WAS	GMS	Total
<b>Cash Flows from Operating Activities:</b>				
Cash receipts from customers	\$ 1,353,962	\$ 53,350	\$ 3,888,195	\$ 5,295,507
Payments to suppliers and employees	(324,116)	-	(1,654,258)	(1,978,374)
<b>Net Cash Provided by Operating Activities</b>	<b>1,029,846</b>	<b>53,350</b>	<b>2,233,937</b>	<b>3,317,133</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Debt payments	-	-	(1,110,647)	(1,110,647)
Acquisition of property, plant and equipment	(323,012)	-	(175,000)	(498,012)
Increase in due to other funds	4,907	-	538,007	542,914
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(318,105)</b>	<b>-</b>	<b>(747,640)</b>	<b>(1,065,745)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Property taxes	-	-	148,510	148,510
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>148,510</b>	<b>148,510</b>
<b>Cash Flows from Investing Activities:</b>				
Interest and dividends received	31,253	3,179	39,536	73,968
<b>Net Cash Flows from Investing Activities</b>	<b>31,253</b>	<b>3,179</b>	<b>39,536</b>	<b>73,968</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>742,994</b>	<b>56,529</b>	<b>1,674,343</b>	<b>2,473,866</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,646,413</b>	<b>125,785</b>	<b>1,198,077</b>	<b>2,970,275</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,389,407</b>	<b>\$ 182,314</b>	<b>\$ 2,872,420</b>	<b>\$ 5,444,141</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating income	\$ 1,015,164	\$ 53,350	\$ 1,695,403	\$ 2,763,917
Depreciation expense	6,390	-	112,108	118,498
<b>Change in operating assets and liabilities:</b>				
<b>(Increase) decrease in:</b>				
Accounts receivable	-	-	59,940	59,940
<b>Increase (decrease) in:</b>				
Due to other funds	-	-	16,480	16,480
Accounts payable and accrued expenses	8,292	-	(551)	7,741
Unearned revenue	-	-	350,557	350,557
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,029,846</b>	<b>\$ 53,350</b>	<b>\$ 2,233,937</b>	<b>\$ 3,317,133</b>
<b>Disclosure of Noncash Financing Activities:</b>				
Capital assets acquired through loans	\$ 53,745	\$ -	\$ -	\$ 53,745

See Accompanying Notes to Financial Statements.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies:

This summary of the Central Colorado Water Conservancy District (the District) significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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#### 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.

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#### Scope of Reporting Entity:

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

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#### Financial Reporting Entity:

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District’s ability to exercise significant operational control or financial accountability with the District. Financial relationship or operational control is determined on the basis of the District’s obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management, and the ability to significantly influence operations.

Based on the criteria, there are two organizations that are considered blended component units of the District: the Well Augmentation Subdistrict of Central Colorado Water Conservancy District (WAS) and the Ground Water Management Subdistrict of Central Colorado Water Conservancy District (GMS). In 2019, the District adopted Statement 90 of the Governmental Accounting Standards Board, *Majority Equity Interests*. The District’s 61% interest in the W.R. Jones Ditch Company is reported as a blended component unit. The 52% interest in the Plumb Irrigation Company by GMS and the 95% interest in the Cole Ditch Company by WAS are also reported as blended component units. Separate financial statements for these companies are not available.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Financial Reporting Entity – Continued:

The District also holds the following investments in water related companies: Godding Ditch (23%), Greeley Irrigation Company (23%), PVIC Augmentation Group (33%), Chatfield Reservoir Mitigation Company (21%), and Rural Ditch Company (34%). The District generally does not have the ability to exercise significant influence over these companies and the investments are reported under the cost method as water rights or water projects.

#### 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. 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.

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#### Government-wide and Fund 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Government-wide and Fund Financial Statements – Continued:

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants 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 particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and the enterprise fund. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, 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 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* accounts for the resources accumulated and payments made for the debt service requirements of the District.

*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.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

Government-wide and Fund Financial Statements – Continued:

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 reports the following major proprietary funds:

The *Water Enterprise Funds* of District, GMS, and WAS accounts for user charges and the expenses for operating, financing, and maintaining these water enterprise systems.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Accounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for 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.

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### 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 proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded 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 recorded only when payment is due.

Property taxes, intergovernmental grants, interest revenue, and charges for services 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.

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#### Cash Equivalents:

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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#### Investments:

Investments are reported at fair value

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### 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, 2019.

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The District uses the County Treasurer to bill and collect its property taxes. Property taxes levied on December 31, 2019 are identified as property taxes receivable and deferred inflows of resources.

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#### 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 or due to other funds on the balance sheet.

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#### 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.

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#### Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are stated at cost except for easements which are reported with an original cost of over \$50,000. The cost of maintenance and repairs is charged against income as incurred; significant renewals, betterments, and improvements are capitalized.

Depreciation has been computed using the straight-line method based on lives of 50 to 100 years for water projects and 5 to 40 years for equipment, vehicles and the office building.

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position reports 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 future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category: changes in the net pension/OPEB liability not included in pension/OPEB expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: changes in the net pension/OPEB liability not included in pension/OPEB expense reported in the government-wide statement of net position and the deferred portion of property taxes and FEMA receivables.

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#### 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, and 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.

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Budgets:

Colorado state law requires the adoption of an annual budget. Appropriations lapse at the end of each year. The budget and related appropriations are prepared on the budgetary basis, which differs from accounting principles generally accepted in the United States, in that:

- \* Capital outlays are budgeted as expenditures.
- \* Depreciation is not budgeted.

The District's Board of Directors adopts total budget appropriations for each of its funds. This is normally done in December of each year when notice is published in local newspapers and the proposed budget is held open for inspection by the taxpayers and a public hearing is held. The Board may transfer budget amounts between departments within any fund; however, any revision that alters the total appropriation of any fund requires that a budget revision be adopted by resolution in the same manner described above for adoption of the original budget. The level of budgetary responsibility is by total fund appropriations.

The District may be in violation of the Colorado Revised Statutes due to the over-expenditures of budget appropriations in the General and Debt Service funds and the Ground Water Management Subdistrict Debt Service and Enterprise funds.

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#### Funds Balance and Net Position:

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

*Net Investment 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.

*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 legislation.

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

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Funds Balance and Net Position – Continued:

In the funds 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 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.

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#### Pensions:

The Central Colorado Water Conservancy District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multi-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows and 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.

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Other Postemployment Benefits (OPEB):

The Central Colorado Water Conservancy District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows and 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.

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### NOTE 2 – Cash and Investments:

A summary of deposits and investments at December 31, 2019, follows:

Bank Deposits	\$ 3,847,333
Cash with County Treasurers	82,676
Investments	61,797,123
Total cash and investments	\$ 65,727,132
<hr/>	
Cash and investments	\$ 37,365,684
Cash and investments-restricted	28,361,448
Total cash and investments	\$ 65,727,132

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks under provisions of the Colorado Public Deposit Protection Act (PDPA). Of the District's bank deposits, balances of \$750,000 are insured by Federal depository insurance and balances of \$3,180,880 are covered by PDPA.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain Districts and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – Cash and Investments – Continued:**

Credit Risk – The District does not have 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.

At December 31, 2019, the District had invested \$61,797,123 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00. Investments of COLOTRUST consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST is rated AAAM by Standard & Poor’s. The District’s interest is valued at NAV.

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, 2019, COLOTRUST Prime has a weighted average maturity of 47 days to reset and 69 days to final maturity. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

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, 2019, the District has the following restricted cash balances:

Debt Service Funds – Colostrust	\$ 3,752,234
Debt Service Reserve – CWCB Loans	2,394,033
Unspent Debt Proceeds	22,215,181

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 – Capital Assets:

Capital activities for governmental activities are as follows:

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
Not depreciated:				
Water rights	\$ 20,981,338	\$ 90,000	\$ --	\$ 21,071,338
Land	2,056,787	--	--	2,056,787
Perpetual easements	477,297	--	--	477,297
	23,515,422	90,000	--	23,605,422
Construction in progress	19,787,507	17,839,612	196,673	37,430,446
Depreciable capital assets:				
Water projects	47,163,079	2,700,237	--	49,863,316
Office building	574,490	24,342	15,435	583,397
Equipment and vehicles	2,684,749	323,694	48,143	2,960,300
	50,422,318	3,048,273	63,578	53,407,013
	93,725,247	20,977,885	260,251	114,442,881
Less Accumulated				
Depreciation	9,369,559	1,025,601	28,352	10,366,808
<b>Net Capital Assets</b>	<b>\$ 84,355,688</b>	<b>\$ 19,952,284</b>	<b>\$ 231,899</b>	<b>\$ 104,076,073</b>

Governmental activities depreciation expense of \$1,025,601 has been included in maintenance expense on the statement of activities.

Capital activities for business-type activities are as follows:

	Balance 01/1/19	Additions	Deletions	Balance 12/31/19
Capital assets, not depreciated:				
Water rights	\$ 863,650	\$ --	\$ --	\$ 863,650
Land improvements	--	376,756	--	376,756
	863,650	376,756	--	1,240,406
Capital assets, depreciated:				
Water projects	5,669,313	175,000	--	5,844,313
Accumulated depreciation:				
Water projects	(135,297)	118,498	--	(253,795)
Total capital assets being depreciated, net	5,534,016	56,502	--	5,590,518
<b>Total capital assets, net</b>	<b>\$ 6,397,666</b>	<b>\$ 433,258</b>	<b>\$ --</b>	<b>\$ 6,830,924</b>

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – PERA:

The Central Colorado Water 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.

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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employer contribution rates for the LGDTF by 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, increases 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, the direct distribution from the State, 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 members of the Local Government Division hired on or after January 1, 2019. 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.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – PERA – Continued:

*Plan description:* Eligible employees of the Central Colorado Water Conservancy District are provided with pensions through the Local Government Division Trust Fund - 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](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided:* 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.

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 the 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 FINANCIAL STATEMENTS

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### NOTE 4 – PERA – 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 in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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. The automatic adjustment provision may raise or lower the aforementioned annual increases for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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 benefits.

*Contributions:* Eligible employees and the Central Colorado Water Conservancy 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 in 2019. The employer contribution requirements are summarized as follows:

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January 1, 2018 – December 31, 2019	
Employer contribution rate as a percentage of salary	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)
Amount Apportioned to the LGDTF	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50
<b>Total Employer Contribution Rate to the LGDTF</b>	<b>12.68%</b>

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – PERA – Continued:

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Central Colorado Water Conservancy District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Central Colorado Water Conservancy District were \$139,673 for the year ended December 31, 2019.

At December 31, 2019, Central Colorado Water Conservancy District reported a liability of \$2,036,927 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Central Colorado Water Conservancy District proportion of the net pension liability was based on the Central Colorado Water Conservancy District contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the Central Colorado Water Conservancy District proportion was .16 percent, which was an increase from .15 percent as of December 31, 2018.

For the year ended December 31, 2019, Central Colorado Water Conservancy District recognized pension expense of (\$251,600). At December 31, 2019, Central Colorado Water Conservancy District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 85,170	\$ --
Net difference between projected and actual earnings on pension plan investments	655,327	--
Changes in assumptions	--	390,061
Changes in proportion	92,067	--
Contributions subsequent to the measurement date	139,673	--
Total	\$ 972,237	\$ 390,061

Deferred outflows of resources related to pensions of \$139,673, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – PERA – Continued:

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Amount
2020	\$ 223,878
2021	59,044
2022	14,780
2023	144,801
	<u>\$ 442,503</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Price inflation	2.4 percent
Real wage growth	1.1 percent
Wage inflation	3.5 percent
Salary increases, including wage inflation	3.5 - 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
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 (automatic)	2.0 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 And DPS benefit structure (automatic)	0% through 2019 and 1.5% Compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – PERA – 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.

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

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.

The LGDTF's long-term expected rate of return on pension plan investments was determined using 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:

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Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.2%	4.3%
U.S. Equity – Small Cap	7.42%	4.8%
Non U.S. Equity – Developed	18.55%	5.2%
Non U.S. Equity – Emerging	5.83%	5.4%
Core Fixed Income	19.32%	1.2%
High Yield	1.38%	4.3%
Non-U.S. Fixed Income	1.84%	0.6%
Emerging Market Debt	0.46%	3.9%
Core Real Estate	8.5%	4.9%
Private Equity	8.5%	6.6%
Opportunity Fund	6.0%	3.8%
Cash	1.0%	0.2%
Total	100.00%	

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – PERA – Continued:

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 percent.

*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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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 for each year, including the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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 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. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – PERA – Continued:**

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 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 Central Colorado Water 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:

December 31, 2019	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 3,116,070	\$ 2,036,927	\$ 1,133,957

*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](http://www.copera.org/investments/pera-financial-reports).

*Changes Between the Measurement Date of the Net Pension Liability and December 31, 2019.* During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: *PERA Public Employees’ Retirement Association Local Government Division Member Contribution Rate*. The bill was signed in to law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

Employees of the Central Colorado Water Conservancy 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 for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Other Postemployment Benefits:

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit Other Postemployment Benefit Plan (OPEB) fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, 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.

#### 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. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended.

*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.

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.

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.

*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.

*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.

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 the District were \$11,235 for the year ended December 31, 2019.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Other Postemployment Benefits – Continued:

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* At December 31, 2019, the District reported a liability of \$151,228 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District proportion was .01 percent, which was approximately the same as its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the District recognized OPEB expense of \$14,030. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

December 31, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 360	\$ --
Net difference between projected and actual earnings on pension plan investments	983	--
Changes in assumptions	1,199	--
Changes in proportion	14,456	--
Contributions subsequent to the measurement date	11,235	--
Total	\$ 28,233	\$ --

Deferred outflows of resources related to OPEB of \$11,235, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 – Other Postemployment Benefits – Continued:

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 Ending December 31	Amount
2020	\$ 3,479
2021	3,479
2022	3,479
2023	4,162
2024	2,310
2025	89
	<u>\$ 16,998</u>

*Actuarial assumptions.* The total OPEB liability in the December 31, 2017 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 2018, gradually rising to 5.0 percent in 2025

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.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Other Postemployment Benefits – Continued:

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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.

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.

The actuarial assumptions used in the December 31, 2017 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. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Other Postemployment Benefits – Continued:

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 FINANCIAL STATEMENTS

### NOTE 5 – Other Postemployment Benefits – 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	\$ 147,051	\$151,228	\$ 156,031

*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.

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 one percentage-point lower (6.25 percent) or one percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
December 31, 2019			
Proportionate share of the net OPEB liability	\$169,200	\$151,228	\$ 135,870

*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](http://www.copera.org/investments/pera-financial-reports).

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – Long-term Debt:

Changes in governmental long-term debt during the year were as follows:

	Balance 1/1/19	Additions	Retirements	Balance 12/31/19	Due Within One Year
2013 G.O. Bond	\$24,950,000	\$ --	\$1,020,000	\$23,930,000	\$1,040,000
Bond Premium	857,771	--	49,016	808,755	--
2016 CWCB Loan – Chatfield	11,927,180	7,884,879	--	19,812,059	507,778
2018 CWCB Loan – Chatfield	--	2,959,855	--	2,959,855	--
2018 CWCB (Shores) - WAS	--	1,957,655	--	1,957,655	--
2010 CWCB - WAS	11,962,801	--	414,478	11,548,323	424,832
2015 CWCB - WAS	1,609,567	--	43,079	1,566,488	43,832
2019 CWCB (Walker) - WAS	--	71,661	--	71,661	--
2019 CWCB (Walker) - GMS	--	232,899	--	232,899	--
2004 CWCB - GMS	5,360,333	--	1,166,456	4,193,877	611,685
2019 Bond - GMS	--	16,015,000	470,000	15,545,000	2,035,000
2019 Bond Premium	--	2,282,650	--	2,282,650	--
2019 CWCB (Pioneer) - GMS	--	3,202,750	--	3,202,750	--
Accrued interest 2016	139,718	196,425	139,718	196,425	--
Accrued loan fee 2016	119,272	--	119,272	--	--
Compensated absences	27,504	1,459	--	28,963	--
	\$56,954,146	\$34,805,233	\$3,422,019	\$88,337,360	\$4,663,127

In 2013, the District obtained a 23-year general obligation bond for \$29,250,000. 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 bond.

In 2016, the District obtained a loan from the CWCB for \$19,812,059. 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 loan was closed in 2019.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 6 – Long-term Debt – Continued:**

In 2018, the District obtained a loan from the CWCB for \$7,000,310 with a present balance of \$2,959,855, requiring annual payments at 1.75%, through June 1, 2050.

In 2015, WAS obtained a loan from the Colorado Water Conservation Board (CWCB) with a present balance of \$1,566,488. Annual payments of \$71,246 including principal and interest at a rate of 1.75% are due annually through June 1, 2035. Property taxes collected have been pledged to the CWCB for the purpose of this loan.

In 2010, WAS obtained a loan from CWCB with a present balance of \$11,548,323, 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 2018, WAS obtained a loan from the CWCB for \$2,367,440 with a present balance of \$1,957,655, requiring annual payments including interest, at 1.65%, through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2019, WAS obtained a loan from the CWCB for \$3,303,000 with a present balance of \$71,661, requiring annual payments including interest, at 1.75%, through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2004, 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.

In 2019, GMS issued a 10-year limited tax water conservancy bond for \$16,015,000. Varying principal payments are paid annually; interest payments with coupon rates of 5.0% paid semi-annually through December 1, 2029. Property taxes have been pledged for the purpose of repayment of this loan.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – Long-term Debt – Continued:

In 2019, GMS obtained a loan from the CWCB for \$8,697,110 with a present balance of \$3,202,750, requiring annual payments including interest at 1.2% through June 1, 2029. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2019, GMS obtained a loan from the CWCB for \$9,750,000 with a present balance of \$232,899, requiring annual payments including interest at 1.75% through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

The annual requirements to amortize these loans as of December 31, 2019 are as follows:

Year Ending December 31	Principal	Interest	Total
2020	\$ 5,208,126	\$ 2,534,424	\$ 7,742,550
2021	5,210,555	2,352,279	7,562,834
2022	4,599,805	2,361,279	6,961,084
2023	4,859,223	2,102,761	6,961,984
2024	4,995,675	3,060,809	8,056,484
2025-2029	24,581,950	6,354,753	30,936,703
2030-2034	15,946,016	4,134,939	20,080,955
2035-2039	11,706,855	1,785,510	13,492,365
2040-2044	5,711,660	763,212	6,474,872
2045-2049	5,324,621	268,950	5,593,571
2050-2054	192,874	4,864	197,738
	\$88,337,360	\$25,723,780	\$114,061,140

Changes in business type long-term debt are as follows:

	Balance, 1/1/19	Additions	Retirements	Balance, 12/31/19	Due Within One Year
2019 CWCB (Walker)	\$ --	\$ 53,745	\$ --	\$ 53,745	\$ --
2016 capital lease - GMS	575,766	--	575,766	--	--
2017 capital lease - GMS	2,250,478	--	212,655	2,037,823	221,160
2018 loan - GMS	3,002,989	--	133,453	2,869,536	123,066
Total	\$5,829,233	\$ 53,745	\$ 921,874	\$4,961,104	\$ 344,226

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 – Long-term Debt – Continued:

In 2019, the District obtained a loan from the CWCB for \$2,272,500 with a present balance of \$53,745, requiring annual payments including interest, at 1.75%, through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

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.

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 2016, GMS entered into a nine-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. This lease was repaid in 2019.

The annual requirements to amortize this debt as of December 31, 2019 are as follows:

Year Ending December 31	Principal	Interest	Total
2020	\$ 344,266	\$ 178,243	\$ 522,509
2021	356,765	161,705	518,470
2022	369,769	148,705	518,474
2023	383,252	135,216	518,468
2024	397,238	121,232	518,470
2025-2029	1,597,385	389,618	1,987,003
2030-2034	1,071,670	224,968	1,296,638
2035-2038	440,759	30,700	471,459
	<u>\$ 4,961,104</u>	<u>\$ 1,390,387</u>	<u>\$ 6,351,491</u>

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 – Individual Fund 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 as due from other funds due/to other funds on the funds statement balance sheet. All interfund receivables and payables are expected to be paid within the next year.

As of December 31, 2019, the District has the following interfund receivables and payables:

Fund	Due From	Due To
General Fund - District	\$ 619,432	\$ --
General Fund – GMS	437,549	--
Debt Service Fund – GMS	--	252,297
Water Enterprise Fund – GMS	--	624,580
Debt Service Fund - District	--	166,960
Debt Service Fund - WAS	--	69,254
Water Enterprise Fund - District	49,193	--
General Fund – WAS	6,917	--
	<u>\$ 1,113,091</u>	<u>\$ 1,113,091</u>

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### NOTE 8 – Risk Management:

The District is exposed to various risks of loss related to torts, thefts of, damage to, or 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.

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### NOTE 9 – Commitments and Contingencies:

In 1992, the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from District enterprise activities. The District believes it is in compliance with the requirements of TABOR.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 9 – Commitments and Contingencies – Continued:**

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 the 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 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 GWM 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 unspent 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, 2019, \$750,071 of this debt remains unissued.

WAS has authorized but unissued debt of \$6,016,043 and GMS has authorized but unissued debt of \$14,140,390 at December 31, 2019.

The District received a grant from the Federal Emergency Management Agency (FEMA) and are in the process of closing out this grant. The District has recorded a receivable for \$281,138. 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 management anticipates such amounts will be immaterial.

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

The District has construction commitments of approximately \$4.8 million at December 31, 2019.

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# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10 – Related Party Transactions:

As described in Note 9, the District is in the process of building additional storage in the Chatfield Reservoir. A member of management is President of the Chatfield Reservoir Mitigation Company.

Purchases of \$3,352 were made by the District from a company controlled by a member of the board of directors.

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### NOTE 11 – Restatement of Beginning Net Position:

As of December 31, 2018, the District has corrected an error in capital assets and their related depreciation and in General Fund accounts receivable.

The adjustment to the beginning balance of net position is as follows:

Net position – December 31, 2018, as previously reported	\$ 65,810,285
Restatement due to correction of capital assets	929,582
Restatement due to correction of accounts receivable	<u>118,534</u>
Net position – December 31, 2018	<u><u>\$ 66,858,401</u></u>

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### NOTE 12 – Subsequent Events:

The Ground Water Management (GMS) Subdistrict enterprise fund has taken a 30-year loan from CWCB for the Hokestra project. The existing loan for Hokestra will be paid off, and the remainder of the new loan will be used for infrastructure. The loan amount was \$5,444,405.

With the bond funds issued in 2019, GMS has purchased approximately \$14 million of water rights in 2020.

Bonds of approximately \$6 million are anticipated to be issued in June 2020 by the Water Augmentation Subdistrict. The proceeds will be used for construction commitments.

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**REQUIRED SUPPLEMENTARY INFORMATION**

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

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Year Ended December 31	Statutorily Required Contributions	Contributions Made	Contribution Deficiency	Covered Payroll	% of Covered Payroll
2019	\$ 139,673	\$ 139,673	\$ --	\$1,101,522	12.7%
2018	134,008	134,008	--	1,062,675	12.6%
2017	127,063	127,063	--	1,008,602	12.6%
2016	109,477	109,477	--	757,275	14.4%
2015	98,537	98,537	--	766,496	12.8%
2014	95,229	95,229	--	743,023	12.8%
2013	92,306	92,306	--	736,380	12.6%

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Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

## SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

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Year Ended December 31	Statutorily Required Contributions	Contributions Made	Contribution Deficiency	Covered Payroll	% of Covered Payroll
2019	\$ 11,235	\$ 11,235	\$ --	\$1,101,522	1.02%
2018	10,850	10,850	--	1,062,675	1.02%
2017	11,115	11,115	--	1,008,602	1.10%

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Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Year Ended December 31	Cumulative Proportion of Net Pension Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Total Pension Liability
2018	.16%	\$ 2,036,927	\$1,101,522	185%	76.0%
2017	.15%	1,667,402	1,062,675	156%	79.3%
2016	.15%	1,979,909	1,008,602	196%	73.6%
2015	.14%	1,507,330	766,496	196%	76.9%
2014	.13%	1,028,012	736,380	139%	80.7%
2013	.13%	1,228,459	743,023	165%	77.6%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY

Year Ended December 31	Cumulative Proportion of Net OPEB Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net OPEB Liability
2018	.01%	\$ 151,228	\$ 1,101,522	14%	17.0%
2017	.01%	151,240	1,062,675	14%	17.5%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## Schedule of Revenue and Expenditures Compared with Budget - General Fund

Year Ended December 31, 2019	Actual	Original Budget	Final Budget	Variance From Final
<b>Revenue:</b>				
Property taxes	\$ 2,126,290	\$ 2,014,363	\$ 2,153,650	\$ (27,360)
Specific ownership taxes	425,787	301,000	301,000	124,787
Investment income	197,869	100,000	100,000	97,869
Miscellaneous	63,184	13,000	13,000	50,184
Grants	625,226	750,000	750,000	(124,774)
Proceeds of loans	10,844,734	-	-	10,844,734
<b>Total Revenue and Financing Sources</b>	<b>14,283,090</b>	<b>3,178,363</b>	<b>3,317,650</b>	<b>10,965,440</b>
<b>Expenditures:</b>				
<b>Operating Expenses:</b>				
Personnel	652,166	685,000	685,000	32,834
Maintenance	86,503	35,000	35,000	(51,503)
Supplies	113,100	29,000	29,000	(84,100)
Professional	915,844	113,000	113,000	(802,844)
Travel and meals	19,480	11,550	11,550	(7,930)
Water purchases	-	702,000	702,000	702,000
Water storage (Chatfield)	262,723	1,185,000	1,185,000	922,277
Other	401,454	439,900	439,900	38,446
<b>Total Operating Expenses</b>	<b>2,451,270</b>	<b>3,200,450</b>	<b>3,200,450</b>	<b>749,180</b>
<b>Capital Outlay:</b>				
Building	-	21,000	21,000	21,000
Field structures	66,407	348,500	348,500	282,093
Vehicle	14,009	30,000	30,000	15,991
Chatfield	10,648,575	-	-	(10,648,575)
Gravel pit reservoirs:				
Shores	2,963,937	783,000	783,000	(2,180,937)
La Poudre	-	42,000	42,000	42,000
Siebring	-	320,000	320,000	320,000
Other	-	5,687,965	5,687,965	5,687,965
<b>Total Capital Outlay</b>	<b>13,692,928</b>	<b>7,232,465</b>	<b>7,232,465</b>	<b>(6,460,463)</b>
<b>Total Expenditures</b>	<b>16,144,198</b>	<b>10,432,915</b>	<b>10,432,915</b>	<b>(5,711,283)</b>
<b>REVENUES OVER EXPENDITURES</b>				
<b>- BUDGET BASIS</b>	<b>\$ (1,861,108)</b>	<b>\$ (7,254,552)</b>	<b>\$ (7,115,265)</b>	<b>\$ 5,254,157</b>

**WELL AUGMENTATION SUBDISTRICT  
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures  
Compared with Budget - General Fund**

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Class D assessments	\$ 1,017,110	\$ 1,013,650	\$ 3,460
Property taxes	796,324	639,743	156,581
Specific ownership taxes	-	81,000	(81,000)
Investment income	70,646	15,000	55,646
Miscellaneous	342,323	10,000	332,323
Loan proceeds	2,029,316	5,367,440	(3,338,124)
<b>Total Revenue and Financing Sources</b>	<b>4,255,719</b>	<b>7,126,833</b>	<b>(2,871,114)</b>
<b>Expenditures:</b>			
<b>Operating Expenses:</b>			
Personnel	342,210	356,550	14,340
Maintenance	104,478	32,000	(72,478)
Supplies	72,247	27,000	(45,247)
Professional	299,422	103,000	(196,422)
Travel and meals	12,875	10,550	(2,325)
Water leases	789,364	1,482,860	693,496
Utilities	63,920	302,000	238,080
Other	157,251	93,000	(64,251)
<b>Total Operating Expenses</b>	<b>1,841,767</b>	<b>2,406,960</b>	<b>565,193</b>
<b>Capital Outlay:</b>			
Building	-	28,000	28,000
Vehicles	14,009	21,000	6,991
Recharge projects	-	84,500	84,500
Walker recharge	2,504,615	3,000,000	495,385
Orchard recharge	-	209,500	209,500
Field equipment	121,353	342,500	221,147
Shores gravel pit	-	2,419,940	2,419,940
Contingency	-	606,950	606,950
<b>Total Capital Outlay</b>	<b>2,639,977</b>	<b>6,712,390</b>	<b>4,072,413</b>
<b>Total Expenditures</b>	<b>4,481,744</b>	<b>9,119,350</b>	<b>4,637,606</b>
<b>REVENUES OVER EXPENDITURES</b>			
- BUDGET BASIS	\$ (226,025)	\$ (1,992,517)	\$ 1,766,492

**GROUND WATER MANAGEMENT SUBDISTRICT  
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures  
Compared with Budget- General Fund**

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Property taxes	\$ 1,350,028	\$ 1,361,277	\$ (11,249)
Specific ownership taxes	518,061	105,750	412,311
Investment income	311,634	30,000	281,634
Miscellaneous	149,710	55,000	94,710
Proceeds of debt and premium	21,733,299	48,700,000	(26,966,701)
<b>Total Revenue and Financing Sources</b>	<b>24,062,732</b>	<b>50,252,027</b>	<b>(26,189,295)</b>
<b>Expenditures:</b>			
<b>Operating Expenses:</b>			
Personnel	342,313	356,500	14,187
Maintenance	214,816	32,000	(182,816)
Supplies	61,490	27,000	(34,490)
Professional	365,915	123,000	(242,915)
Travel and meals	12,877	10,550	(2,327)
Water leases	245,304	380,000	134,696
Utilities	72,035	-	(72,035)
Other	186,724	99,000	(87,724)
<b>Total Operating Expenses</b>	<b>1,501,474</b>	<b>1,028,050</b>	<b>(473,424)</b>
<b>Debt Service:</b>			
Bond Issuance Costs	297,026	-	(297,026)
<b>Capital Outlay:</b>			
Vehicle and Equipment	43,533	49,000	5,467
Recharge	90,000	445,000	355,000
Field Structures	-	542,500	542,500
Gravel Pit Reservoirs	4,256,175	50,376,450	46,120,275
Contingency	-	576,000	576,000
<b>Total Capital Outlay</b>	<b>4,389,708</b>	<b>51,988,950</b>	<b>47,599,242</b>
<b>Total Expenditures</b>	<b>6,188,208</b>	<b>53,017,000</b>	<b>46,828,792</b>
<b>REVENUES OVER EXPENDITURES</b>			
<b>- BUDGET BASIS</b>	<b>\$ 17,874,524</b>	<b>\$ (2,764,973)</b>	<b>\$ 20,639,497</b>

**OTHER SUPPLEMENTARY INFORMATION**

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## Schedule of Revenue and Expenditures Compared with Budget- Debt Service Fund

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
Revenue:			
Property taxes	\$ 3,849,147	\$ 3,898,580	\$ (49,433)
Investment income	310,317	140,000	170,317
Miscellaneous	-	-	-
Total Revenue	4,159,464	4,038,580	120,884
Expenditures:			
Operating Expenditures:			
Treasurer's fees	57,778	65,000	7,222
Debt Service:			
Interest	1,278,880	947,614	(331,266)
Principal	1,020,000	1,020,000	-
Total Expenditures	2,356,658	2,032,614	(324,044)
Net Change in Fund Balance	\$ 1,802,806	\$ 2,005,966	\$ (203,160)

**WELL AUGMENTATION SUBDISTRICT  
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures  
Compared with Budget - Debt Service Fund**

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Property taxes	\$ 1,658,681	\$ 1,662,668	\$ (3,987)
Investment income	151,199	70,000	81,199
<b>Total Revenue</b>	<b>1,809,880</b>	<b>1,732,668</b>	<b>77,212</b>
<b>Expenditures:</b>			
<b>Operating Expenditures:</b>			
Treasurer's fees	24,942	80,000	55,058
<b>Debt Service:</b>			
Principal	457,587	457,550	(37)
Interest	327,200	327,239	39
<b>Total Expenditures</b>	<b>809,729</b>	<b>864,789</b>	<b>55,060</b>
 Net Change in Fund Balance	 <u>\$ 1,000,151</u>	 <u>\$ 867,879</u>	 <u>\$ 132,272</u>

**GROUND WATER MANAGEMENT SUBDISTRICT  
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures  
Compared with Budget - Debt Service Fund**

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Property taxes	\$ 5,964,306	\$ 6,013,195	\$ (48,889)
Investment income	68,157	25,000	43,157
<b>Total Revenue</b>	<b>6,032,463</b>	<b>6,038,195</b>	<b>(5,732)</b>
<b>Expenditures:</b>			
<b>Operating Expenditures:</b>			
Treasurer's fees	89,540	30,000	(59,540)
<b>Debt Service:</b>			
Interest	543,639	167,816	(375,823)
Principal	1,636,456	1,372,951	(263,505)
<b>Total Expenditures</b>	<b>2,269,635</b>	<b>1,570,767</b>	<b>(698,868)</b>
 Net Change in Fund Balance	 \$ 3,762,828	 \$ 4,467,428	 \$ (704,600)

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## Schedule of Revenue and Expenditures Compared with Budget- Water Enterprise Fund

Year Ended December 31, 2019	Actual	Original Budget	Final Budget	Variance From Final
<b>Revenue:</b>				
Water assessments	\$ 103,000	\$ 422,220	\$ 422,220	\$ (319,220)
Water lease revenue	1,250,962	-	-	1,250,962
Investment income	31,253	-	-	31,253
Miscellaneous	-	7,500	7,500	(7,500)
Proceeds of debt	53,745	2,250,000	2,250,000	(2,196,255)
Property taxes	-	139,287	-	-
<b>Total Revenue</b>	<b>1,438,960</b>	<b>2,819,007</b>	<b>2,679,720</b>	<b>(1,240,760)</b>
<b>Expenditures:</b>				
<b>Operating Expenses:</b>				
Other	332,408	3,500	3,500	(328,908)
<b>Capital Outlay:</b>				
Walker recharge	365,551	2,250,000	2,250,000	1,884,449
Geisert	-	312,500	312,500	312,500
Rinn Valley	-	62,500	62,500	62,500
<b>Total Operating Expenses - Budget Basis</b>	<b>697,959</b>	<b>2,628,500</b>	<b>2,628,500</b>	<b>1,930,541</b>
<b>Perspective differences:</b>				
Proceeds from debt	53,745	-	-	(53,745)
Depreciation expense	6,390	-	-	(6,390)
Capital outlay	(365,551)	-	-	365,551
<b>Total Differences</b>	<b>(305,416)</b>	<b>-</b>	<b>-</b>	<b>305,416</b>
<b>Total Expenses</b>	<b>338,798</b>	<b>2,628,500</b>	<b>2,628,500</b>	<b>2,235,957</b>
<b>REVENUES OVER EXPENSES</b>				
- GAAP BASIS	<u>\$ 1,046,417</u>	<u>\$ 190,507</u>	<u>\$ 51,220</u>	<u>\$ 995,197</u>

**WELL AUGMENTATION SUBDISTRICT  
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures  
Compared with Budget- Water Enterprise Fund**

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Water assessments	\$ 53,350	\$ 53,350	\$ -
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Investment income	3,179	-	3,179
<b>Total Revenue</b>	<b>56,529</b>	<b>53,350</b>	<b>3,179</b>
<b>Expenditures:</b>			
<b>Operating Expenses:</b>			
Personnel	-	-	-
Maintenance	-	-	-
Debt Service	-	-	-
Capital Outlay	-	-	-
<b>Total Operating Expenses - Budget Basis</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Perspective difference</b>			
Proceeds from debt	-	-	-
Principal payments on debt	-	-	-
Depreciation expense	-	-	-
Capital outlay	-	-	-
<b>Total Differences</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER EXPENSES</b>			
- GAAP BASIS	\$ 56,529	\$ 53,350	\$ 3,179

**GROUND WATER MANAGEMENT SUBDISTRICT  
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures  
Compared with Budget - Water Enterprise Fund**

Year Ended December 31, 2019	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Water assessments	\$ 1,780,878	\$ 1,756,300	\$ 24,578
Water lease revenue	1,502,022	-	1,502,022
Property taxes	148,510	149,575	(1,065)
Investment income	39,536	20,000	19,536
Miscellaneous	94,798	47,500	47,298
Rock royalties	100,000	50,000	50,000
<b>Total Revenue</b>	<b>3,665,744</b>	<b>2,023,375</b>	<b>1,642,369</b>
<b>Expenses:</b>			
<b>Operating Expenses:</b>			
Water leases and engineering	1,670,187	2,049,360	379,173
Debt Service	1,079,947	677,000	(402,947)
Capital Outlay	175,000	-	(175,000)
<b>Total Expenses - Budget Basis</b>	<b>2,925,134</b>	<b>2,726,360</b>	<b>(198,774)</b>
<b>Perspective differences:</b>			
Principal payments on debt	(907,994)	-	907,994
Depreciation expense	112,108	-	(112,108)
Capital outlay	(175,000)	-	175,000
<b>Total Differences</b>	<b>(970,886)</b>	<b>-</b>	<b>970,886</b>
<b>Total Expenses</b>	<b>1,954,248</b>	<b>2,726,360</b>	<b>772,112</b>
<b>REVENUES OVER EXPENDITURES</b>			
<b>- GAAP BASIS</b>	<b>\$ 1,711,496</b>	<b>\$ (702,985)</b>	<b>\$ 2,414,481</b>