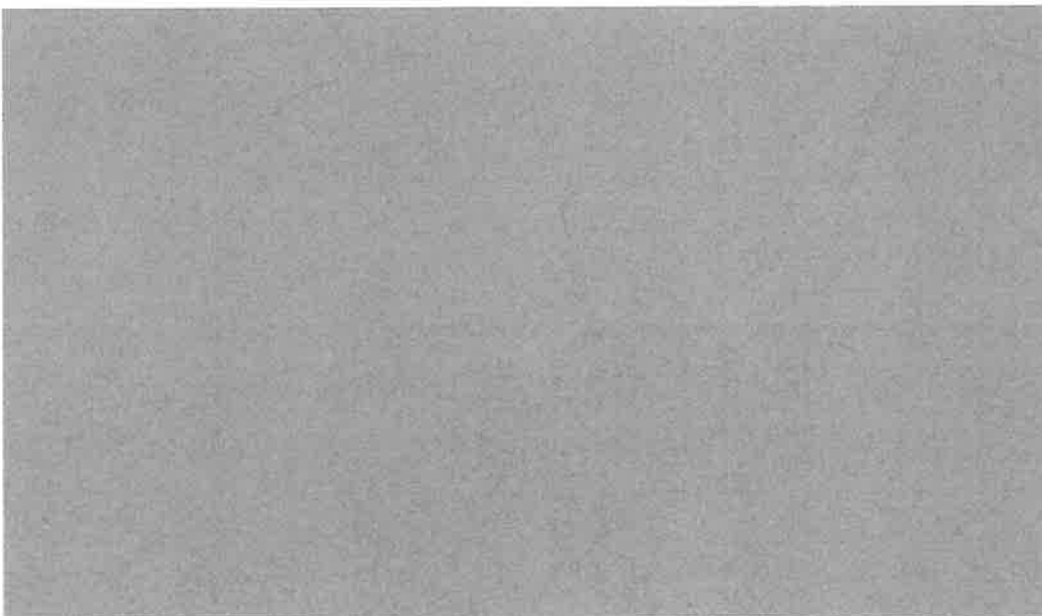


**RIO GRANDE WATER CONSERVATION  
FINANCIAL STATEMENTS**

**December 31, 2019**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

**RIO GRANDE WATER CONSERVATION DISTRICT**  
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**December 31, 2019**

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Wall,  
Smith,  
Bateman Inc.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rio Grande Water Conservation District  
Alamosa, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Rio Grande Water Conservation District (the District) as of and for the year 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Rio Grande Water Conservation 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.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

***Other Matters***

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed on the table on contents, 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 combining, individual fund financial schedules, and the Estimated Future Obligations schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Estimated Future Obligations schedule for SubDistrict #1 has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on the schedule.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

September 29, 2020

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**BASIC FINANCIAL STATEMENTS**

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2019**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 1,560,793	\$ 4,944,020	\$ 6,504,813
CD - Estimated Future Obligation	-	3,607,413	3,607,413
Restricted Assets:			
Cash - Bureau of Reclamation	112,260	-	112,260
Cash - Study Account	1,840,282	-	1,840,282
Property Taxes Receivable	1,202,787	-	1,202,787
Assessments Receivable, Net of Allowance for Uncollectible Accounts	-	6,473,651	6,473,651
Interfund Balances	497,996	(497,996)	-
Due From Other Governments	1,147	-	1,147
Interest Receivable	1,430	9,335	10,765
Prepaid Building Expenses	-	107,900	107,900
Prepaid Other	13,224	-	13,224
<b>Total Current Assets</b>	<b>5,229,919</b>	<b>14,644,323</b>	<b>19,874,242</b>
<b>Capital Assets</b>			
Land	5,902,100	-	5,902,100
Structures	2,315,890	-	2,315,890
Equipment and Vehicles	149,815	-	149,815
Office Furniture	129,045	-	129,045
Accumulated Depreciation	(576,286)	-	(576,286)
<b>Total Capital Assets</b>	<b>7,920,564</b>	<b>-</b>	<b>7,920,564</b>
<b>TOTAL ASSETS</b>	<b>13,150,483</b>	<b>14,644,323</b>	<b>27,794,806</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	120,355	1,519,557	1,639,912
Unearned Revenue - Building Expense Reimbursement	107,900	-	107,900
Unearned Revenue - Bureau of Reclamation	97,855	-	97,855
<b>Total Current Liabilities</b>	<b>326,110</b>	<b>1,519,557</b>	<b>1,845,667</b>
<b>Long-Term Liabilities</b>			
Accrued Compensated Absences	28,181	-	28,181
<b>Total Long-Term Liabilities</b>	<b>28,181</b>	<b>-</b>	<b>28,181</b>
<b>TOTAL LIABILITIES</b>	<b>354,291</b>	<b>1,519,557</b>	<b>1,873,848</b>
<b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>			
Unavailable Revenue- Property Tax	1,202,787	-	1,202,787
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,920,564	-	7,920,564
Restricted:			
Bureau of Reclamation	112,260	-	112,260
Tabor Reserve	32,807	-	32,807
Unrestricted	3,527,774	13,124,766	16,652,540
<b>TOTAL NET POSITION</b>	<b>\$ 11,593,405</b>	<b>\$ 13,124,766</b>	<b>\$ 24,718,171</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		Total
					Primary Government	Business-Type Activities	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,377,501	\$ -	\$ -	\$ -	\$ (1,377,501)	\$ -	\$ (1,377,501)
Conservation of Natural Resources Bureau of Reclamation Contract	59,193	-	-	-	(59,193)	-	(59,193)
	167,852	-	166,920	-	(932)	-	(932)
<b>Total Governmental Activities</b>	<b>1,604,546</b>	<b>-</b>	<b>166,920</b>	<b>-</b>	<b>(1,437,626)</b>	<b>-</b>	<b>(1,437,626)</b>
<b>Business-Type Activities:</b>							
Enterprise Fund	4,667,862	6,490,598	-	4,499	-	1,827,235	1,827,235
<b>Total Business-Type Activities</b>	<b>4,667,862</b>	<b>6,490,598</b>	<b>-</b>	<b>4,499</b>	<b>-</b>	<b>1,827,235</b>	<b>1,827,235</b>
<b>Total Primary Government</b>	<b>\$ 6,272,408</b>	<b>\$ 6,490,598</b>	<b>\$ 166,920</b>	<b>\$ 4,499</b>	<b>(1,437,626)</b>	<b>1,827,235</b>	<b>389,609</b>
<b>General Revenues:</b>							
Taxes:							
General Property Taxes and SOT Taxes					1,360,065	-	1,360,065
District Overhead Reimbursements					4,787	-	4,787
Interest					27,653	42,307	69,960
Proceeds from Sale of Fixed Assets					-	-	-
Miscellaneous					139,355	-	139,355
<b>Total General Revenues</b>					<b>1,531,860</b>	<b>42,307</b>	<b>1,574,167</b>
Change in Net Position					94,234	1,869,542	1,963,776
<b>Net Position - Beginning</b>					<b>11,499,171</b>	<b>11,255,224</b>	<b>22,754,395</b>
<b>Net Position - Ending</b>					<b>\$ 11,593,405</b>	<b>\$ 13,124,766</b>	<b>\$ 24,718,171</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT  
GOVERNMENTAL FUND  
BALANCE SHEET  
For the Year Ended December 31, 2019**

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash	\$ 1,560,793
Restricted Assets:	
Cash - Bureau of Reclamation	112,260
Cash- Study Account	1,840,282
Property Taxes Receivable	1,202,787
Due From Other Funds	497,996
Due From Other Governments	1,147
Interest Receivable	1,430
Prepaid	13,224
<b>TOTAL ASSETS</b>	<b>\$ 5,229,919</b>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 120,355
Unearned Revenue - Building Expense Reimbursement	107,900
Unearned Revenue - Bureau of Reclamation	97,855
<b>TOTAL LIABILITIES</b>	<b>326,110</b>
 <b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>	
Unavailable Revenue- Property Tax	1,202,787
 <b>FUND BALANCE</b>	
Nonspendable:	
Prepaid Items	13,224
Restricted:	
Tabor Reserve	32,807
Committed:	
Water Study Account	1,840,282
Assigned:	
Designated for Subsequent Year Expenses	52,576
Unassigned	1,762,133
<b>TOTAL FUND BALANCE</b>	<b>3,701,022</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 5,229,919</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2019**

<b>Total Governmental Fund Balances</b>	\$ 3,701,022
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,920,564
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(28,181)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 11,593,405</u></u>

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

**RIO GRANDE WATER CONSERVATION DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended December 31, 2019**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Taxes	\$ 1,360,065
Intergovernmental Revenue	
Bureau of Reclamation (BOR)	166,920
Interest Earned on BOR Funds	44
Miscellaneous Revenue	
Interest Revenue	27,609
Other Revenue	144,142
<b>TOTAL REVENUES</b>	<b>1,698,780</b>
<b>EXPENDITURES</b>	
General Government	
Salaries and Fringe	521,289
Travel	19,267
Office Expense	89,847
Professional Services	360,684
Other General Government and Special Projects	319,889
Conservation of Natural Resources	59,193
Bureau of Reclamation Contract	167,852
Capital Outlay	-
<b>TOTAL EXPENDITURES</b>	<b>1,538,021</b>
Excess (Deficiency) of Revenues Over Expenditures	160,759
<b>Fund Balance at Beginning of Year</b>	<b>3,540,263</b>
<b>Fund Balance at End of Year</b>	<b>\$ 3,701,022</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019**

**Net change in fund balances - total governmental funds** \$ 160,759

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

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

Depreciation expense (66,460)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences (65)

**Change in net position of governmental funds** \$ 94,234

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**  
**STATEMENT OF NET POSITION**  
**December 31, 2019**

	<u>ENTERPRISE FUND</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 4,944,020
CD - Estimated Future Obligation	3,607,413
Assessments Receivable, Net of Allowance for Uncollectible Accounts	6,473,651
Interest Receivable	9,335
Prepaid Building Expenses	107,900
<b>TOTAL ASSETS</b>	<u>\$ 15,142,319</u>
 <b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 1,519,557
Due to Rio Grande Water Conservation District	497,996
<b>TOTAL LIABILITIES</b>	<u>2,017,553</u>
 <b>NET POSITION</b>	
Unrestricted	<u>13,124,766</u>
<b>TOTAL NET POSITION</b>	<u>13,124,766</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$ 15,142,319</u>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2019**

	<b>ENTERPRISE FUND</b>
<b>OPERATING REVENUE</b>	
Variable Fees	\$ 3,191,577
Administration Fees	782,829
CREP Fees	175,524
Pumping Fees	376,452
Groundwater Withdrawal Fees	1,954,216
Contract Inclusion Fees	10,000
Other Revenues	4,499
<b>Total operating revenue</b>	<b>6,495,097</b>
<b>OPERATING EXPENSES</b>	
Water Management Expenses	
Water Lease and Storage Expense	2,776,385
CREP	928,608
Forbearance	21,929
Administration	670,228
Professional Fees	267,652
Special Projects	3,060
<b>Total operating expenses</b>	<b>4,667,862</b>
Operating income (loss)	<b>1,827,235</b>
<b>NONOPERATING REVENUE</b>	
Interest Revenue	<b>42,307</b>
<b>TOTAL NONOPERATING REVENUE</b>	<b>42,307</b>
Change in Net Position	1,869,542
<b>Net Position at Beginning of Year</b>	<b>11,255,224</b>
<b>Net Position at End of Year</b>	<b>\$ 13,124,766</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Administration, CREP, and Variable Fees	\$ 6,730,508
Cash Received from Miscellaneous Activities	(4,836)
Cash Payments for Water Management Expenses	(3,955,124)
Cash Payments for Professional Services	(284,628)
Cash Payments for Administration	(431,425)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>2,054,495</b>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	
Reimbursement to General Fund	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	-
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>	
Interest income	42,307
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>42,307</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,096,802</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>6,454,631</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 8,551,433</b>
 <b>OPERATING INCOME (LOSS)</b>	 <b>\$ 1,827,235</b>
 <b>Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:</b>	
Change in assets and Liabilities	
(Increase) Decrease in Accounts Receivable	239,910
(Increase) Decrease in Prepaid Building Expenses	-
(Increase) Decrease in Due From Other Governments	-
(Increase) Decrease in Interest Receivable	(9,335)
Increase (Decrease) in Accounts Payable related to Operating Activities	(23,421)
Increase (Decrease) in Due to RGWCD	20,106
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 2,054,495</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Rio Grande Water Conservation District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

The District was created by HB No. 1536 during the 1967 legislative assembly. The District is governed by a board of nine directors: two from Alamosa, Conejos, Rio Grande, and Saguache counties, and one from Mineral County. Conserving water of the Rio Grande River Basin for beneficial use is the primary function of the District.

In October 2006, Subdistrict #1 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2010 the Court approved the Plan of Water Management of which the objective is to cause groundwater levels in the Unconfined Aquifer of the Closed Basin to recover, and then to maintain a sustainable irrigation water supply in the Unconfined Aquifer with due regard for the daily, seasonal, and longer term demands on the aquifer and to protect senior surface water rights and avoid interference with Colorado's obligations under the Rio Grande Compact. To achieve these goals, reducing and managing overall groundwater consumption is essential. Only the administrative fee can be used for reimbursement of formation costs.

In March 2016, Subdistrict #2 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2018 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promotes responsible groundwater use and management and ensures protection of senior surface water rights. To achieve these goals, reducing and managing the overall groundwater consumptions is essential. Only the administrative fee can be used for the reimbursement of formation costs.

In March 2017, Subdistrict #3 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2018 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management that ensures protection of senior surface water rights. To achieve these goals, reducing and managing the overall groundwater consumptions is essential. Only the administrative fee can be used for the reimbursement of formation costs.

In October 2018, Subdistrict #6 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2019 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior surface water rights. To achieve these goals, reducing and managing the overall groundwater consumption is essential. Only the administrative fee can be used for the reimbursement of formation costs.

As the Subdistricts are formed and administrative fees are collected the District will formulate a plan to reimburse the General Fund. During 2017, Subdistrict 4 and 5 were formed, however, the plan of water management has not

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

yet been approved for Subdistricts 4 or 5. Subdistricts are not independent entities, they are subdistricts of Rio Grande Water Conservation District, and the District is responsible for the operation of the Subdistricts.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the District has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Mainly taxes and intergovernmental revenues support governmental activities and fees paid by water users support business type activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

**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. 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental 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 available when they are collectible within the current period or soon enough

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government.

The District reports the following major enterprise fund:

- The **Enterprise Fund** accounts for fees and expenses for operating, financing, and maintaining the Subdistricts.

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

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows. The District's proprietary funds include the Special Improvement District's 1 through 3 and 6 (Subdistricts), used to account for the activities of the Subdistricts. Sources of revenue consist of administration fees, Conservation Reserve Enhancement Program (CREP) fees, variable fees, pumping fees, and groundwater withdrawal fees assessed on landowners within the Subdistricts.

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities subject to this same limitation.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with an initial maturity of three months or less.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

***Restricted Cash***

The District keeps a bank account for money received from the Bureau of Reclamation. The money in this account is to be used only for expenses approved by the Bureau of Reclamation. The District also keeps a bank account for money received for studies of water resources. See Note 4 for more information regarding the Study Account.

***Receivables/Payables To/From Other Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds.”

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Capital Assets***

Capital Assets, which include land, buildings, and vehicles, are reported in the applicable governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and a life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Structures	30-50
Equipment & Vehicles	5-10

***Compensated Absences***

Employees of the District are entitled to paid vacation depending on the length of service and other factors. The employees are also entitled to sick leave. Sick leave will vest according to a formula based on the sick leave hours that have been accumulated and the terms of termination. Accrued vacation and the vested portion of sick leave have been accrued in the amount of \$28,181 at December 31, 2019.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District’s property taxes are collected by each of the five counties that comprise the District: Alamosa, Conejos, Mineral, Rio Grande, and Saguache. The respective County Treasurers remit monthly receipts to the District; property tax revenue is recognized when received by the County Treasurer. The 2019 property tax levy due January 1, 2020, has been recorded as a receivable and a corresponding deferred inflow of resources in the financial statements.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

***Assessments – Special Improvement Districts***

Assessments attach as an enforceable lien on property as of January 1 each year. The assessments are payable in two installments on February 28 and June 15 or in full on April 30. Subdistrict #1 assesses fees on lands irrigated by groundwater and the pumping and use of groundwater. Subdistricts #2 and #3 assess fees based on individual wells within the boundaries of the respective Subdistrict. Fees are as follows:

- Subdistrict #1
  - Administrative Fee of \$3.25 per irrigable acre
  - Conservation Reserve Enhancement Program (CREP) Fee of \$1.00 per irrigable acre
  - Variable Fee of \$90 per acre foot on the surface water owned and groundwater pumped
- Subdistrict #2
  - Administrative Fee of \$389 per active well and \$194.50 per inactive well
  - Pumping Fee of \$34.50 per acre foot sprinkler application, \$24.94 per acre foot flood application, and between \$15.38 and \$17.04 per acre foot other application
- Subdistrict #3
  - Administrative Fee of \$413.23 per active well and \$206.63 per inactive well
  - Groundwater Withdrawal Fee of \$24.62 per acre foot sprinkler application, \$17.80 per acre foot flood application, between \$9.79 and \$12.16 per acre foot for other application, and \$5.88 per acre foot of groundwater withdrawn
- Subdistrict #6
  - Administrative Fee of \$217.50 per active well and \$108.75 per inactive well
  - Groundwater Withdrawal Fee of \$20.20 per acre foot sprinkler application, \$14.55 per acre foot flood application, between \$1.89 and \$24.10 per acre foot for other application.

The aforementioned fees are based on several variables and are subject to an appeals process by the landowner. The appeal can cause an adjustment to revenue.

***Expenditures – Plan of Water Management***

Special Improvement District #1 expends funds to implement the following:

- A program of temporary fallowing to remove sufficient acreage from production to achieve reduction of water consumption.
- Economic incentives for the permanent removal of lands from irrigation.
- Replacement of stream depletions and/or increases in groundwater recharge.
- Infrastructure improvements to maximize the diversion and recharge of water.
- Purchase and retirement of irrigated lands and/or water rights.
- Education and research into water conservation, water use efficiency, improved water management and public education.
- Improvement and operation of ditches, headgates, and recharge facilities to make the best use of available water and to improve groundwater recharge.

Special Improvement Districts #2, #3, and #6 expend funds to implement the following:

- Calculation and replacement or remedy of injurious stream depletions.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

- Purchase, rent, lease and/or retire irrigated lands and/or purchase, rent and/or lease water rights and/or reservoir storage, either inside or outside the exterior boundaries of the Subdistrict.
- A program of temporary or permanent fallowing, including economic incentives, to remove acreage from production to achieve reduction in groundwater consumption.
- Economic incentives for the permanent removal of lands from irrigation.
- Economic incentives for Subdistrict members or non-Subdistrict members to provide replacement water, land, or facilities.
- Education and research into water conservation, water use efficiently, improved water management, and agricultural water use.
- Improvement and operation of ditches and headgates, to make the best use of available water.
- Data collection and analysis programs to improve RGDSS predictions, further refine the calculation of stream depletions caused by groundwater withdrawals.
- In cooperation with the USDA-NRCS and others to develop annual water supply forecasts based on SNOTEL and snow course data to include development of new improved technologies.
- Determine historical stream flow volumes based on paleo dendrochronology or other methods to correlate precipitation to rim inflows.

***Deferred Inflows***

In addition to liabilities, the statement of net position reports a separate section of 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 will not be recognized as an inflow of resources (revenue) until that time.

***Encumbrances***

The District does not record purchase orders in the accounting system. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

***Fund Balance***

Fund balances are reported based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance*- are amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid insurance.
- *Restricted Fund Balance*- are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Directors, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Directors or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- are amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and 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 of Directors has provided otherwise in its commitment or assignment actions.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

Rio Grande Water Conservation District follows the procedures set forth in the Colorado Local Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopted supplemental appropriations during 2019. All budget amounts presented reflect the original budget and the final amended budget if applicable.

**NOTE 3 CASH AND DEPOSITS**

***Cash and Deposits***

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2019 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, \$5,239,030 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

**NOTE 4 STUDY ACCOUNT**

During 1995 the District was awarded a refund of certain costs and fees arising from its defense of water interests of the San Luis Valley. The amount awarded was \$1,802,133 from which \$136,906 was used to repay the remaining balance of money borrowed to finance its defense. The Board of Directors, by resolution, established the Rio Grande Water Conservation District Water Study Fund. Moneys from principal and future earnings can only be used for certain purposes. These purposes include the following:

- 1.) Studies of the water resources of the San Luis Valley.
- 2.) Technical services to assist in the defense of the use of water resources of the San Luis Valley.
- 3.) Legal services required in the defense of the water resources of the San Luis Valley.

The District has determined that the refund constitutes a damage award under Article X Section 20 of the Colorado Constitution and is exempt from revenue limitations.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

At December 31, 2019, the remaining balances of the award are as follows:

Cash in Bank	\$	188,901
Certificate of Deposit		1,651,381
		1,840,282
		\$ 1,840,282

During the year total interest earned on the account was \$17,652. There were no disbursements for the year ended December 31, 2019.

**NOTE 5 ASSESSMENTS RECEIVABLE, NET**

Subdistrict #1 assessed fees upon approximately 165,910 irrigable acres within its boundaries in Alamosa, Rio Grande, Saguache Counties, and on the Colorado State Land Board on November 30, 2019. Subdistrict #1 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Variable Fees	\$	3,208,388
Administrative Fees		542,456
CREP Fees		166,956
		3,917,800
		\$ 3,917,800

Subdistrict #2 assessed fees upon approximately 2017 wells within its boundaries in Alamosa and Rio Grande Counties on November 30, 2019. Subdistrict #2 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Pumping Fees	\$	376,146
Administrative Fees		72,050
		448,196
		\$ 448,196

Subdistrict #3 assessed fees upon approximately 137 wells within its boundaries in Conejos County on November 30, 2019. Subdistrict #3 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Ground Water Withdrawal Fees	\$	440,020
Administrative Fees		66,113
Sustainability Fees		164,822
		670,955
		\$ 670,955

Subdistrict #6 assessed fees upon approximately 518 wells within its boundaries in Alamosa and Rio Grande Counties on November 30, 2019. SubDistrict #6 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Ground Water Withdrawal Fees	\$	1,349,373
Administrative Fees		87,327
		1,436,700
		\$ 1,436,700

The total assessment receivable net of allowance for uncollectible accounts for all Subdistrict's totaled \$6,473,651.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between the District and Subdistrict. The balances result from time lags between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2019 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Improvement District #1	\$ 40,977
General Fund	Special Improvement District #2	179,323
General Fund	Special Improvement District #3	210,476
General Fund	Special Improvement District #6	67,220
		<u>\$ 497,996</u>

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Balance 12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Land	\$ 5,902,100	\$ -	\$ -	\$ 5,902,100
Total capital assets not being depreciated	<u>5,902,100</u>	<u>-</u>	<u>-</u>	<u>5,902,100</u>
Capital assets being depreciated				
Structures	2,315,890	-	-	2,315,890
Equipment and Vehicles	149,815	-	-	149,815
Office Furniture	129,045	-	-	129,045
Total capital assets being depreciated	<u>2,594,750</u>	<u>-</u>	<u>-</u>	<u>2,594,750</u>
Less accumulated depreciation for:				
Structures	340,456	42,030	-	382,486
Equipment and Vehicles	97,791	15,627	-	113,418
Office Furniture	71,579	8,803	-	80,382
Total accumulated depreciation	<u>509,826</u>	<u>66,460</u>	<u>-</u>	<u>576,286</u>
Total capital assets being depreciated, net	<u>2,084,924</u>	<u>(66,460)</u>	<u>-</u>	<u>2,018,464</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 7,987,024</u>	<u>\$ (66,460)</u>	<u>\$ -</u>	<u>\$ 7,920,564</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:	
General Government	<u>\$ 66,460</u>
Total depreciation expense – governmental activities	<u>\$ 66,460</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 8 LONG-TERM DEBT**

***Changes in Long-Term Debt***

GOVERNMENTAL ACTIVITIES:	<u>Balance</u> 12/31/2018	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/2019	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 28,117	\$ 64	\$ -	\$ 28,181	\$ -
GOVERNMENTAL ACTIVITIES LONG-TERM DEBT	<u>\$ 28,117</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 28,181</u>	<u>\$ -</u>

**NOTE 9 COOPERATIVE AGREEMENT WITH BUREAU OF RECLAMATION**

Rio Grande Water Conservation District entered into a cooperative agreement with the United States Department of the Interior's Bureau of Reclamation on February 6, 1989. The agreement stipulates that the District is to assist the Bureau in the operation and maintenance of Closed Basin Division facilities and to participate with the Bureau in the planning, scheduling, and decision-making associated with the Closed Basin Division.

Under the provisions of the agreement, the Bureau will reimburse the District for costs incurred in the performance of the agreement. The Bureau advances moneys to the District based on pre-approved quarterly work schedules. As the District incurs Bureau approved costs, earned revenue is recognized. The portion of the moneys advanced by the Bureau that have not been recognized as earned are classified as unearned revenue.

Bureau of Reclamation Agreement Revenues as of December 31, 2019, are as follows:

(Receivable)/Unearned Revenue, beginning of year	\$ 4,628
Reimbursement and Advances	258,168
Interest Revenue	44
Earned Revenue	<u>(164,985)</u>
(Receivable)/Unearned Revenue, end of year	<u>\$ 97,855</u>

**NOTE 10 PENSION**

***Defined Contribution Plan***

All eligible District employees, participate in the Nationwide Governmental 401(a) Plan, a defined contribution plan, authorized by state statute. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Employees are eligible to participate after one year of full-time permanent employment, and participation is mandatory. Employees are 100% vested after one year of service.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

The District contributed the required 6% of the compensation of each employee for 2019. Employees are not allowed to make contributions to the plan. For the year ended December 31, 2019, the District's contributions were calculated using the base salary amount of \$713,802 and the District and the Special Improvement Districts recorded expenditures amounting to \$36,341 of which \$20,146 is recorded in the District, \$7,663, \$2,075, \$2,479 and \$1,482 are recorded in Special Improvements Districts #1, #2, #3, and #6, respectively, and the balance to the Bureau of Reclamation Contract.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. The Plan may be amended by resolution of the Board of Directors but it may not be amended beyond the limits established by state statute.

***Section 457 Plan Defined Contribution Plan***

The District also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457, administered by Nationwide Retirement Solutions.

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The District has no other liability other than to make the required monthly contributions.

**NOTE 11 TABOR EMERGENCY RESERVE**

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3% of fiscal year spending. This Emergency Reserve has been presented as a reservation of fund balance in the General Fund where applicable. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**NOTE 12 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 13 SUBSEQUENT EVENTS**

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

# **RIO GRANDE WATER CONSERVATION DISTRICT**

## **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund.

**RIO GRANDE WATER CONSERVATION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended December 31, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 1,329,651	1,329,651	\$ 1,360,065	\$ 30,414
Intergovernmental Revenue				
Bureau of Reclamation (BOR)	286,881	286,881	166,920	(119,961)
Interest Earned on BOR Funds	-	-	44	44
Miscellaneous Revenue				
Interest Revenue	-	-	27,609	27,609
Other Revenue	318,154	318,154	144,142	(174,012)
<b>TOTAL REVENUES</b>	<u>1,934,686</u>	<u>1,934,686</u>	<u>1,698,780</u>	<u>(235,906)</u>
<b>EXPENDITURES</b>				
General Government				
Salaries and Fringe	578,111	578,111	521,289	56,822
Travel	19,000	19,000	19,267	(267)
Supplies	101,395	101,395	89,847	11,548
Professional Services	750,000	750,000	360,684	389,316
Other General Government and Special Projects	55,900	55,900	319,889	(263,989)
Conservation of Natural Resources	171,236	171,236	59,193	112,043
Bureau of Reclamation Contract	284,331	284,331	167,852	116,479
Capital Outlay	-	-	-	-
TABOR Reserve	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,959,973</u>	<u>1,959,973</u>	<u>1,538,021</u>	<u>421,952</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(25,287)</u>	<u>(25,287)</u>	<u>160,759</u>	<u>186,046</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Fixed Assets	-	-	-	-
Transfer From Special Improvement District #2	-	-	-	-
Transfer to Special Improvement District #2	-	-	-	-
Transfer to Special Improvement District #3	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(25,287)</u>	<u>(25,287)</u>	<u>160,759</u>	<u>186,046</u>
<b>Fund Balance at Beginning of Year</b>	<u>3,319,228</u>	<u>3,319,228</u>	<u>3,540,263</u>	<u>221,035</u>
<b>Fund Balance at End of Year</b>	<u>\$ 3,293,941</u>	<u>\$ 3,293,941</u>	<u>\$ 3,701,022</u>	<u>\$ 407,081</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

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

**RIO GRANDE WATER CONSERVATION DISTRICT**

**SUPPLEMENTARY INFORMATION**

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**

**STATEMENT OF NET POSITION**

December 31, 2019

	SPECIAL IMPROVEMENT DISTRICT #1 FUND	SPECIAL IMPROVEMENT DISTRICT #2 FUND	SPECIAL IMPROVEMENT DISTRICT #3 FUND	SPECIAL IMPROVEMENT DISTRICT #6 FUND	TOTAL ENTERPRISE FUND
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 3,994,008	\$ 302,222	\$ 647,790	\$ -	\$ 4,944,020
CD - Estimated Future Obligation	3,607,413	-	-	-	3,607,413
Assessments Receivable, Net of Allowance Uncollectible Accounts	3,917,800	448,196	670,955	1,436,700	6,473,651
Interest Receivable	9,335	-	-	-	9,335
Prepaid Building Expenses	107,900	-	-	-	107,900
<b>TOTAL ASSETS</b>	<b>\$ 11,636,456</b>	<b>\$ 750,418</b>	<b>\$ 1,318,745</b>	<b>\$ 1,436,700</b>	<b>\$ 15,142,319</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 1,444,173	\$ 52,948	\$ 22,436	\$ -	\$ 1,519,557
Due to Rio Grande Conservation District	40,977	179,323	210,476	67,220	497,996
<b>TOTAL LIABILITIES</b>	<b>1,485,150</b>	<b>232,271</b>	<b>232,912</b>	<b>67,220</b>	<b>2,017,553</b>
<b>NET POSITION</b>					
Unrestricted	10,151,306	518,147	1,085,833	1,369,480	13,124,766
<b>TOTAL NET POSITION</b>	<b>10,151,306</b>	<b>518,147</b>	<b>1,085,833</b>	<b>1,369,480</b>	<b>13,124,766</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 11,636,456</b>	<b>\$ 750,418</b>	<b>\$ 1,318,745</b>	<b>\$ 1,436,700</b>	<b>\$ 15,142,319</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2019

	SPECIAL IMPROVEMENT DISTRICT #1 FUND	SPECIAL IMPROVEMENT DISTRICT #2 FUND	SPECIAL IMPROVEMENT DISTRICT #3 FUND	SPECIAL IMPROVEMENT DISTRICT #6 FUND	TOTAL ENTERPRISE FUND
<b>OPERATING REVENUE</b>					
Variable Fees	\$ 3,191,577	-	-	-	\$ 3,191,577
Administration Fees	557,339	72,050	66,113	87,327	782,829
CREP Fees	175,524	-	-	-	175,524
Pumping Fees	-	376,452	-	-	376,452
Groundwater Withdrawal Fees	-	-	604,843	1,349,373	1,954,216
Contract Inclusion Fees	7,000	3,000	-	-	10,000
Grant Revenue	-	-	-	-	-
Other Revenue	3,805	694	-	-	4,499
<b>Total operating revenue</b>	<u>3,935,245</u>	<u>452,196</u>	<u>670,956</u>	<u>1,436,700</u>	<u>6,495,097</u>
<b>OPERATING EXPENSES</b>					
Water Management Expenses	2,677,010	51,600	47,775	-	2,776,385
Water Lease and Storage Expense	928,608	-	-	-	928,608
CREP	-	-	21,929	-	21,929
Forbearance	-	-	65,682	35,662	670,228
Administration	512,025	56,859	55,608	30,198	267,652
Professional Fees	154,288	27,558	765	1,360	3,060
Special Projects	-	935	-	-	-
<b>Total operating expenses</b>	<u>4,271,931</u>	<u>136,952</u>	<u>191,759</u>	<u>67,220</u>	<u>4,667,862</u>
Operating income (loss)	<u>(336,686)</u>	<u>315,244</u>	<u>479,197</u>	<u>1,369,480</u>	<u>1,827,235</u>
<b>NONOPERATING REVENUE</b>					
Interest Revenue	34,274	562	7,471	-	42,307
<b>TOTAL NONOPERATING REVENUE</b>	<u>34,274</u>	<u>562</u>	<u>7,471</u>	<u>-</u>	<u>42,307</u>
Change in Net Position	(302,412)	315,806	486,668	1,369,480	1,869,542
<b>Net Position at Beginning of Year</b>	<u>10,453,718</u>	<u>202,341</u>	<u>599,165</u>	<u>-</u>	<u>11,255,224</u>
<b>Net Position at End of Year</b>	<u>\$ 10,151,306</u>	<u>\$ 518,147</u>	<u>\$ 1,085,833</u>	<u>\$ 1,369,480</u>	<u>\$ 13,124,766</u>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #1**  
**For the Year Ended December 31, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>OPERATING REVENUE</b>				
Variable Fees	\$ 4,960,154	\$ 4,960,154	\$ 3,191,577	\$ (1,768,577)
Administration Fees	216,601	216,601	557,339	340,738
CREP Fees	250,947	250,947	175,524	(75,423)
Inclusion Contract Fees	-	-	7,000	7,000
Other Revenue	-	-	3,805	3,805
<b>Total operating revenue</b>	<b>5,427,702</b>	<b>5,427,702</b>	<b>3,935,245</b>	<b>(1,492,457)</b>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease	7,178,103	7,178,103	2,677,010	4,501,093
CREP	812,806	812,806	928,608	(115,802)
Administration	546,200	546,200	512,025	34,175
Professional Fees	-	-	154,288	(154,288)
<b>Total operating expenses</b>	<b>8,537,109</b>	<b>8,537,109</b>	<b>4,271,931</b>	<b>4,265,178</b>
Operating income (loss)	(3,109,407)	(3,109,407)	(336,686)	2,772,721
<b>NONOPERATING REVENUE</b>				
Interest Revenue	-	-	34,274	34,274
<b>Total nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>34,274</b>	<b>34,274</b>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	7,500	7,500	-	(7,500)
Transfer to General Fund	-	-	-	-
<b>Change in Net Position - Budget Basis</b>	<b>(3,101,907)</b>	<b>(3,101,907)</b>	<b>(302,412)</b>	<b>2,799,495</b>
<b>Net Position at Beginning of Year</b>	<b>5,059,360</b>	<b>5,059,360</b>	<b>10,453,718</b>	<b>5,394,358</b>
<b>Net Position at End of Year</b>	<b>\$ 1,957,453</b>	<b>\$ 1,957,453</b>	<b>\$ 10,151,306</b>	<b>\$ 8,193,853</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #2**  
**For the Year Ended December 31, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 69,242	\$ 69,242	\$ 72,050	\$ 2,808
Pumping Fees	367,304	367,304	376,452	9,148
Contract Inclusion Fees	-	-	3,000	3,000
Other Revenue	-	-	694	694
<b>Total operating revenue</b>	<b>436,546</b>	<b>436,546</b>	<b>452,196</b>	<b>15,650</b>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	-	-	51,600	(51,600)
Administration	396,300	396,300	56,859	339,441
Professional Fees	41,000	41,000	27,558	13,442
Special Projects	-	-	935	(935)
<b>Total operating expenses</b>	<b>437,300</b>	<b>437,300</b>	<b>136,952</b>	<b>300,348</b>
Operating income (loss)	(754)	(754)	315,244	315,998
<b>NONOPERATING REVENUE</b>				
Interest Revenue	1,000	1,000	562	(438)
<b>Total nonoperating revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>562</b>	<b>(438)</b>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	-	-	-	-
<b>Change in Net Position - Budget Basis</b>	<b>246</b>	<b>246</b>	<b>315,806</b>	<b>315,560</b>
<b>Net Position at Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>202,341</b>	<b>202,341</b>
<b>Net Position at End of Year</b>	<b>\$ 246</b>	<b>\$ 246</b>	<b>\$ 518,147</b>	<b>\$ 517,901</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #3**  
**For the Year Ended December 31, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 53,300	\$ 53,300	\$ 66,113	\$ 12,813
Groundwater Withdrawal Fees	746,225	746,225	604,843	(141,382)
Contract Inclusion Fees	1,200	1,200	-	(1,200)
<b>Total operating revenue</b>	<u>800,725</u>	<u>800,725</u>	<u>670,956</u>	<u>(129,769)</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	-	-	47,775	(47,775)
Forbearance	-	-	21,929	(21,929)
Administration	800,725	800,725	65,682	735,043
Professional Fees	-	-	55,608	(55,608)
Special Projects	-	-	765	(765)
<b>Total operating expenses</b>	<u>800,725</u>	<u>800,725</u>	<u>191,759</u>	<u>608,966</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>479,197</u>	<u>479,197</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	-	-	7,471	7,471
<b>Total nonoperating revenues</b>	<u>-</u>	<u>-</u>	<u>7,471</u>	<u>7,471</u>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	-	-	-	-
<b>Change in Net Position - Budget Basis</b>	<u>-</u>	<u>-</u>	<u>486,668</u>	<u>479,197</u>
<b>Net Position at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>599,165</u>	<u>599,165</u>
<b>Net Position at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,085,833</u>	<u>\$ 1,085,833</u>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #6**  
**For the Year Ended December 31, 2019**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ -	\$ -	\$ 87,327	\$ 87,327
Groundwater Withdrawal Fees	-	-	1,349,373	1,349,373
Contract Inclusion Fees	-	-	-	-
<b>Total operating revenue</b>	<b>-</b>	<b>-</b>	<b>1,436,700</b>	<b>1,436,700</b>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	-	-	-	-
Forbearance	-	-	-	-
Administration	-	-	35,662	(35,662)
Professional Fees	-	-	30,198	(30,198)
Special Projects	-	-	1,360	(1,360)
<b>Total operating expenses</b>	<b>-</b>	<b>-</b>	<b>67,220</b>	<b>(67,220)</b>
Operating income (loss)	-	-	1,369,480	1,369,480
<b>NONOPERATING REVENUE</b>				
Interest Revenue	-	-	-	-
<b>Total nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	-	-	-	-
<b>Change in Net Position - Budget Basis</b>	<b>-</b>	<b>-</b>	<b>1,369,480</b>	<b>1,369,480</b>
<b>Net Position at Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,369,480</b>	<b>\$ 1,369,480</b>

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

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ESTIMATED FUTURE OBLIGATIONS - UNAUDITED**  
**SPECIAL IMPROVEMENT DISTRICT #1**  
**For the Year Ended December 31, 2019**

Year	Estimated Future Obligation
2020	\$ 604,414
2021	604,414
2022	604,414
2023	604,414
2024	604,414
2025	604,414
2026	604,414
2027	604,414
2028	604,414
2029	550,000
2030	393,000
2031	267,070
2032	231,830
2033	46,255
Total	\$ 6,927,881

Notes to the Supplementary Information

SubDistrict #1 implemented a conservation program which was available from 2014 through 2019. The program incentivized producers to recharge their surface water for \$50 per acre foot over 15 years. Each year the producer must recharge the water in order to satisfy the requirements of the contract. SubDistrict #1 will annually calculate the amount due to the producers based on the surface water that was actually recharged. The above estimated future obligations are estimates and are subject to change based on actual events.