

CENTRAL COLORADO WATER  
CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

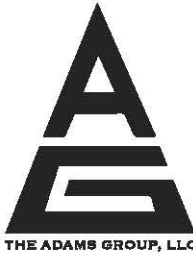
Year Ended December 31, 2020

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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 ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Subdistrict'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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the GASB required Pension and OPEB schedules as listed in the table of 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 Subdistrict's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and 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 budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*The Adams Group, LLC*

September 21, 2021  
Denver, Colorado

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the Central Colorado Water Conservancy District (the District) for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

### FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$94 million at December 31, 2020.
- The General Fund balance was \$10.1 million as of December 31, 2020. Of this amount, \$87,390 is reserved for emergencies.
- The December 31, 2020 General Fund balance is \$875,463 more than the previous year-end. The total fund balance is 117% of 2020 General Fund expenditures.
- The Debt Service Funds have net position of \$30.7 million at December 31, 2020.
- The Water Enterprise Funds have net position of \$8.8 million at December 31, 2020.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Subdistrict's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Subdistrict's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected fees).

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, each of which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 12 to 17 of this report.

**Proprietary Funds.** The District maintains one type of a 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 enterprise funds to account for its water services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund which is considered to be a major fund of the Subdistrict.

The basic proprietary fund financial statements can be found on pages 18 to 20 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 21 through 53 of this report.

**Budgetary Comparisons.** The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on page 57 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2020, assets exceeded liabilities by \$84,855,141.

The following table provides a summary of the District's net position:

December 31	2020		2019	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>Assets</b>				
Current and other assets	\$ 72,997,314	\$ 4,177,296	\$ 77,910,320	\$ 5,534,941
Capital assets	134,361,725	7,862,658	104,076,073	6,830,924
<b>Total Assets</b>	<b>207,359,039</b>	<b>12,039,954</b>	<b>181,986,393</b>	<b>12,365,865</b>
<b>Deferred outflows</b>				
Pensions/OPEB	263,442		1,000,470	--
<b>Liabilities</b>				
Current and other liabilities	11,090,706	284,756	8,445,505	887,046
Long-term liabilities	93,636,219	2,677,887	83,674,233	4,616,878
<b>Total Liabilities</b>	<b>104,726,925</b>	<b>2,962,643</b>	<b>92,119,738</b>	<b>5,503,924</b>
<b>Deferred Inflows</b>				
Pensions/OPEB	522,258	238,079	390,061	--
Deferred property taxes	17,518,157	--	16,421,916	292,919
<b>Net Position</b>				
Net investment in capital assets	44,367,625	4,954,764	37,953,894	1,869,820
Restricted	29,998,561	--	26,880,167	--
Unrestricted	10,488,955	3,884,468	9,221,087	4,699,202
<b>Total Net Position</b>	<b>\$ 84,855,141</b>	<b>\$ 8,839,232</b>	<b>\$ 74,055,148</b>	<b>\$ 6,569,022</b>

A portion of The District's net position represents unrestricted net position of \$14,373,423 which may be used to meet the District's ongoing obligations to citizens and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include water rights and projects, buildings, and equipment. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The only long-term debt is the bonds and leases issued for construction of District utility systems and water projects.

An additional \$29,998,561 of the District's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserve and the debt service fund balance.

The following table indicates the changes in net position:

Years Ended December 31	2020		2019	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for services	\$ 3,010,828	\$ 3,730,413	\$ 2,225,754	\$ 4,885,010
<b>General revenues:</b>				
Property taxes	17,273,019	293,755	16,688,625	148,510
Investment earnings	222,579	19,960	1,109,822	73,968
<b>Total revenues</b>	<b>20,506,426</b>	<b>4,044,128</b>	<b>20,024,201</b>	<b>5,107,488</b>
<b>Expenses:</b>				
Personnel	1,505,045	--	1,071,221	--
Maintenance	745,203	--	382,684	--
Professional fees	717,950	--	1,581,181	--
Water leases	1,907,323	--	1,297,391	--
Utilities	110,638	--	135,955	--
Travel and meals	24,213	--	45,233	--
Other	194,268	--	917,689	--
Supplies	377,263	--	246,837	--
Depreciation	1,133,080	--	1,025,601	--
Interest on long-term debt	2,991,450	--	2,369,082	--
Water enterprise	--	1,773,918	--	2,293,046
<b>Total expenses</b>	<b>9,706,433</b>	<b>1,773,918</b>	<b>9,072,874</b>	<b>2,293,046</b>
<b>Increase in net position</b>	<b>\$ 10,799,993</b>	<b>\$ 2,270,210</b>	<b>\$ 10,951,327</b>	<b>\$ 2,814,442</b>

**Governmental Activities.** Governmental activities increased the District's net position by \$10,799,993 in 2020. Key elements of this increase are as follows:

- Total revenues increased approximately 2%, due to higher property tax collections and water lease revenues.
- Expenses increased approximately 7% from the previous year, from increased personnel and interest costs.

**Business-Type Activities.** Business-type activities (i.e. water) increased the District's net position by \$2,270,210 in 2020. This was primarily due to lower water lease expenses.



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of December 31, 2020, the total fund balances of the District's governmental funds were \$54.7 million. Approximately 20% of this consists of unrestricted fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is committed for the following purposes: a state-constitution mandated emergency reserve (\$242,633); debt service purposes (\$30,754,067); and capital outlay (\$12,111,666).

The District has three major governmental funds:

1. **General Fund.** This is the primary operating fund of the District. It accounts for the District's core governmental services. The General Fund balance was \$10.1 million as of December 31, 2020. The 2020 fund balance is \$875,463 more than the previous year.
2. **Special Revenue Fund.** The Special Revenue Fund accounts for the two District subdistricts. The fund balance at December 31, 2020 was \$13.9 million.
3. **Debt Service Fund.** The Debt Service Fund accounts for the repayment of the District's debt. The fund balance at December 31, 2020 was \$15.9 million.

The District has one major enterprise fund, the Water Fund:

1. **Water Fund.** The Water Fund accounts for service charges and expenses of operating the District's water systems. The Water Fund net position at December 31, 2020 was \$8.8 million. Net position increased by \$2,270,210 during the year due to increased water lease revenue.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

	Final Budget	Actual
Beginning Fund Balance	\$ 9,241,077	\$ 9,241,077
Revenue and Financing Sources	8,138,115	9,525,388
Expenditures	(14,427,780)	(8,649,925)
Ending Fund Balance	\$ 2,951,412	\$ 10,116,540

Expenditures were less than budget due to some capital projects not occurring that were anticipated.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The District's investment in capital assets for its governmental and business-type activities as of December 31, 2020 totals approximately \$142 million (net of accumulated depreciation). This investment includes all land, water rights, buildings, and equipment and water projects. The total net increase in investment in capital assets for the current year was \$31,317,388 or 28%, due to capital additions being more than depreciation expenses.

The District implemented the straight-line depreciation method for its capital assets, except for land and water rights which are not depreciated.

Additional information on the District's capital assets can be found in Note 3 of this report.

**Long-term Debt.** At December 31, 2020, the District had approximately \$102 million of water loans and bonds payable, funded by assessments and property taxes. The District also has capital leases and loans payable of \$2,907,894 from business-type activities, funded from assessments.

Additional information on the District's debt can be found in Note 6.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 3209 W. 28<sup>th</sup> Street, Greeley, Colorado 80634.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## STATEMENT OF NET POSITION

December 31, 2020	Governmental Activities	Business- Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and investments	\$ 26,590,917	\$ 3,670,555	\$ 30,261,472
Receivables:			
Property taxes	17,458,256	238,079	17,696,335
Accounts	464,964	60,185	525,149
Internal balances	238,191	(238,191)	-
Prepaid items	356,883	446,668	803,551
Deposits	-	-	-
Capital Assets:			
Land and water rights	88,755,889	2,556,451	91,312,340
Depreciable	45,605,836	5,306,207	50,912,043
Cash and investments-restricted	27,888,103	-	27,888,103
<b>Total Assets</b>	<b>207,359,039</b>	<b>12,039,954</b>	<b>219,398,993</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pensions/OPEB	263,442	-	263,442
<b><u>LIABILITIES</u></b>			
Accounts payable	320,032	-	320,032
Unearned revenue	-	-	-
Accrued interest payable	998,139	54,749	1,052,888
Long-Term Debt:			
Net pension/OPEB liability	1,302,988	-	1,302,988
Due within one year	8,469,547	230,007	8,699,554
Due in more than one year	93,636,219	2,677,887	96,314,106
<b>Total Liabilities</b>	<b>104,726,925</b>	<b>2,962,643</b>	<b>107,689,568</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Property Taxes	17,518,157	238,079	17,756,236
Pensions/OPEB	522,258	-	522,258
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	44,367,625	4,954,764	49,322,389
Restricted for:			
Debt Service and TABOR	29,998,561	-	29,998,561
Unrestricted	10,488,955	3,884,468	14,373,423
<b>TOTAL NET POSITION</b>	<b>\$ 84,855,141</b>	<b>\$ 8,839,232</b>	<b>\$ 93,694,373</b>

See Accompanying Notes to Financial Statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2020	Expenses	Charges for Services
Functions/Programs:		
Governmental Activities:		
Personnel	\$ 1,505,045	\$ -
Maintenance	1,878,283	-
Professional fees	717,950	-
Water leases	1,650,883	3,010,828
Water storage	256,440	-
Utilities	110,638	-
Travel and meals	24,213	-
Other	194,268	-
Supplies	377,263	-
Interest on long-term debt	2,991,450	-
Total Governmental Activities	9,706,433	3,010,828
Business-Type Activities:		
Water Enterprise Fund - District	29,536	876,278
Water Enterprise Fund - WAS	-	53,350
Water Enterprise Fund - GMS	1,744,382	2,800,785
Total Business-Type Activities	1,773,918	3,730,413
TOTAL	\$11,480,351	\$6,741,241

General Revenue:

Property taxes

Investment earnings

Total General Revenue

Change in Net Position

Net Position - Beginning

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
\$ -	\$ -	\$ (1,505,045)	\$ -	\$ (1,505,045)
-	-	(1,878,283)	-	(1,878,283)
-	-	(717,950)	-	(717,950)
-	-	1,359,945	-	1,359,945
-	-	(256,440)	-	(256,440)
-	-	(110,638)	-	(110,638)
-	-	(24,213)	-	(24,213)
-	-	(194,268)	-	(194,268)
-	-	(377,263)	-	(377,263)
-	-	(2,991,450)	-	(2,991,450)
-	-	(6,695,605)	-	(6,695,605)
			846,742	911,963
			53,350	53,350
-	-	-	1,056,403	1,056,403
-	-	-	1,956,495	2,021,716
\$ -	\$ -	(6,695,605)	1,956,495	(4,673,889)
		17,273,019	293,755	17,566,774
		222,579	19,960	242,539
		17,495,598	313,715	17,809,313
		10,799,993	2,270,210	13,135,424
		74,055,148	6,569,022	80,624,170
		\$84,855,141	\$8,839,232	\$ 93,759,594

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020	General Fund	Special Revenue Funds	
		WAS	GMS
<u>ASSETS</u>			
Cash and investments	\$ 6,006,697	\$ 1,357,848	\$ 4,118,656
Cash and investments - restricted	4,669,642	5,414,450	2,027,574
Accounts receivable	100,178	227,328	83,570
Property taxes receivable	2,767,601	804,388	1,890,905
Deposits	-	-	-
Prepaid items	3,994	226,939	5,340
<b>Total Assets</b>	<b>\$ 13,548,112</b>	<b>\$ 8,030,953</b>	<b>\$ 8,126,045</b>
<u>LIABILITIES</u>			
Accounts payable	\$ 320,378	\$ (173)	\$ (173)
Due to (from) District	-	-	-
Due to (from) other funds	287,367	(600,631)	(108,901)
<b>Total Liabilities</b>	<b>607,745</b>	<b>(600,804)</b>	<b>(109,074)</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable grant revenue	56,226	224,912	59,901
Property taxes	2,767,601	804,388	1,890,905
<u>FUND BALANCES</u>			
Nonspendable: Prepays	3,994	226,939	5,340
Restricted for:			
TABOR emergencies	87,390	60,585	94,658
Debt Service	-	-	-
Capital Outlay	4,669,642	5,414,450	2,027,574
Assigned - subsequent year budget and subdistricts	5,355,514	1,900,483	4,156,741
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>10,116,540</b>	<b>7,602,457</b>	<b>6,284,313</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<b>\$ 13,548,112</b>	<b>\$ 8,030,953</b>	<b>\$ 8,126,045</b>

Continued on next page.

Debt Service Funds			Total
District	WAS	GMS	Governmental Funds
\$15,107,716	\$ -	\$ -	\$ 26,590,917
862,819	8,203,908	6,709,710	27,888,103
22,536	5,785	25,567	464,964
3,887,435	2,091,434	6,016,493	17,458,256
-	-	-	-
-	-	-	236,273
<u>\$19,880,506</u>	<u>\$10,301,127</u>	<u>\$ 12,751,770</u>	<u>\$ 72,638,513</u>
\$ -	\$ -	\$ -	\$ 320,032
-	-	-	-
57,843	21,036	105,095	(238,191)
<u>57,843</u>	<u>21,036</u>	<u>105,095</u>	<u>81,841</u>
-	-	-	341,039
<u>3,887,435</u>	<u>2,091,434</u>	<u>6,016,493</u>	<u>17,458,256</u>
-	-	-	236,273
-	-	-	242,633
15,935,228	8,188,657	6,630,182	30,754,067
-	-	-	12,111,666
-	-	-	11,412,738
-	-	-	-
<u>15,935,228</u>	<u>8,188,657</u>	<u>6,630,182</u>	<u>54,757,377</u>
<u>\$19,880,506</u>	<u>\$10,301,127</u>	<u>\$ 12,751,770</u>	<u>\$ 72,638,513</u>

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

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

December 31, 2020	Total Governmental Funds
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$ 54,757,377
Bond insurance is reflected as a prepaid expense on the statement of net position	120,610
Capital assets used in governmental activities are not financial resources and are not reported in the funds	134,361,725
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	(1,418,612)
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	(143,192)
Accrued interest payable is not included in the funds	(998,139)
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 is not reported in the funds	(102,105,766)
Net Position of Governmental Activities	\$ 84,855,141

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, 2020	General Fund	Special Revenue Funds	
		WAS	GMS
<b>Revenue:</b>			
Taxes	\$ 2,912,988	\$ 698,378	\$ 2,229,979
Interest income	33,318	16,220	51,528
Miscellaneous	144,504	1,304,887	873,773
<b>Total Revenue</b>	<b>3,090,810</b>	<b>2,019,485</b>	<b>3,155,280</b>
<b>Expenditures:</b>			
Operating expenditures	1,774,851	1,693,998	1,514,475
Debt service:			
Principal	-	-	-
Interest	-	-	-
Issuance costs	-	267,849	-
Capital outlay	6,875,074	3,362,883	21,601,296
<b>Total Expenditures</b>	<b>8,649,925</b>	<b>5,324,730</b>	<b>23,115,771</b>
Revenue Over (Under)			
Expenditures	(5,559,115)	(3,305,245)	(19,960,491)
<b>Other Financing Sources:</b>			
Proceeds of sale of assets	-	-	493,664
Proceeds of debt	6,434,578	7,785,201	4,495,340
Proceeds of debt premium	-	382,657	-
<b>Net Change in Fund Balances</b>	<b>875,463</b>	<b>4,862,613</b>	<b>(14,971,487)</b>
Fund Balance, January 1	9,241,077	2,739,844	21,255,800
<b>Fund Balance, December 31</b>	<b>\$ 10,116,540</b>	<b>\$ 7,602,457</b>	<b>\$ 6,284,313</b>

Continued on next page.

Debt Service Funds			Total
District	WAS	GMS	Governmental Funds
\$ 3,907,319	\$ 1,516,162	\$6,008,193	\$17,273,019
67,195	33,948	20,370	222,579
-	-	-	2,323,164
3,974,514	1,550,110	6,028,563	19,818,762
58,705	22,749	90,645	5,155,423
1,547,778	523,657	2,660,434	4,731,869
1,273,924	452,317	892,584	2,618,825
-	-	-	267,849
-	-	-	31,839,253
2,880,407	998,723	3,643,663	44,613,219
1,094,107	551,387	2,384,900	(24,794,457)
-	-	-	493,664
-	-	-	18,715,119
-	-	-	382,657
1,094,107	551,387	2,384,900	(5,203,017)
14,841,121	7,637,270	4,245,282	59,960,394
\$15,935,228	\$ 8,188,657	\$6,630,182	\$54,757,377

**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, 2020	Total Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (5,203,017)
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	30,285,652
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 position. This amount is the net effect of these differences	(13,964,831)
Changes in the District'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	36,139
Changes in the District'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	(20,197)
Federal grants not collected timely to be available as a current financial resource in the governmental funds	-
Bond insurance is amortized over the life of the 2020 bond issue but is a current expenditure in the governmental funds	120,610
Certain expenses, such as interest expense, reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds	(454,363)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 10,799,993</b>

See Accompanying Notes to Financial Statements.

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

**STATEMENT OF NET POSITION**

December 31, 2020	Business-Type Activities			
	District	WAS	GMS	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 3,071,994	\$ 236,481	\$ 362,080	\$ 3,670,555
Property taxes receivable	52,225	-	185,854	238,079
Accounts receivable	572	-	59,613	60,185
Prepaid items	-	-	446,668	446,668
<b>Total Current Assets</b>	<b>3,124,791</b>	<b>236,481</b>	<b>1,054,215</b>	<b>4,415,487</b>
Capital Assets:				
Land improvements	1,434,102	-	258,699	1,692,801
Water rights	-	-	863,650	863,650
Assets being depreciated	63,900	-	5,614,681	5,678,581
	1,498,002	-	6,737,030	8,235,032
Accumulated depreciation	(17,652)	-	(354,722)	(372,374)
<b>Total Capital Assets</b>	<b>1,480,350</b>	<b>-</b>	<b>6,382,308</b>	<b>7,862,658</b>
<b>Total Assets</b>	<b>4,605,141</b>	<b>236,481</b>	<b>7,436,523</b>	<b>12,278,145</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	-	-	-
Due to other funds	(227,356)	-	465,547	238,191
Unearned revenue	-	-	-	-
Accrued interest payable	-	-	54,749	54,749
Current portion of long-term liabilities	-	-	230,007	230,007
<b>Total Current Liabilities</b>	<b>(227,356)</b>	<b>-</b>	<b>750,303</b>	<b>522,947</b>
Long-Term Liabilities:				
Loans and capital leases payable	1,091,231	-	1,586,656	2,677,887
<b>Total Long-Term Liabilities</b>	<b>1,091,231</b>	<b>-</b>	<b>1,586,656</b>	<b>2,677,887</b>
<b>Total Liabilities</b>	<b>863,875</b>	<b>-</b>	<b>2,336,959</b>	<b>3,200,834</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	52,225	-	185,854	238,079
<b>NET POSITION</b>				
Net Investment in Capital Assets	389,119	-	4,565,645	4,954,764
Unrestricted	3,299,922	236,481	348,065	3,884,468
<b>TOTAL NET POSITION</b>	<b>\$ 3,689,041</b>	<b>\$ 236,481</b>	<b>\$ 4,913,710</b>	<b>\$ 8,839,232</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, 2020	Business-Type Activities			
	District	WAS	GMS	Total
<b>Operating Revenue:</b>				
Assessments	\$ 26,750	\$ 53,350	\$ 1,730,974	\$ 1,811,074
Water lease revenue	844,878	-	797,444	1,642,322
Miscellaneous	4,650	-	272,367	277,017
<b>Total Operating Revenue</b>	<b>876,278</b>	<b>-</b>	<b>2,800,785</b>	<b>3,730,413</b>
<b>Operating Expenses:</b>				
Water leases	-	-	1,472,857	1,472,857
Supplies	1,918	-	14,354	16,272
Professional fees	1,701	-	104,768	106,469
Utilities	18,074	-	3,414	21,488
Repairs and maintenance	160	-	10,027	10,187
Depreciation	6,470	-	112,108	118,578
Other expenses	1,213	-	2,723	3,936
<b>Total Operating Expenses</b>	<b>29,536</b>	<b>-</b>	<b>1,720,251</b>	<b>1,749,787</b>
<b>Operating Income (Loss)</b>	<b>846,742</b>	<b>53,350</b>	<b>1,080,534</b>	<b>1,980,626</b>
<b>Nonoperating Revenue (Expenses):</b>				
Investment earnings	8,857	817	10,286	19,960
Interest expense	-	-	(24,131)	(24,131)
Property taxes	99,245	-	194,510	293,755
<b>Net Nonoperating Revenue</b>	<b>108,102</b>	<b>817</b>	<b>180,665</b>	<b>289,584</b>
<b>Change in Net Position</b>	<b>954,844</b>	<b>54,167</b>	<b>1,261,199</b>	<b>2,270,210</b>
<b>Fund Net Position, January 1</b>	<b>2,734,197</b>	<b>182,314</b>	<b>3,652,511</b>	<b>6,569,022</b>
<b>Fund Net Position, December 31</b>	<b>\$ 3,689,041</b>	<b>\$ 236,481</b>	<b>\$ 4,913,710</b>	<b>\$ 8,839,232</b>

See Accompanying Notes to Financial Statements.

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2020	Business-Type Activities			
	District	WAS	GMS	Total
<b>Cash Flows from Operating Activities:</b>				
Cash receipts from customers	\$ 875,706	\$ 53,350	\$ 2,458,315	\$ 3,387,371
Payments to suppliers and employees	(34,270)	-	(1,560,067)	(1,594,337)
<b>Net Cash Provided by Operating Activities</b>	<b>841,436</b>	<b>53,350</b>	<b>898,248</b>	<b>1,793,034</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Debt payments	-	-	(3,172,210)	(3,172,210)
Acquisition of property, plant and equipment	(88,788)	-	(92,967)	(181,755)
Increase in due to other funds	(178,163)	-	(348,207)	(526,370)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(266,951)</b>	<b>-</b>	<b>(3,613,384)</b>	<b>(3,880,335)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Property taxes	99,245	-	194,510	293,755
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>99,245</b>	<b>-</b>	<b>194,510</b>	<b>293,755</b>
<b>Cash Flows from Investing Activities:</b>				
Interest and dividends received	8,857	817	10,286	19,960
<b>Net Cash Flows from Investing Activities</b>	<b>8,857</b>	<b>817</b>	<b>10,286</b>	<b>19,960</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>682,587</b>	<b>54,167</b>	<b>(2,510,340)</b>	<b>(1,773,586)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,389,407</b>	<b>182,314</b>	<b>2,872,420</b>	<b>5,444,141</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,071,994</b>	<b>\$ 236,481</b>	<b>\$ 362,080</b>	<b>\$ 3,670,555</b>

**Reconciliation of Operating Income to Net Cash Provided by**

<b>Operating Activities:</b>				
Operating income	\$ 846,742	\$ 53,350	\$ 1,080,534	\$ 1,980,626
Depreciation expense	6,470	-	112,109	118,579
<b>Change in operating assets and liabilities:</b>				
<b>(Increase) decrease in:</b>				
Accounts receivable	(572)	-	8,088	7,516
Prepaid items	-	-	(141,100)	(141,100)
<b>Increase (decrease) in:</b>				
Due to other funds	-	-	189,174	189,174
Accounts payable and accrued expenses	(11,204)	-	-	(11,204)
Unearned revenue	-	-	(350,557)	(350,557)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 841,436</b>	<b>\$ 53,350</b>	<b>\$ 898,248</b>	<b>\$ 1,793,034</b>

**Disclosure of Noncash Financing Activities:**

Capital assets acquired through debt	\$ 1,037,486	\$ -	\$ -	\$ 1,037,486
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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, 2020.

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, 2020 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.

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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, 2020, follows:

Bank Deposits	\$ 1,915,372
Investments	56,234,203
Total cash and investments	\$ 58,149,575
<hr/>	
Cash and investments	\$ 35,675,922
Cash and investments-restricted	22,473,653
Total cash and investments	\$ 58,149,575

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 \$1,165,372 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, 2020, the District had invested \$56,234,203 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. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

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, 2020, COLOTRUST Plus has a weighted average maturity of 51 days to reset and 80 days to final maturity.

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, 2020, the District has the following restricted cash balances:

Debt Service Funds – Colotrust	\$ 15,399,475
Debt Service Reserve – CWCB Loans	2,404,536
Unspent Debt Proceeds	10,084,092

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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 1/1/20	Additions	Deletions/ Reclassifications	Balance 12/31/20
Not depreciated:				
Water rights	\$21,071,338	\$16,773,150	\$ --	\$ 37,844,488
Land	2,056,787	336,877	336,877	2,056,787
Perpetual easements	477,297	--	--	477,297
Pro-legal	--	16,152	--	16,152
Pro-engineering	--	560,426	--	560,426
	23,605,422	17,686,605	336,877	40,955,150
Construction in progress	40,093,658	13,048,738	5,341,657	47,800,739
Depreciable capital assets:				
Water projects	47,200,104	5,759,053	--	52,959,157
Office building	583,397	267,541	--	850,938
Equipment and vehicles	2,960,300	369,177	89,877	3,239,600
	50,743,801	6,395,771	89,877	57,049,695
Less Accumulated Depreciation				
	10,366,808	1,133,080	56,029	11,443,859
<b>Net Capital Assets</b>	<b>\$104,076,073</b>	<b>\$35,998,034</b>	<b>\$ 5,712,382</b>	<b>\$134,361,725</b>

Governmental activities depreciation expense of \$1,133,080 has been included in maintenance expense on the statement of activities.

Capital activities for business-type activities are as follows:

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Capital assets, not depreciated:				
Water rights	\$ 863,650	\$ --	\$ --	\$ 863,650
Land improvements	376,755	963,732	--	1,340,487
Construction in process	175,000	83,699	--	258,699
Pro-engineering	--	93,615	--	93,615
	1,415,405	1,141,046	--	2,556,451
Capital assets, depreciated:				
Water projects	5,669,313	9,268	--	5,678,581
Accumulated depreciation:				
Water projects	(253,796)	(118,578)	--	(372,374)
Total capital assets being depreciated, net	5,415,517	(109,310)	--	5,306,207
<b>Total capital assets, net</b>	<b>\$6,830,922</b>	<b>\$1,031,736</b>	<b>\$ --</b>	<b>\$7,862,658</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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes are in effect as of December 31, 2020.

# 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

### NOTE 4 – PERA – Continued:

As of December 31, 2019, 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 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 1.25 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 1.25 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:

	7/1/20-12/31/20	1/1/20-6/30/20
Employer contribution rate as a percentage of salary	10.50%	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)	(1.02)
Amount Apportioned to the LGDTF	9.48	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50	1.50
Total Employer Contribution Rate to the LGDTF	13.18%	12.68%

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### 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 \$140,714 for the year ended December 31, 2020.

At December 31, 2020, Central Colorado Water Conservancy District reported a liability of \$1,165,776 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. 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 2019 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 approximately the same as .16 percent as of December 31, 2018.

For the year ended December 31, 2020, Central Colorado Water Conservancy District recognized pension expense of \$104,575. At December 31, 2020, Central Colorado Water Conservancy District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 76,286	\$ --
Net difference between projected and actual earnings on pension plan investments	--	476,935
Changes in assumptions	--	--
Changes in proportion	23,076	15,977
Contributions subsequent to the measurement date	140,714	--
<b>Total</b>	<b>\$ 240,076</b>	<b>\$ 492,912</b>

Deferred outflows of resources related to pensions of \$140,714, 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, 2021.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### 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
2021	\$ (70,472)
2022	(140,068)
2023	(20,280)
2024	(162,730)
	<u>\$(393,550)</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
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)	1.25 percent, compounded annually
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

### 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, 2018 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:

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%	



**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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,141,444	\$ 1,165,776	\$ 345,249

*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).

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).

*Funding Policy:* The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match voluntary contributions. Employees are immediately vested in their own contributions and investment earnings.

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# 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. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan:

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A and Part B and the difference in the premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare.

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

*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 \$11,098 for the year ended December 31, 2020.

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* At December 31, 2020, the District reported a liability of \$137,212 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District proportion was .01 percent, which was approximately the same as its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized OPEB expense of \$20,060. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

December 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 456	\$ 23,056
Net difference between projected and actual earnings on pension plan investments	--	2,290
Changes in assumptions	1,140	--
Changes in proportion	10,672	4,000
Contributions subsequent to the measurement date	11,098	--
<b>Total</b>	<b>\$ 23,366</b>	<b>\$ 29,346</b>

Deferred outflows of resources related to OPEB of \$11,098, 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, 2021.

**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
2021	\$ (3,064)
2022	(2,824)
2023	(2,164)
2024	(3,772)
2025	(5,254)
	<b>\$ (17,078)</b>

*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 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	5.60 percent
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.5 percent in 2029

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
2019	5.6%	3.50%
2020	8.6%	3.50%
2021	7.3%	3.50%
2022	6.0%	3.75%
2023	5.7%	3.75%
2024	5.5%	3.75%
2025	5.3%	4.0%
2026	5.1%	4.0%
2027	4.9%	4.25%
2028	4.7%	4.25%
2029 +	4.5%	4.50%

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, 2018 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

### 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
Initial PERACare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 133,953	\$137,212	\$ 140,979

*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	Current Discount Rate (7.25%)	1% Increase
December 31, 2020	(6.25%)		(8.25%)
Proportionate share of the net OPEB liability	\$155,146	\$137,212	\$ 121,875

*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 1/1/20	Additions	Retirements	Balance 12/31/20	Due Within One Year
2013 G.O. Bond	\$23,930,000	\$ --	\$1,040,000	\$22,890,000	\$1,080,000
Bond Premium	808,755	--	49,000	759,755	49,000
2016 CWCB Loan – Chatfield	19,812,059	--	507,779	19,304,280	516,664
2018 CWCB Loan – Chatfield	2,959,855	3,278,578	--	6,238,433	166,967
2020 CWCB Loan	--	3,156,000	--	3,156,000	3,156,000
2018 CWCB (Shores) - WAS	1,957,655	386,345	--	2,344,000	--
2010 CWCB - WAS	11,548,323	--	424,824	11,123,499	435,453
2015 CWCB - WAS	1,566,488	--	43,833	1,522,655	44,600
2019 CWCB (Walker) - WAS	71,661	1,383,856	--	1,455,517	--
2019 CWCB (Walker) - GMS	232,899	4,495,340	--	4,728,239	--
2004 CWCB - GMS	4,193,877	--	625,434	3,568,443	642,634
2019 Bond - GMS	15,545,000	--	2,035,000	13,510,000	2,035,000
2019 Bond Premium	2,282,650	--	359,472	1,923,178	215,683
2019 CWCB (Pioneer) - GMS	3,202,750	--	--	3,202,750	--
2020 Bond Issue - WAS	--	6,015,000	55,000	5,960,000	115,000
2020 Bond Issue - WAS - Premium	--	382,657	--	382,657	12,546
Compensated absences	28,963	36,360	28,963	36,360	--
	\$88,140,935	\$19,134,136	\$ 5,169,305	\$ 102,105,766	\$8,469,547

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 \$6,238,433, 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 \$1,522,655. 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 \$11,123,499, 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 \$2,344,000, 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 \$1,455,517, 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 2020, WAS issued a 30-year bond for \$6,015,000 with a present balance of \$5,960,000 requiring annual payments including interest at 4% through January 1, 2050.

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

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### 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 \$4,728,239, 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 2020, the Well Augmentation Subdistrict issued a 30-year bond for \$6,015,000 with a present balance of \$5,960,000, requiring annual payments including interest at 4% through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2020, the District obtained a loan from the CWCB for the Chatfield project for \$3,156,000. This loan was repaid in 2021.

The annual requirements to amortize these loans as of December 31, 2020 are as follows:

Year Ending December 31	Principal	Interest	Total
2021	\$8,649,667	\$2,368,969	\$11,018,636
2022	4,595,075	2,584,347	7,179,422
2023	4,965,100	2,217,821	7,182,921
2024	5,111,022	2,072,899	7,183,921
2025	5,298,086	1,893,235	7,191,321
2026-2030	23,638,871	7,093,850	30,732,721
2031-2035	18,190,192	3,844,762	22,034,954
2036-2040	12,620,111	1,381,452	14,001,563
2041-2045	8,222,958	347,578	8,570,536
2046-2050	7,704,272	228,647	7,932,219
2051	8,462	6,240	14,702
	<u>\$99,003,816</u>	<u>\$24,039,800</u>	<u>\$123,043,616</u>

# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20	Due Within One Year
2019					
CWCB (Walker)	\$ 53,745	\$ 1,037,486	\$ --	\$ 1,091,231	\$ --
2017 capital lease - GMS	2,037,823	--	221,160	1,816,663	230,007
2018 loan - GMS	2,869,536	--	2,869,536	--	--
<b>Total</b>	<b>\$ 4,961,104</b>	<b>\$ 1,037,486</b>	<b>\$ 3,090,696</b>	<b>\$ 2,907,894</b>	<b>\$ 230,007</b>

In 2019, the District obtained a loan from the CWCB for \$2,272,500 with a present balance of \$1,091,231, 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. This loan was repaid in 2020.

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.

The annual requirements to amortize this debt as of December 31, 2020 are as follows:

Year Ending December 31	Principal	Interest	Total
2021	\$ 230,007	\$ 119,825	\$349,832
2022	268,320	110,625	378,945
2023	278,402	82,695	361,097
2024	288,876	72,613	361,489
2025	299,756	51,259	351,015
2026-2030	732,558	114,499	847,057
2031-2035	176,494	65,218	241,712
2036-2039	192,620	49,084	241,704
2040-2044	210,222	31,491	241,713
2045-2050	230,639	12,282	242,921
	<b>\$ 2,907,894</b>	<b>\$ 709,591</b>	<b>\$3,617,485</b>

# 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, 2020, the District has the following interfund receivables and payables:

Fund	Due From	Due To
General Fund - District	\$ --	\$ 287,367
General Fund – GMS	108,901	--
Debt Service Fund – GMS	--	105,095
Water Enterprise Fund – GMS	--	465,547
Debt Service Fund - District	--	57,843
Debt Service Fund - WAS	--	21,036
Water Enterprise Fund - District	227,356	--
General Fund – WAS	600,631	--
	<u>\$ 936,888</u>	<u>\$ 936,888</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, 2020, \$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 approximately \$10,000,000 at December 31, 2020. In 2021, GMS issued bonded debt of \$14,140,000.

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 approximately \$8,500,000. CWCB will loan additional funds on this project.

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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.

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**REQUIRED SUPPLEMENTARY INFORMATION**



# CENTRAL COLORADO WATER CONSERVANCY DISTRICT

## SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Contribution Deficiency	Covered Payroll	% of Covered Payroll
2020	\$ 140,714	\$ 140,714	\$ --	\$1,088,017	12.9%
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%

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

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Contribution Deficiency	Covered Payroll	% of Covered Payroll
2020	\$ 11,098	\$ 11,098	\$ --	\$1,088,017	1.02%
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	1.02%

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
2019	.16%	\$ 1,165,776	\$1,101,522	106%	86.2%
2018	.16%	2,036,927	1,062,675	192%	76.0%
2017	.15%	1,667,402	1,008,602	165%	79.3%
2016	.15%	1,979,909	757,275	262%	73.6%
2015	.14%	1,507,330	766,496	196%	76.9%
2014	.13%	1,028,012	743,023	139%	80.7%
2013	.13%	1,228,459	736,380	167%	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
2019	.01%	\$ 137,212	\$ 1,101,522	12%	24.5%
2018	.01%	151,228	1,062,675	14%	17.0%
2017	.01%	151,240	1,008,602	15%	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, 2020	Actual	Original Budget	Final Budget	Variance From Final
<b>Revenue:</b>				
Property taxes	\$ 2,560,930	\$ 2,554,615	\$ 2,554,615	\$ 6,315
Specific ownership taxes	352,058	351,000	351,000	1,058
Investment income	33,318	220,000	220,000	(186,682)
Miscellaneous	144,504	12,500	12,500	132,004
Grants	-	1,000,000	1,000,000	(1,000,000)
Proceeds of loans	6,434,578	4,000,000	4,000,000	2,434,578
Total Revenue and Financing Sources	9,525,388	8,138,115	8,138,115	1,387,273
<b>Expenditures:</b>				
<b>Operating Expenses:</b>				
Personnel	751,586	758,130	758,130	6,544
Maintenance	89,919	38,500	38,500	(51,419)
Supplies	105,648	32,000	32,000	(73,648)
Professional	318,187	123,000	123,000	(195,187)
Travel and meals	8,074	10,550	10,550	2,476
Water leases	128,164	1,072,000	1,072,000	943,836
Water storage (Chatfield)	256,440	688,600	688,600	432,160
Other	116,833	805,000	805,000	688,167
Total Operating Expenses	1,774,851	3,527,780	3,527,780	1,752,929
<b>Capital Outlay:</b>				
Pro-engineering	18,928	-	-	(18,928)
Building	211,990	250,000	250,000	38,010
Field equipment	95,704	746,000	746,000	650,296
Vehicle	35,326	-	-	(35,326)
Chatfield	6,434,578	5,500,000	5,500,000	(934,578)
<b>Gravel pit reservoirs:</b>				
Walker	97,476	18,500	18,500	(78,976)
Rinn Valley	-	22,000	22,000	22,000
Siebring	-	144,000	144,000	144,000
Other	-	4,219,500	4,219,500	4,219,500
Total Capital Outlay	6,875,074	10,900,000	10,900,000	4,024,926
Total Expenditures	8,649,925	14,427,780	14,427,780	5,777,855
<b>REVENUES OVER EXPENDITURES</b>				
- BUDGET BASIS	\$ 875,463	\$ (6,289,665)	\$ (6,289,665)	\$ 7,165,128

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

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

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Class D assessments	\$ 1,022,710	\$ 1,033,000	\$ (10,290)
Property taxes	591,147	589,041	2,106
Specific ownership taxes	107,231	93,750	13,481
Investment income	16,220	35,000	(18,780)
Miscellaneous	282,177	7,500	274,677
Loan and premium proceeds	8,167,858	8,000,000	167,858
<b>Total Revenue and Financing Sources</b>	<b>10,187,343</b>	<b>9,758,291</b>	<b>429,052</b>
<b>Expenditures:</b>			
<b>Operating Expenses:</b>			
Personnel	373,322	389,540	16,218
Maintenance	97,863	38,500	(59,363)
Supplies	108,932	30,000	(78,932)
Professional	188,571	108,000	(80,571)
Travel and meals	8,067	10,550	2,483
Water leases	830,238	1,158,110	327,872
Utilities	41,971	5,000	(36,971)
Other	45,034	250,000	204,966
Debt issuance costs	267,849	-	(267,849)
<b>Total Operating Expenses</b>	<b>1,961,847</b>	<b>1,989,700</b>	<b>27,853</b>
<b>Capital Outlay:</b>			
Water purchases	1,436,400	5,230,000	3,793,600
Pro-engineering	122,706	-	(122,706)
Pro-legal	1,903	-	(1,903)
Vehicles	35,326	-	(35,326)
Recharge projects	-	78,750	78,750
Walker recharge	1,416,545	3,000,000	1,583,455
Orchard recharge	-	179,500	179,500
Field equipment	83,747	546,000	462,253
Shores gravel pit	241,936	52,000	(189,936)
Contingency	24,320	607,000	582,680
<b>Total Capital Outlay</b>	<b>3,362,883</b>	<b>9,693,250</b>	<b>6,325,367</b>
<b>Total Expenditures</b>	<b>5,324,730</b>	<b>11,682,950</b>	<b>6,353,220</b>
<b>REVENUE OVER EXPENDITURES</b>			
<b>- BUDGET BASIS</b>	<b>\$ 4,862,613</b>	<b>\$ (1,924,659)</b>	<b>\$ 6,782,272</b>

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

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

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Property taxes	\$ 1,807,082	\$ 1,804,704	\$ 2,378
Specific ownership taxes	422,897	215,750	207,147
Investment income	51,528	200,000	(148,472)
Miscellaneous	154,688	55,000	99,688
Water lease	719,085	-	719,085
Proceeds of sale of asset	493,664	-	493,664
Proceeds of debt	4,495,340	29,480,331	(24,984,991)
<b>Total Revenue and Financing Sources</b>	<b>8,144,284</b>	<b>31,755,785</b>	<b>(23,611,501)</b>
<b>Expenditures:</b>			
<b>Operating Expenses:</b>			
Personnel	396,079	389,540	(6,539)
Maintenance	136,900	38,500	(98,400)
Supplies	162,683	30,000	(132,683)
Professional	211,192	118,000	(93,192)
Travel and meals	8,072	10,550	2,478
Water leases	498,481	245,000	(253,481)
Utilities	68,667	-	(68,667)
Other	32,401	403,800	371,399
<b>Total Operating Expenses</b>	<b>1,514,475</b>	<b>1,235,390</b>	<b>(279,085)</b>
<b>Debt Service:</b>			
Bond Issuance Costs	-	-	-
<b>Capital Outlay:</b>			
Buildings	24,320	-	(46,046)
Pro-legal	14,249	-	(14,249)
Vehicle and Equipment	35,326	5,000	(30,326)
Pro-engineering	418,792	-	(418,792)
Water rights	15,336,750	556,000	(14,780,750)
Field Structures	83,747	671,000	587,253
Gravel Pit Reservoirs	5,351,235	49,092,311	43,741,076
Contingency	336,877	276,000	(60,877)
<b>Total Capital Outlay</b>	<b>21,601,296</b>	<b>50,600,311</b>	<b>28,977,289</b>
<b>Total Expenditures</b>	<b>23,115,771</b>	<b>51,835,701</b>	<b>28,698,204</b>
<b>REVENUE OVER EXPENDITURES</b>			
<b>- BUDGET BASIS</b>	<b>\$(14,971,487)</b>	<b>\$(20,079,916)</b>	<b>\$ 5,086,703</b>

**OTHER SUPPLEMENTARY INFORMATION**

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

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

Year Ended December 31, 2020	Actual	Original Budget	Final Budget	Variance From Final
Revenue:				
Property taxes	\$ 3,907,319	\$ 3,896,466	\$ 3,896,466	\$ 10,853
Investment income	67,195	250,000	250,000	(182,805)
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<b>3,974,514</b>	<b>4,146,466</b>	<b>4,146,466</b>	<b>(171,952)</b>
Expenditures:				
Operating Expenditures:				
Treasurer's fees	58,705	85,000	85,000	26,295
Debt Service:				
Interest	1,273,924	1,423,935	1,523,935	250,011
Principal	1,547,778	1,547,780	1,547,780	2
<b>Total Expenditures</b>	<b>2,880,407</b>	<b>3,056,715</b>	<b>3,156,715</b>	<b>276,308</b>
 REVENUE OVER EXPENDITURES	 <u>\$ 1,094,107</u>	 <u>\$ 1,089,751</u>	 <u>\$ 989,751</u>	 <u>\$ 104,356</u>

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

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

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
Revenue:			
Property taxes	\$ 1,516,162	\$ 1,510,957	\$ 5,205
Investment income	33,948	100,000	(66,052)
<b>Total Revenue</b>	<b>1,550,110</b>	<b>1,610,957</b>	<b>(60,847)</b>
Expenditures:			
Operating Expenditures:			
Treasurer's fees	22,749	80,000	57,251
Debt Service:			
Principal	523,657	993,666	470,009
Interest	452,317	691,123	238,806
<b>Total Expenditures</b>	<b>998,723</b>	<b>1,764,789</b>	<b>766,066</b>
 REVENUE OVER EXPENDITURES	 \$ 551,387	 \$ (153,832)	 \$ 705,219



**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, 2020	Actual	Original Budget	Final Budget	Variance
<b>Revenue:</b>				
Property taxes	\$ 6,008,193	\$ 6,006,234	\$ 6,006,234	\$ 1,959
Investment income	20,370	60,000	60,000	(39,630)
<b>Total Revenue</b>	<b>6,028,563</b>	<b>6,066,234</b>	<b>6,066,234</b>	<b>(37,671)</b>
<b>Expenditures:</b>				
<b>Operating Expenditures:</b>				
Treasurer's fees	90,645	125,000	125,000	34,355
<b>Debt Service:</b>				
Interest	892,584	861,827	861,827	(30,757)
Principal	2,660,434	1,916,460	2,766,460	106,026
<b>Total Expenditures</b>	<b>3,643,663</b>	<b>2,903,287</b>	<b>3,753,287</b>	<b>109,624</b>
 <b>REVENUE OVER EXPENDITURES</b>	 <b>\$ 2,384,900</b>	 <b>\$ 3,162,947</b>	 <b>\$ 2,312,947</b>	 <b>\$ 71,953</b>

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

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

Year Ended December 31, 2020	Actual	Original Budget	Final Budget	Variance From Final
<b>Revenue:</b>				
Water assessments	\$ 26,750	\$ 669,220	\$ 669,220	\$ (642,470)
Water lease revenue	844,878	304,000	304,000	540,878
Investment income	8,857	25,000	25,000	(16,143)
Miscellaneous	4,650	-	-	4,650
Proceeds of debt	1,037,486	2,250,000	2,250,000	(1,212,514)
Property taxes	99,245	99,057	99,057	188
<b>Total Revenue</b>	<b>2,021,866</b>	<b>3,347,277</b>	<b>3,347,277</b>	<b>(1,325,411)</b>
<b>Expenditures:</b>				
<b>Operating Expenses:</b>				
Other	23,066	3,500	3,500	(19,566)
<b>Capital Outlay:</b>				
Walker recharge	1,126,274	2,250,000	2,250,000	1,123,726
Geisert	-	32,500	32,500	32,500
Rinn Valley	-	54,500	54,500	54,500
<b>Total Operating Expenses - Budget Basis</b>	<b>1,149,340</b>	<b>2,340,500</b>	<b>2,340,500</b>	<b>1,191,160</b>
<b>Perspective differences:</b>				
Proceeds from debt	1,037,486	-	-	(1,037,486)
Depreciation expense	6,470	-	-	(6,470)
Capital outlay	(1,126,274)	-	-	1,126,274
<b>Total Differences</b>	<b>(82,318)</b>	<b>-</b>	<b>-</b>	<b>82,318</b>
<b>Total Expenses</b>	<b>29,536</b>	<b>2,340,500</b>	<b>2,340,500</b>	<b>1,273,478</b>
<b>REVENUES OVER EXPENSES</b>				
<b>- GAAP BASIS</b>	<b>\$ 954,844</b>	<b>\$ 1,006,777</b>	<b>\$ 1,006,777</b>	<b>\$ (51,933)</b>

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

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

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Water assessments	\$ 53,350	\$ 53,350	\$ -
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Investment income	817	3,000	(2,183)
<b>Total Revenue</b>	<b>54,167</b>	<b>56,350</b>	<b>(2,183)</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>REVENUE OVER EXPENSES</b>			
- GAAP BASIS	\$ 54,167	\$ 56,350	\$ (2,183)

**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, 2020	Actual	Original and Final Budget	Variance
<b>Revenue:</b>			
Water assessments	\$ 1,730,974	\$ 1,756,000	\$ (25,026)
Water lease revenue	797,444	76,000	721,444
Property taxes	194,510	193,861	649
Investment income	10,286	30,000	(19,714)
Miscellaneous	35,358	45,000	(9,642)
Rock royalties	237,009	50,000	187,009
Proceeds of debt	-	3,826,300	(3,826,300)
<b>Total Revenue</b>	<b>3,005,581</b>	<b>5,977,161</b>	<b>(2,971,580)</b>
<b>Expenses:</b>			
<b>Operating Expenses:</b>			
Water leases and engineering	1,608,143	2,556,560	948,417
Debt Service	3,114,827	4,255,300	1,140,473
Capital Outlay	-	-	-
<b>Total Expenses - Budget Basis</b>	<b>4,722,970</b>	<b>6,811,860</b>	<b>2,088,890</b>
<b>Perspective differences:</b>			
Principal payments on debt	(3,090,696)	-	3,090,696
Depreciation expense	112,108	-	(112,108)
Capital outlay	-	-	-
<b>Total Differences</b>	<b>(2,978,588)</b>	<b>-</b>	<b>2,978,588</b>
<b>Total Expenses</b>	<b>1,744,382</b>	<b>6,811,860</b>	<b>5,067,478</b>
<b>REVENUE OVER EXPENDITURES</b>			
<b>- GAAP BASIS</b>	<b>\$ 1,261,199</b>	<b>\$ (834,699)</b>	<b>\$ 2,095,898</b>