

**RIO GRANDE WATER CONSERVATION DISTRICT
FINANCIAL STATEMENTS**

December 31, 2020



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

RIO GRANDE WATER CONSERVATION DISTRICT
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December 31, 2020

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Wall,
Smith,
Bateman Inc.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Rio Grande Water Conservation District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Rio Grande Water Conservation District, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed on the table on contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining, individual fund financial schedules, and the Estimated Future Obligations schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 24, 2021

RIO GRANDE WATER CONSERVATION DISTRICT
BASIC FINANCIAL STATEMENTS

RIO GRANDE WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	<u>Primary Government</u>		<u>Totals</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
ASSETS			
Current Assets			
Cash	\$ 1,874,156	\$ 5,041,935	\$ 6,916,091
CD - Estimated Future Obligation	-	3,657,376	3,657,376
Restricted Assets:			
Cash - Bureau of Reclamation	69,012	-	69,012
Cash - Study Account	1,857,145	-	1,857,145
Property Taxes Receivable	1,253,341	-	1,253,341
Assessments Receivable, Net of Allowance for Uncollectible Accounts	-	13,059,527	13,059,527
Interfund Balances	713,261	(713,261)	-
Due From Other Governments	1,147	-	1,147
Interest Receivable	4,408	6,649	11,057
Prepaid Building Expenses	-	107,900	107,900
Prepaid Other	13,750	-	13,750
Total Current Assets	<u>5,786,220</u>	<u>21,160,126</u>	<u>26,946,346</u>
Capital Assets			
Land	5,902,100	-	5,902,100
Structures	2,331,014	-	2,331,014
Equipment and Vehicles	149,815	-	149,815
Office Furniture	129,045	-	129,045
Accumulated Depreciation	(645,161)	-	(645,161)
Total Capital Assets	<u>7,866,813</u>	<u>-</u>	<u>7,866,813</u>
TOTAL ASSETS	<u>13,653,033</u>	<u>21,160,126</u>	<u>34,813,159</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	68,833	1,452,518	1,521,351
Unearned Revenue - Building Expense Reimbursement	107,900	-	107,900
Unearned Revenue - Bureau of Reclamation	52,631	-	52,631
Total Current Liabilities	<u>229,364</u>	<u>1,452,518</u>	<u>1,681,882</u>
Long-Term Liabilities			
Accrued Compensated Absences	32,579	-	32,579
Total Long-Term Liabilities	<u>32,579</u>	<u>-</u>	<u>32,579</u>
TOTAL LIABILITIES	<u>261,943</u>	<u>1,452,518</u>	<u>1,714,461</u>
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue- Property Tax	1,253,341	-	1,253,341
NET POSITION			
Net Investment in Capital Assets	7,866,813	-	7,866,813
Restricted:			
Bureau of Reclamation	69,012	-	69,012
Tabor Reserve	32,807	-	32,807
Unrestricted	4,169,117	19,707,608	23,876,725
TOTAL NET POSITION	<u>\$ 12,137,749</u>	<u>\$ 19,707,608</u>	<u>\$ 31,845,357</u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		Total
					Primary Government	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,197,901	\$ -	\$ -	\$ -	\$ (1,197,901)	\$ -	\$ (1,197,901)
Conservation of Natural Resources	75,670	-	-	-	(75,670)	-	(75,670)
Bureau of Reclamation Contract	126,074	-	123,098	-	(2,976)	-	(2,976)
Total Governmental Activities	1,399,645	-	123,098	-	(1,276,547)	-	(1,276,547)
Business-Type Activities:							
Enterprise Fund	6,761,610	13,202,886	-	82,345	-	6,523,621	6,523,621
Total Business-Type Activities	6,761,610	13,202,886	-	82,345	-	6,523,621	6,523,621
Total Primary Government	\$ 8,161,255	\$ 13,202,886	\$ 123,098	\$ 82,345	(1,276,547)	6,523,621	5,247,074
General Revenues:							
Taxes:							
General Property Taxes and SOT Taxes					1,373,445	-	1,373,445
District Overhead Reimbursements					5,368	-	5,368
Interest					32,383	59,221	91,604
Proceeds from Sale of Fixed Assets					-	-	-
Building and Administrative Cost Reimbursement					409,695	-	409,695
Total General Revenues					1,820,891	59,221	1,880,112
Change in Net Position					544,344	6,582,842	7,127,186
Net Position - Beginning					11,593,405	13,124,766	24,718,171
Net Position - Ending					\$ 12,137,749	\$ 19,707,608	\$ 31,845,357

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

**RIO GRANDE WATER CONSERVATION DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET**

For the Year Ended December 31, 2020

	GENERAL FUND
ASSETS	
Cash	\$ 1,874,156
Restricted Assets:	
Cash - Bureau of Reclamation	69,012
Cash- Study Account	1,857,145
Property Taxes Receivable	1,253,341
Due From Other Funds	713,261
Due From Other Governments	1,147
Interest Receivable	4,408
Prepaid	13,750
TOTAL ASSETS	\$ 5,786,220
LIABILITIES	
Accounts Payable	\$ 68,833
Unearned Revenue - Building Expense Reimbursement	107,900
Unearned Revenue - Bureau of Reclamation	52,631
TOTAL LIABILITIES	229,364
DEFERRED INFLOWS OF RESOURCES - CURRENT	
Unavailable Revenue- Property Tax	1,253,341
FUND BALANCE	
Nonspendable:	
Prepaid Items	13,750
Restricted:	
Tabor Reserve	32,807
Committed:	
Water Study Account	1,857,145
Assigned:	
Designated for Subsequent Year Expenses	824,985
Unassigned	1,574,828
TOTAL FUND BALANCE	4,303,515
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 5,786,220

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

RIO GRANDE WATER CONSERVATION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total Governmental Fund Balances	\$ 4,303,515
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,866,813
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(32,579)</u>
Net Position of Governmental Activities	<u><u>\$ 12,137,749</u></u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended December 31, 2020

	GENERAL FUND
REVENUES	
Taxes	\$ 1,373,445
Intergovernmental Revenue	
Bureau of Reclamation (BOR)	123,098
Interest Earned on BOR Funds	32
Miscellaneous Revenue	
Interest Revenue	32,351
Other Revenue	415,063
TOTAL REVENUES	1,943,989
EXPENDITURES	
General Government	
Salaries and Fringe	471,726
Travel	14,955
Office Expense	88,334
Professional Services	260,320
Other General Government and Special Projects	289,293
Conservation of Natural Resources	75,670
Bureau of Reclamation Contract	126,074
Capital Outlay	15,124
TOTAL EXPENDITURES	1,341,496
Excess (Deficiency) of Revenues Over Expenditures	602,493
Fund Balance at Beginning of Year	3,701,022
Fund Balance at End of Year	\$ 4,303,515

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

**RIO GRANDE WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

Net change in fund balances - total governmental funds \$ 602,493

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

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

Capital Asset Additions	\$	15,124	
Depreciation expense		<u>(68,875)</u>	(53,751)

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

Change in compensated absences			<u>(4,398)</u>
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Change in net position of governmental funds \$ 544,344

RIO GRANDE WATER CONSERVATION DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
December 31, 2020

	<u>ENTERPRISE FUND</u>
ASSETS	
Current Assets	
Cash	\$ 5,041,935
CD - Estimated Future Obligation	3,657,376
Assessments Receivable, Net of Allowance for Uncollectible Accounts	13,059,527
Interest Receivable	6,649
Prepaid Building Expenses	107,900
TOTAL ASSETS	<u><u>\$ 21,873,387</u></u>
 LIABILITIES AND FUND EQUITY	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,452,518
Due to Rio Grande Water Conservation District	713,261
TOTAL LIABILITIES	<u>2,165,779</u>
 NET POSITION	
Unrestricted	<u>19,707,608</u>
TOTAL NET POSITION	<u>19,707,608</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 21,873,387</u></u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020

	ENTERPRISE FUND
OPERATING REVENUE	
Variable Fees	\$ 7,432,286
Administration Fees	1,000,877
CREP Fees	2,006,782
Pumping Fees	360,194
Groundwater Withdrawal Fees	2,315,079
Sustainability Fees	52,768
Contract Inclusion Fees	34,900
Other Revenues	82,345
Total operating revenue	13,285,231
OPERATING EXPENSES	
Water Management Expenses	
Water Lease and Storage Expense	3,168,975
CREP	2,180,660
CREP - Incentive	-
Forbearance	223,559
Administration	719,051
Professional Fees	417,036
Special Projects	52,329
Total operating expenses	6,761,610
Operating income (loss)	6,523,621
NONOPERATING REVENUE	
Interest Revenue	59,221
TOTAL NONOPERATING REVENUE	59,221
Change in Net Position	6,582,842
Net Position at Beginning of Year	13,124,766
Net Position at End of Year	\$ 19,707,608

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

RIO GRANDE WATER CONSERVATION DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Administration, CREP, and Variable Fees	\$ 6,582,110
Cash Received from Miscellaneous Activities	119,931
Cash Payments for Water Management Expenses	(5,718,098)
Cash Payments for Professional Services	(492,453)
Cash Payments for Administration	(402,833)
	88,657
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	
Reimbursement to General Fund	-
	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	
	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	
	-
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	
Interest income	59,221
	59,221
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
	59,221
Net Increase (Decrease) in Cash and Cash Equivalents	147,878
Cash and Cash Equivalents, Beginning of Year	8,551,433
	8,551,433
Cash and Cash Equivalents, End of Year	\$ 8,699,311
	8,699,311
OPERATING INCOME (LOSS)	\$ 6,523,621
Adjustments to Reconcile Operating Income to	
Net Cash Provided (used) by Operating Activities:	
Change in assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(6,585,876)
(Increase) Decrease in Prepaid Building Expenses	-
(Increase) Decrease in Due From Other Governments	-
(Increase) Decrease in Interest Receivable	2,686
Increase (Decrease) in Accounts Payable related to Operating Activities	(67,039)
Increase (Decrease) in Due to RGWCD	215,265
	215,265
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 88,657
	88,657

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

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

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

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

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

In July 2017, Subdistrict #4 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2020 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior water rights.

In December of 2017, Subdistrict #5 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2020, the court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior surface water rights.

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

As the Subdistricts are formed and administrative fees are collected the District will formulate a plan to reimburse the General Fund.

Component Units

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

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

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

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

The District reports the following major enterprise fund:

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

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

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

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

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

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

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

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

Cash

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

Restricted Cash

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

Receivables/Payables To/From Other Funds

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

Prepaid Items

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

Capital Assets

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

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

<u>Assets</u>	<u>Years</u>
Structures	30-50
Equipment & Vehicles	5-10

Compensated Absences

Employees of the District are entitled to paid vacation depending on the length of service and other factors. The employees are also entitled to sick leave. Sick leave will vest according to a formula based on the sick leave hours

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

that have been accumulated and the terms of termination. Accrued vacation and the vested portion of sick leave have been accrued in the amount of \$32,579 at December 31, 2020.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by each of the five counties that comprise the District: Alamosa, Conejos, Mineral, Rio Grande, and Saguache. The respective County Treasurers remit monthly receipts to the District; property tax revenue is recognized when received by the County Treasurer. The 2020 property tax levy due January 1, 2021, has been recorded as a receivable and a corresponding deferred inflow of resources in the financial statements.

Assessments – Special Improvement Districts

Assessments attach as an enforceable lien on property as of January 1 each year. The assessments are payable in two installments on February 28 and June 15 or in full on April 30. Subdistrict #1 assesses fees on lands irrigated by groundwater and the pumping and use of groundwater. Subdistricts #2 through #6 assess fees based on individual wells within the boundaries of the respective Subdistrict. Fees are as follows:

- Subdistrict #1
 - Administrative Fee of \$3.25 per irrigable acre
 - Conservation Reserve Enhancement Program (CREP) Fee of \$12.00 per irrigable acre
 - Variable Fee of \$150 per acre foot on the surface water owned and groundwater pumped
- Subdistrict #2
 - Administrative Fee of \$392.31 per active well and \$196.15 per inactive well
 - Pumping Fee of \$35.00 per acre foot sprinkler application, \$25.20 per acre foot flood application, and between \$15.60 and \$17.29 per acre foot other application
- Subdistrict #3
 - Administrative Fee of \$514.50 per active well and \$257.25 per inactive well
 - Groundwater Withdrawal Fee of \$19.45 per acre foot sprinkler application, \$14.05 per acre foot flood application, between \$0.07 and \$10.31 per acre foot for other application, and \$6.20 per acre foot of groundwater withdrawn
- Subdistrict #4
 - Administrative Fee of \$643.63 per active well and inactive well
 - Groundwater Withdrawal Fee of \$10.12 per acre foot stream impact fee and \$4.99 per acre foot sustainability fee
- Subdistrict #5
 - Administrative Fee of \$564.20 per active well and \$282.10 per inactive well
 - Pumping Fee of \$14.25 per acre foot sprinkler, \$10.30 per acre foot flood application, and between \$6.87 and \$17.17 per acre foot other application
- Subdistrict #6
 - Administrative Fee of \$217.50 per active well and \$108.75 per inactive well
 - Groundwater Withdrawal Fee of \$20.20 per acre foot sprinkler application, \$14.55 per acre foot flood application, between \$0.73 and \$24.34 per acre foot for other application

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

Expenditures – Plan of Water Management

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

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

Special Improvement Districts #2, #3, #4, #5, and #6 expend funds to implement the following:

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

Deferred Inflows

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

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

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Net Position

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

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

Fund Balance

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopt supplemental appropriations during 2020. All budget amounts presented reflect the original budget and the final amended budget if applicable.

NOTE 3 CASH AND DEPOSITS

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2020 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$10,404,568 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 STUDY ACCOUNT

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

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

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

At December 31, 2020, the remaining balances of the award are as follows:

Cash in Bank	\$	203,776
Certificate of Deposit		1,653,369
		\$ 1,857,145

During the year total interest earned on the account was \$20,146. There were no disbursements for the year ended December 31, 2020.

NOTE 5 ASSESSMENTS RECEIVABLE, NET

Subdistrict #1 assessed fees upon approximately 168,243 irrigable acres within its boundaries in Alamosa, Rio Grande, Saguache Counties, and on the Colorado State Land Board on December 2, 2020. Subdistrict #1 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Variable Fees	\$	7,410,808
Administrative Fees		544,122
CREP Fees		1,960,023
		\$ 9,914,953

Subdistrict #2 assessed fees upon approximately 261 wells within its boundaries in Alamosa and Rio Grande Counties on December 2, 2020. Subdistrict #2 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Pumping Fees	\$	360,194
Administrative Fees		78,851
		\$ 439,045

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Subdistrict #3 assessed fees upon approximately 165 wells within its boundaries in Conejos County on December 2, 2020. Subdistrict #3 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Ground Water Withdrawal Fees	\$	377,387
Administrative Fees		81,317
Sustainability Fees		162,974
		621,678
	\$	621,678

Subdistrict #4 assessed fees upon approximately 140 wells within its boundaries in Saguache County on December 2, 2020. Subdistrict #4 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Stream Impact Fees	\$	107,017
Sustainability Fees		52,768
Administrative Fees		95,257
		255,042
	\$	255,042

Subdistrict #5 assessed fees upon approximately 211 wells within its boundaries in Saguache County on December 2, 2020. Subdistrict #5 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Pumping Fee	\$	289,693
Administrative Fees		93,922
		383,615
	\$	383,615

Subdistrict #6 assessed fees upon approximately 529 wells within its boundaries in Alamosa and Rio Grande Counties on November 30, 2019. Subdistrict #6 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

Ground Water Withdrawal Fees	\$	1,341,990
Administrative Fees		103,204
		1,445,194
	\$	1,445,194

The total assessment receivable net of allowance for uncollectible accounts for all Subdistrict's totaled \$13,059,527.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

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

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Interfund receivable and payable balances at December 31, 2020 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Improvement District #1	\$ 54,560
General Fund	Special Improvement District #2	138,876
General Fund	Special Improvement District #3	83,912
General Fund	Special Improvement District #4	121,349
General Fund	Special Improvement District #5	242,417
General Fund	Special Improvement District #6	72,147
		<u>\$ 713,261</u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
GOVERNMENTAL ACTIVITIES				
Land	\$ 5,902,100	\$ -	\$ -	\$ 5,902,100
Total capital assets not being depreciated	<u>5,902,100</u>	<u>-</u>	<u>-</u>	<u>5,902,100</u>
Capital assets being depreciated				
Structures	2,315,890	15,124	-	2,331,014
Equipment and Vehicles	149,815	-	-	149,815
Office Furniture	129,045	-	-	129,045
Total capital assets being depreciated	<u>2,594,750</u>	<u>15,124</u>	<u>-</u>	<u>2,609,874</u>
Less accumulated depreciation for:				
Structures	382,486	42,333	-	424,819
Equipment and Vehicles	113,418	15,627	-	129,045
Office Furniture	80,382	10,915	-	91,297
Total accumulated depreciation	<u>576,286</u>	<u>68,875</u>	<u>-</u>	<u>645,161</u>
Total capital assets being depreciated, net	<u>2,018,464</u>	<u>(53,751)</u>	<u>-</u>	<u>1,964,713</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 7,920,564</u>	<u>\$ (53,751)</u>	<u>\$ -</u>	<u>\$ 7,866,813</u>

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

Governmental activities:	
General Government	<u>\$ 68,875</u>
Total depreciation expense – governmental activities	<u>\$ 68,875</u>

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 LONG-TERM DEBT

Changes in Long-Term Debt

GOVERNMENTAL ACTIVITIES:	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
Compensated Absences	\$ 28,181	\$ 4,398	\$ -	\$ 32,579	\$ -
GOVERNMENTAL ACTIVITIES LONG-TERM DEBT	<u>\$ 28,181</u>	<u>\$ 4,398</u>	<u>\$ -</u>	<u>\$ 32,579</u>	<u>\$ -</u>

NOTE 9 COOPERATIVE AGREEMENT WITH BUREAU OF RECLAMATION

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

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

Bureau of Reclamation Agreement Revenues as of December 31, 2020, are as follows:

(Receivable)/Unearned Revenue, beginning of year	\$ 97,855
Reimbursement and Advances	77,874
Interest Revenue	32
Earned Revenue	<u>(123,130)</u>
(Receivable)/Unearned Revenue, end of year	<u>\$ 52,631</u>

NOTE 10 PENSION

Defined Contribution Plan

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

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

RIO GRANDE WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

The District contributed the required 6% of the compensation of each employee for 2020. Employees are not allowed to make contributions to the plan. For the year ended December 31, 2020, the District's contributions were calculated using the base salary amount of \$734,697 and the District and the Special Improvement Districts recorded expenditures amounting to \$43,482 of which \$21,291 is recorded in the District, \$8,444, \$1,821, \$1,776, \$2,776, \$3,689, and \$2,002 are recorded in Special Improvements Districts #1, #2, #3, #4, #5, and #6, respectively, and the balance to the Bureau of Reclamation Contract.

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

Section 457 Plan Defined Contribution Plan

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

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

NOTE 11 TABOR EMERGENCY RESERVE

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

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

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

NOTE 12 RISK MANAGEMENT

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

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

RIO GRANDE WATER CONSERVATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,360,635	1,360,635	\$ 1,373,445	\$ 12,810
Intergovernmental Revenue				
Bureau of Reclamation (BOR)	150,435	150,435	123,098	(27,337)
Interest Earned on BOR Funds	-	-	32	32
Miscellaneous Revenue				
Interest Revenue	-	-	32,351	32,351
Other Revenue	121,768	121,768	415,063	293,295
TOTAL REVENUES	<u>1,632,838</u>	<u>1,632,838</u>	<u>1,943,989</u>	<u>311,151</u>
EXPENDITURES				
General Government				
Salaries and Fringe	501,791	501,791	471,726	30,065
Travel	16,500	16,500	14,955	1,545
Supplies	89,168	89,168	88,334	834
Professional Services	523,700	523,700	260,320	263,380
Other General Government and Special Projects	116,500	116,500	289,293	(172,793)
Conservation of Natural Resources	167,370	167,370	75,670	91,700
Bureau of Reclamation Contract	150,385	150,385	126,074	24,311
Capital Outlay	120,000	120,000	15,124	104,876
TABOR Reserve	-	-	-	-
TOTAL EXPENDITURES	<u>1,685,414</u>	<u>1,685,414</u>	<u>1,341,496</u>	<u>343,918</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(52,576)</u>	<u>(52,576)</u>	<u>602,493</u>	<u>655,069</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Fixed Assets	-	-	-	-
Transfer From Special Improvement District #2	-	-	-	-
Transfer to Special Improvement District #5	(103,500)	(103,500)	-	103,500
Transfer to Special Improvement District #4	(127,500)	(127,500)	-	127,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>(231,000)</u>	<u>(231,000)</u>	<u>-</u>	<u>231,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(283,576)</u>	<u>(283,576)</u>	<u>602,493</u>	<u>886,069</u>
Fund Balance at Beginning of Year	<u>3,767,345</u>	<u>3,767,345</u>	<u>3,701,022</u>	<u>(66,323)</u>
Fund Balance at End of Year	<u>\$ 3,483,769</u>	<u>\$ 3,483,769</u>	<u>\$ 4,303,515</u>	<u>\$ 819,746</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is measured on the GAAP basis.

RIO GRANDE WATER CONSERVATION DISTRICT

SUPPLEMENTARY INFORMATION

RIO GRANDE WATER CONSERVATION DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
December 31, 2020

	SPECIAL IMPROVEMENT DISTRICT #1 FUND	SPECIAL IMPROVEMENT DISTRICT #2 FUND	SPECIAL IMPROVEMENT DISTRICT #3 FUND	SPECIAL IMPROVEMENT DISTRICT #4 FUND	SPECIAL IMPROVEMENT DISTRICT #5 FUND	SPECIAL IMPROVEMENT DISTRICT #6 FUND	TOTAL ENTERPRISE FUND
ASSETS							
Current Assets							
Cash	\$ 2,438,217	\$ 468,341	\$ 1,021,473	\$ -	\$ -	\$ 1,113,904	\$ 5,041,935
CD - Estimated Future Obligation	3,657,376	-	-	-	-	-	3,657,376
Assessments Receivable, Net of Allowance Uncollectible Accounts	9,914,953	434,277	628,067	255,042	383,615	1,443,573	13,059,527
Interest Receivable	6,313	336	-	-	-	-	6,649
Prepaid Building Expenses	107,900	-	-	-	-	-	107,900
TOTAL ASSETS	\$ 16,124,759	\$ 902,954	\$ 1,649,540	\$ 255,042	\$ 383,615	\$ 2,557,477	\$ 21,873,387
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 1,173,568	\$ 62,567	\$ 43,371	\$ -	\$ -	\$ 173,012	\$ 1,452,518
Due to Rio Grande Conservation District	54,560	138,876	83,912	121,349	242,417	72,147	713,261
TOTAL LIABILITIES	1,228,128	201,443	127,283	121,349	242,417	245,159	2,165,779
NET POSITION							
Unrestricted	14,896,631	701,511	1,522,257	133,693	141,198	2,312,318	19,707,608
TOTAL NET POSITION	14,896,631	701,511	1,522,257	133,693	141,198	2,312,318	19,707,608
TOTAL LIABILITIES AND NET POSITION	\$ 16,124,759	\$ 902,954	\$ 1,649,540	\$ 255,042	\$ 383,615	\$ 2,557,477	\$ 21,873,387

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

RIO GRANDE WATER CONSERVATION DISTRICT
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020

	SPECIAL IMPROVEMENT DISTRICT #1 FUND	SPECIAL IMPROVEMENT DISTRICT #2 FUND	SPECIAL IMPROVEMENT DISTRICT #3 FUND	SPECIAL IMPROVEMENT DISTRICT #4 FUND	SPECIAL IMPROVEMENT DISTRICT #5 FUND	SPECIAL IMPROVEMENT DISTRICT #6 FUND	TOTAL ENTERPRISE FUND
OPERATING REVENUE							
Variable Fees	\$ 7,432,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,432,286
Administration Fees	548,327	78,851	81,317	95,257	93,921	103,204	1,000,877
CREP Fees	2,006,782	-	-	-	-	-	2,006,782
Pumping Fees	-	360,194	-	-	-	-	360,194
Groundwater Withdrawal Fees	-	-	576,379	107,017	289,693	1,341,990	2,315,079
Sustainability Fees	-	-	-	52,768	-	-	52,768
Contract Inclusion Fees	29,000	500	1,500	-	-	3,900	34,900
Other Revenue	74,828	-	-	-	-	7,517	82,345
Total operating revenue	10,091,223	439,545	659,196	255,042	383,614	1,456,611	13,285,231
OPERATING EXPENSES							
Water Management Expenses							
Water Lease and Storage Expense	2,703,292	144,074	94,250	-	-	227,359	3,168,975
CREP	2,180,660	-	-	-	-	-	2,180,660
CREP - Incentive	-	-	-	-	-	-	-
Forbearance	-	36,014	40,676	-	-	146,869	223,559
Administration	353,083	50,379	49,712	76,001	94,368	95,508	719,051
Professional Fees	153,160	26,281	41,441	43,734	110,073	42,347	417,036
Special Projects	9,605	765	680	1,614	37,975	1,690	52,329
Total operating expenses	5,399,800	257,513	226,759	121,349	242,416	513,773	6,761,610
Operating income (loss)	4,691,423	182,032	432,437	133,693	141,198	942,838	6,523,621
NONOPERATING REVENUE							
Interest Revenue	53,902	1,332	3,987	-	-	-	59,221
TOTAL NONOPERATING REVENUE	53,902	1,332	3,987	-	-	-	59,221
Change in Net Position	4,745,325	183,364	436,424	133,693	141,198	942,838	6,582,842
Net Position at Beginning of Year	10,151,306	518,147	1,085,833	-	-	1,369,480	13,124,766
Net Position at End of Year	\$ 14,896,631	\$ 701,511	\$ 1,522,257	\$ 133,693	\$ 141,198	\$ 2,312,318	\$ 19,707,608

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SPECIAL IMPROVEMENT DISTRICT #1
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
OPERATING REVENUE				
Variable Fees	\$ 4,078,260	\$ 4,078,260	\$ 7,432,286	\$ 3,354,026
Administration Fees	511,768	511,768	548,327	36,559
CREP Fees	168,666	168,666	2,006,782	1,838,116
Inclusion Contract Fees	-	-	29,000	29,000
Other Revenue	-	-	74,828	74,828
Total operating revenue	4,758,694	4,758,694	10,091,223	5,332,529
OPERATING EXPENSES				
Water Management Expenses				
Water Lease	4,840,263	4,840,263	2,703,292	2,136,971
CREP	805,806	805,806	2,180,660	(1,374,854)
CREP - Incentive Fees	-	-	-	-
Administration	521,200	521,200	353,083	168,117
Professional Fees	-	-	153,160	(153,160)
Total operating expenses	6,167,269	6,167,269	5,399,800	767,469
Operating income (loss)	(1,408,575)	(1,408,575)	4,691,423	6,099,998
NONOPERATING REVENUE				
Interest Revenue	-	-	53,902	53,902
Total nonoperating revenues	-	-	53,902	53,902
OPERATING TRANSFERS				
Transfer From General Fund	1,000	1,000	-	(1,000)
Transfer to General Fund	-	-	-	-
Change in Net Position - Budget Basis	(1,407,575)	(1,407,575)	4,745,325	6,152,900
Net Position at Beginning of Year	1,481,141	1,481,141	10,151,306	8,670,165
Net Position at End of Year	\$ 73,566	\$ 73,566	\$ 14,896,631	\$ 14,823,065

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SPECIAL IMPROVEMENT DISTRICT #2
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUE				
Administration Fees	\$ 71,400	\$ 71,400	\$ 78,851	\$ 7,451
Pumping Fees	383,000	383,000	360,194	(22,806)
Contract Inclusion Fees	1,500	1,500	500	(1,000)
Other Revenue	-	-	-	-
Total operating revenue	<u>455,900</u>	<u>455,900</u>	<u>439,545</u>	<u>(16,355)</u>
OPERATING EXPENSES				
Water Management Expenses				
Water Lease and Storage	486,100	486,100	144,074	342,026
Forbearance	-	-	36,014	(36,014)
Administration	61,400	61,400	50,379	11,021
Professional Fees	40,000	40,000	26,281	13,719
Special Projects	-	-	765	(765)
Total operating expenses	<u>587,500</u>	<u>587,500</u>	<u>257,513</u>	<u>329,987</u>
Operating income (loss)	<u>(131,600)</u>	<u>(131,600)</u>	<u>182,032</u>	<u>313,632</u>
NONOPERATING REVENUE				
Interest Revenue	-	-	1,332	1,332
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>1,332</u>	<u>1,332</u>
OPERATING TRANSFERS				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	-	-	-	-
Change in Net Position - Budget Basis	<u>(131,600)</u>	<u>(131,600)</u>	<u>183,364</u>	<u>314,964</u>
Net Position at Beginning of Year	<u>132,045</u>	<u>132,045</u>	<u>518,147</u>	<u>386,102</u>
Net Position at End of Year	<u>\$ 445</u>	<u>\$ 445</u>	<u>\$ 701,511</u>	<u>\$ 701,066</u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SPECIAL IMPROVEMENT DISTRICT #3
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
OPERATING REVENUE				
Administration Fees	\$ 66,011	\$ 66,011	\$ 81,317	\$ 15,306
Groundwater Withdrawal Fees	605,000	605,000	576,379	(28,621)
Contract Inclusion Fees	1,200	1,200	1,500	300
Total operating revenue	672,211	672,211	659,196	(13,015)
OPERATING EXPENSES				
Water Management Expenses				
Water Lease and Storage	1,008,496	1,008,496	94,250	914,246
Forbearance	-	-	40,676	(40,676)
Administration	57,300	57,300	49,712	7,588
Professional Fees	60,000	60,000	41,441	18,559
Special Projects	-	-	680	(680)
Total operating expenses	1,125,796	1,125,796	226,759	899,037
Operating income (loss)	(453,585)	(453,585)	432,437	886,022
NONOPERATING REVENUE				
Interest Revenue	-	-	3,987	3,987
Total nonoperating revenues	-	-	3,987	3,987
OPERATING TRANSFERS				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	-	-	-	-
Change in Net Position - Budget Basis	(453,585)	(453,585)	436,424	890,009
Net Position at Beginning of Year	453,585	453,585	1,085,833	632,248
Net Position at End of Year	\$ -	\$ -	\$ 1,522,257	\$ 1,522,257

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SPECIAL IMPROVEMENT DISTRICT #4
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				(NEGATIVE)
OPERATING REVENUE				
Administration Fees	\$ -	\$ -	\$ 95,257	\$ 95,257
Groundwater Withdrawal Fees	-	-	107,017	107,017
Contract Inclusion Fees	2,000	2,000	-	(2,000)
Sustainability Fee	-	-	52,768	52,768
Total operating revenue	<u>2,000</u>	<u>2,000</u>	<u>255,042</u>	<u>253,042</u>
OPERATING EXPENSES				
Water Management Expenses				
Water Lease and Storage	66,000	66,000	-	66,000
Forbearance	-	-	-	-
Administration	28,500	28,500	76,001	(47,501)
Professional Fees	35,000	35,000	43,734	(8,734)
Special Projects	-	-	1,614	(1,614)
Total operating expenses	<u>129,500</u>	<u>129,500</u>	<u>121,349</u>	<u>8,151</u>
Operating income (loss)	<u>(127,500)</u>	<u>(127,500)</u>	<u>133,693</u>	<u>261,193</u>
NONOPERATING REVENUE				
Interest Revenue	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING TRANSFERS				
Transfer From General Fund	127,500	127,500	-	(127,500)
Transfer To General Fund	-	-	-	-
Change in Net Position - Budget Basis	<u>-</u>	<u>-</u>	<u>133,693</u>	<u>133,693</u>
Net Position at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,693</u>	<u>\$ 133,693</u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SPECIAL IMPROVEMENT DISTRICT #5
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUE				
Administration Fees	\$ -	\$ -	\$ 93,921	\$ 93,921
Groundwater Withdrawal Fees	-	-	289,693	289,693
Contract Inclusion Fees	1,500	1,500	-	(1,500)
Total operating revenue	<u>1,500</u>	<u>1,500</u>	<u>383,614</u>	<u>382,114</u>
OPERATING EXPENSES				
Water Management Expenses				
Water Lease and Storage	25,000	25,000	-	25,000
Forbearance	-	-	-	-
Administration	38,500	38,500	94,368	(55,868)
Professional Fees	40,000	40,000	110,073	(70,073)
Special Projects	-	-	37,975	(37,975)
Total operating expenses	<u>103,500</u>	<u>103,500</u>	<u>242,416</u>	<u>(138,916)</u>
Operating income (loss)	<u>(102,000)</u>	<u>(102,000)</u>	<u>141,198</u>	<u>243,198</u>
NONOPERATING REVENUE				
Interest Revenue	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING TRANSFERS				
Transfer From General Fund	103,500	103,500	-	(103,500)
Transfer To General Fund	-	-	-	-
Change in Net Position - Budget Basis	<u>1,500</u>	<u>1,500</u>	<u>141,198</u>	<u>139,698</u>
Net Position at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position at End of Year	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 141,198</u>	<u>\$ 139,698</u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
SPECIAL IMPROVEMENT DISTRICT #6
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				(NEGATIVE)
OPERATING REVENUE				
Administration Fees	\$ 87,250	\$ 87,250	\$ 103,204	\$ 15,954
Groundwater Withdrawal Fees	1,350,000	1,350,000	1,341,990	(8,010)
Contract Inclusion Fees	-	-	3,900	3,900
Other Revenue	-	-	7,517	7,517
Total operating revenue	<u>1,437,250</u>	<u>1,437,250</u>	<u>1,456,611</u>	<u>19,361</u>
OPERATING EXPENSES				
Water Management Expenses				
Water Lease and Storage	1,200,000	1,200,000	227,359	972,641
Forbearance	-	-	146,869	(146,869)
Administration	172,250	172,250	95,508	76,742
Professional Fees	65,000	65,000	42,347	22,653
Special Projects	-	-	1,690	(1,690)
Total operating expenses	<u>1,437,250</u>	<u>1,437,250</u>	<u>513,773</u>	<u>923,477</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>942,838</u>	<u>942,838</u>
NONOPERATING REVENUE				
Interest Revenue	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING TRANSFERS				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	-	-	-	-
Change in Net Position - Budget Basis	<u>-</u>	<u>-</u>	<u>942,838</u>	<u>942,838</u>
Net Position at Beginning of Year	<u>-</u>	<u>-</u>	<u>1,369,480</u>	<u>1,369,480</u>
Net Position at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312,318</u>	<u>\$ 2,312,318</u>

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

RIO GRANDE WATER CONSERVATION DISTRICT
ESTIMATED FUTURE OBLIGATIONS - UNAUDITED
SPECIAL IMPROVEMENT DISTRICT #1
For the Year Ended For the Year Ended December 31, 2020

Year	Estimated Future Obligation
2021	\$ 550,000
2022	550,000
2023	550,000
2024	550,000
2025	550,000
2026	550,000
2027	550,000
2028	550,000
2029	550,000
2030	393,000
2031	267,070
2032	231,830
2033	46,255
Total	\$ 5,888,155

Notes to the Supplementary Information

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