

**ST. VRAIN AND LEFT HAND WATER
CONSERVANCY DISTRICT**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Vrain and Left Hand Water Conservancy District
Longmont, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the St. Vrain and Left Hand Water Conservancy District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the entity'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 St. Vrain and Left Hand Water Conservancy 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and general fund budgetary comparison schedule 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 St. Vrain and Left Hand Water Conservancy District's basic financial statements. The Water Enterprise Fund budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Water Enterprise Fund budgetary comparison schedule is 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 Water Enterprise Fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
St. Vrain and Left Hand Water Conservancy District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2021, on our consideration of the St. Vrain and Left Hand Water Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Vrain and Left Hand Water Conservancy District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Vrain and Left Hand Water Conservancy District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
May 18, 2021

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management's Discussion and Analysis

This section of the annual financial report offers readers of the St. Vrain & Left Hand Water Conservancy District (the "District") financial statements, its discussion and analysis of the District's financial performance during the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

2020 Highlights

- At December 31, 2020, net position was \$6,834,53 resulting from an increase of \$3,101,177 or 83.1% when compared to December 31, 2019.
- Total revenue increased from \$675,994 in 2019 to \$3,719,544 in 2020, a difference of \$3,043,550 or 450.2% (net of transfers).
- Total expenses were \$618,367 in 2020, an increase of \$92,985 or 17.7% compared to 2019 total of \$525,382 (net of transfers).
- Net capital assets were \$6,617,875 as of December 31, 2020, which increased by \$3,585,744 or 118.3% from the 2019 balance of \$3,032,131.

Overview of the Financial Statements

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

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

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

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflow of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflow of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The basic government-wide financial statements can be found on pages 1-2 of this report.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Fund Financial Statements

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

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

The District maintains one governmental fund. 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 which is a considered major fund. Also included in the required supplementary information section is budget-to-actual information for the general fund.

The basic governmental fund financial statements can be found on pages 3-4 of this report.

- *Proprietary funds*: The District maintains one enterprise type proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its water operations associated with the District's Augmentation Program.

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

The basic proprietary fund financial statements can be found on pages 5-7 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 8-17 of this report.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District's combined net position increased from \$3,733,354 in 2019 to \$6,834,531 in 2020. This is an increase of \$3,101,177 or 83.1%.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Table 3
Condensed Statement of Net Position**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
Assets				
Current Assets	\$ 4,346,076	\$ 3,579,988	\$ 7,926,064	\$ 1,409,464
Capital Assets	920,832	5,697,043	6,617,875	3,032,131
Total Assets	<u>5,266,908</u>	<u>9,277,031</u>	<u>14,543,939</u>	<u>4,441,595</u>
Liabilities				
Current Liabilities	76,403	376,935	453,338	202,119
Long-Term Liabilities	-	3,440,365	3,440,365	212,918
Total liabilities	<u>76,403</u>	<u>3,817,300</u>	<u>3,893,703</u>	<u>415,037</u>
Deferred Inflows of Resources				
Property Taxes	3,815,705	-	3,815,705	416,458
Net Position				
Net Investment in Capital Assets	920,832	2,047,625	2,968,457	2,786,873
Restricted	13,791	-	13,791	14,765
Unrestricted	440,177	3,412,106	3,852,283	931,716
Total Net Position	<u>\$ 1,374,800</u>	<u>\$ 5,459,731</u>	<u>\$ 6,834,531</u>	<u>\$ 3,733,354</u>

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

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

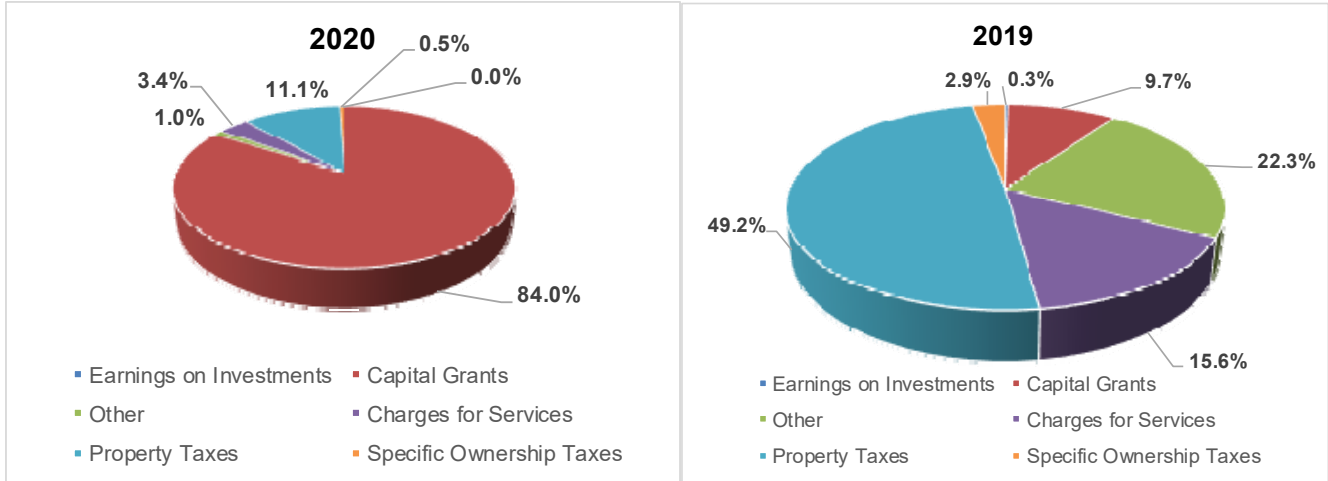
This year's taxes accounted for 11.6% of every dollar raised by the District, compared to 52.1% in the previous year (see Table 5). This decrease was a result of an increase in other revenue associated with the grant related revenues reported in the enterprise fund, which equated to a decrease in the property tax percentage.

	2020			2019 Totals
	Governmental Activities	Business-type Activities	Totals	
Revenues				
Program Revenues:				
Charges for Services	\$ -	\$ 128,728	\$ 128,728	\$ 113,223
Capital Grants and Contributions	-	3,131,070	3,131,070	70,116
General Revenues:				
Property Taxes	413,438	-	413,438	357,446
Specific Ownership Taxes	20,495	-	20,495	21,214
Earnings on Investments	274	50	324	1,855
Miscellaneous	25,489	-	25,489	112,140
Transfers In	-	12,120	12,120	50,516
Total Revenues	459,696	3,271,968	3,731,664	726,510
Expenses				
Administration	346,555	-	346,555	196,807
Outside Services	112,025	-	112,025	204,697
Operational	37,703	-	37,703	33,977
Special Projects	18,950	-	18,950	-
Water Rights	-	-	-	19,779
Miscellaneous	6,206	-	6,206	13,815
Water Activity	-	96,928	96,928	56,307
Transfer Out	12,120	-	12,120	50,516
Total Expenses	533,559	96,928	630,487	575,898
Change in Net Position	\$ (73,863)	\$ 3,175,040	\$ 3,101,177	\$ 150,612

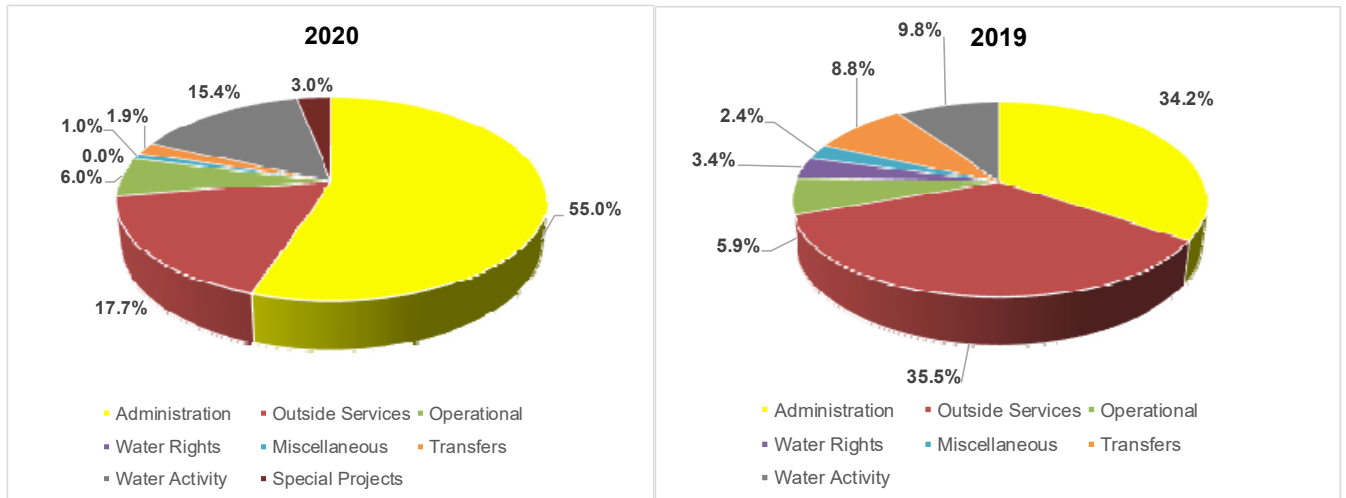
Detailed on the next page in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the total District.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Table 5
Sources of Revenues**



**Table 6
Expenses by Program**



**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Governmental Activities

The decrease in net position for governmental activities was \$73,863 in 2020.

The governmental funds monitor cash resources and expenditures. There was no capital outlay in the governmental fund during 2020. Capital outlay is not considered an expense on the government-wide statement of activities. Rather, these costs are expensed over time as depreciation expense.

As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities (page 4), there was no capital outlay or depreciation during 2020.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 reflects the program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes and other general revenues.

Table 7

	Total Cost of Services	Net Cost of Services
Administration	\$ 346,555	\$ 346,555
Outside Services	112,025	112,025
Operational	37,703	37,703
Special Projects	18,950	18,950
Water Rights	-	-
Miscellaneous	6,206	6,206
Water Activity Enterprise	96,928	(3,162,870)
Total	\$ 618,367	\$ (2,641,431)

Financial Analysis of District's funds

General Fund

The General Fund was established, and is continually funded, to provide for the daily activities, salaries, expenditures, and operating costs of the District. This fund provides for functional areas of the organization - administration, public information, and other programs. The General Fund also provides for such other items as insurance, utilities, and other costs the District incurs. The primary funding source for the General Fund is taxation of real property. Other sources of income for the General Fund include interest income and other revenues. The primary projects or program efforts for establishing needed funding during 2020 were:

- Salaries and benefits for all existing full time personnel of the District.
- Normal operational costs of the District.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transaction on a basis of cash receipts and disbursements. The District's final budget for the general fund anticipated that expenditures would exceed revenues by \$71,113 (including transfers). Tax revenues and carryover funds are adequate to provide for these budgeted expenditures. The actual results show \$72,116 of expenditures in excess of revenues (including transfers).

- The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2020, the District's TABOR reserve amounted to \$13,791.

Capital Assets and Debt Administration

Capital Assets

By the end of 2020, the District had invested \$6,617,875 (net of accumulated depreciation) in water rights, water storage projects and construction in progress (See Table 8).

**Table 8
Capital Assets (Net of Depreciation)**

	Governmental and Business Type Activities	
	2020	2019
Water Rights	\$ 2,058,945	\$ 2,058,945
Water Storage Projects	552,495	552,495
Construction in Progress	4,006,435	420,691
Total	\$ 6,617,875	\$ 3,032,131

Long-Term Debt

At year-end, the District has long-term debt in the form of two Loan Contracts with the Colorado Water Conservation Board. As of December 31, 2020, the District has made total loan draws in the amount of \$3,440,365 for Lake 4 Repair projects. See Note 7, for disclosures surrounding the Loan Contracts.

Factors Bearing on the District's Future

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

The District's budget for 2021 includes property tax revenue in the amount of \$3,815,705 (based on an assessed valuation for the District of \$2,713,872,357 and a mill levy of 1.406 mills) with a proposed budget for expenditures of \$3,561,237. These tax revenues plus carryover funds should be adequate to provide for these budgeted expenditures.

Financial Contact

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact our staff at St. Vrain & Left Hand Water Conservancy District, 9595 Nelson Road, Longmont, Colorado, 80501.

ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 504,180	\$ 1,910,138	\$ 2,414,318
Property Tax Receivable	3,816,912	-	3,816,912
Accounts Receivable	1,718	1,690,412	1,692,130
Prepaid Items	2,704	-	2,704
Internal Balances	20,562	(20,562)	-
Capital Assets, Not Being Depreciated	920,832	5,697,043	6,617,875
Total Assets	<u>5,266,908</u>	<u>9,277,031</u>	<u>14,543,939</u>
LIABILITIES			
Accounts Payable	55,235	376,935	432,170
Accrued Liabilities	9,493	-	9,493
Unearned Revenue	3,400	-	3,400
Compensated Absences	8,275	-	8,275
Long-term debt	-	3,440,365	3,440,365
Total Liabilities	<u>76,403</u>	<u>3,817,300</u>	<u>3,893,703</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	3,815,705	-	3,815,705
Total Deferred Inflows of Resources	<u>3,815,705</u>	<u>-</u>	<u>3,815,705</u>
NET POSITION			
Net Investment in Capital Assets	920,832	2,047,625	2,968,457
Restricted			
Emergencies	13,791	-	13,791
Unrestricted	440,177	3,412,106	3,852,283
Total Net Position	<u>\$ 1,374,800</u>	<u>\$ 5,459,731</u>	<u>\$ 6,834,531</u>

See accompanying Notes to Financial Statements.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Program Revenues			Net Revenue (Expense) and Change in Net Position		Total
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
GOVERNMENTAL ACTIVITIES						
Administration	\$ 346,555	\$ -	\$ -	\$ (346,555)	\$ -	\$ (346,555)
Outside Services	112,025	-	-	(112,025)	-	(112,025)
Operational	37,703	-	-	(37,703)	-	(37,703)
Special Projects	18,950	-	-	(18,950)	-	(18,950)
Miscellaneous	6,206	-	-	(6,206)	-	(6,206)
Total Governmental Activities	<u>521,439</u>	<u>-</u>	<u>-</u>	<u>(521,439)</u>	<u>-</u>	<u>(521,439)</u>
BUSINESS ACTIVITIES						
Water Activity Enterprise	96,928	128,728	3,131,070	-	3,162,870	3,162,870
Total Business-Type Activities	<u>96,928</u>	<u>128,728</u>	<u>3,131,070</u>	<u>-</u>	<u>3,162,870</u>	<u>3,162,870</u>
Total Primary Government	<u>\$ 618,367</u>	<u>\$ 128,728</u>	<u>\$ 3,131,070</u>	<u>(521,439)</u>	<u>3,162,870</u>	<u>2,641,431</u>
GENERAL PURPOSES						
Property Taxes Levied for:						
General Purposes				413,438	-	413,438
Specific Ownership Taxes for:						
General Purposes				20,495	-	20,495
Earnings on Investments				274	50	324
Miscellaneous				25,489	-	25,489
Transfers				(12,120)	12,120	-
Total General Revenues and Transfers				<u>447,576</u>	<u>12,170</u>	<u>459,746</u>
CHANGE IN NET POSITION				(73,863)	3,175,040	3,101,177
Net Position - Beginning of Year (Restated)				<u>1,448,663</u>	<u>2,284,691</u>	<u>3,733,354</u>
NET POSITON - END OF YEAR				<u>\$ 1,374,800</u>	<u>\$ 5,459,731</u>	<u>\$ 6,834,531</u>

See accompanying Notes to Financial Statements.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
BALANCE SHEET – GENERAL FUND
DECEMBER 31, 2020**

ASSETS

Cash and Cash Equivalents	\$ 504,180
Property Tax Receivable	3,816,912
Accounts Receivable	1,718
Due from Other Funds	20,562
Prepaid Items	2,704
Total Assets	4,346,076

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES

Accounts Payable	55,235
Accrued Liabilities	9,493
Unearned Revenue	3,400
Total Liabilities	68,128

DEFERRED INFLOWS OF RESOURCES

Deferred Property Tax	3,815,705
Total Deferred Inflows of Resources	3,815,705

FUND BALANCE

Nonspendable	2,704
Restricted	13,791
Committed	200,000
Unassigned	245,748
Total Fund Balance	462,243

Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,346,076
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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of the Governmental Fund	\$ 462,243
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Capital Assets Used in Governmental Activities are Not Financial Resources and, Therefore, are Not Reported in the Fund:

Capital Assets, Net	920,832
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Some Liabilities, Including Compensated Absences, are Not Due and Payable in the Current Period, and, Therefore, are Not Reported in the Fund Balance Sheet

Compensated Absences	(8,275)
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Total Net Position - Governmental Activities	\$ 1,374,800
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**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

REVENUES

Taxes	\$ 433,933
Stream Management Plan	13,501
Earnings on Investments	274
Miscellaneous	11,988
Total Revenues	459,696

EXPENDITURES

Current:	
Administration	344,808
Outside Services	112,025
Operational	37,703
Special Projects	18,950
Miscellaneous	6,206
Total Expenditures	519,692

REVENUES UNDER EXPENDITURES (59,996)

OTHER FINANCING SOURCES

Transfers Out	(12,120)
Total Other Financing Sources	(12,120)

NET CHANGE IN FUND BALANCE (72,116)

Fund Balance - Beginning of Year 534,359

FUND BALANCE - END OF YEAR \$ 462,243

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:

Net Change in Fund Balance - Total Governmental Fund \$ (72,116)

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.

Compensated Absences (1,747)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (73,863)

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF FUND NET POSITION – WATER ACTIVITY ENTERPRISE FUND
DECEMBER 31, 2020**

ASSETS

Cash and Cash Equivalents	\$ 1,910,138
Accounts Receivable	1,690,412
Total Current Assets	<u>3,600,550</u>

NONCURRENT ASSETS

Capital Assets:	
Water Rights	1,138,113
Water Storage Projects	552,495
Construction in Progress	4,006,435
Total Noncurrent Assets	<u>5,697,043</u>
 Total Assets	 <u>9,297,593</u>

LIABILITIES

Accounts Payable	376,935
Due to Other Funds	20,562
Long-term Debt	3,440,365
Total Liabilities	<u>3,837,862</u>

NET POSITION

Net Investment in Capital Assets	2,256,678
Unrestricted	3,203,053
 Total Net Position	 <u>\$ 5,459,731</u>

See accompanying Notes to Financial Statements.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER ACTIVITY ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES	
Augmentation Membership Fees	\$ 123,838
Water Rental	4,890
Total Operating Revenues	128,728
OPERATING EXPENSES	
Augmentation Plan	28,784
Outside Services	25,612
Administration	42,532
Total Operating Expenses	96,928
OPERATING INCOME	31,800
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	3,131,070
Earnings on Investments	50
Total Nonoperating Revenues (Expenses)	3,131,120
INCOME BEFORE TRANSFERS	3,162,920
TRANSFERS IN	12,120
CHANGE IN NET POSITION	3,175,040
Net Position - Beginning of Year (Restated)	2,284,691
NET POSITION - END OF YEAR	\$ 5,459,731

See accompanying Notes to Financial Statements.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS – WATER ACTIVITY ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 128,728
Payments to Employees	(40,997)
Payments to Suppliers	(60,288)
Net Cash Provided by Operating Activities	<u>27,443</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from Capital Debt	3,227,447
Acquisition and Construction of Capital Assets	(3,253,434)
Cash Flows Used by Capital and Related Financing Activities	<u>(25,987)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating Grants	1,524,601
Due to Other Funds	(2,463)
Transfer from Other Funds	12,120
Cash Flows Provided by Non-Capital Financing Activities	<u>1,534,258</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	<u>50</u>
Cash Flows Provided by Investing Activities	<u>50</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,535,764
Cash Balance - Beginning of Year	<u>374,374</u>
CASH BALANCE - END OF YEAR	<u>\$ 1,910,138</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 31,800
Change in Liabilities	
Decrease in Accounts Payable	<u>(4,357)</u>
Net Cash Provided by Operating Activities	<u>\$ 27,443</u>

See accompanying Notes to Financial Statements.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

On April 19, 1971, pursuant to the applicable provisions of the Water Conservation Act of the State of Colorado, the St. Vrain & Left Hand Water Conservancy District (the District) was established. It is a quasi-municipal corporation and political subdivision of the state of Colorado with all powers thereof, which includes the power to levy taxes against property within 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.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District.

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 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, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental funds are used to account for all or most of a government's general activities. The following is the District's only governmental fund:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets and unrestricted.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The District's major enterprise fund is the Water Activity Enterprise Fund. The purpose of the fund is to facilitate the augmentation program that the District has with its water storage.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets

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

- By October 15, the District administrator submits to the District board of directors, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the board of directors through passage of a formal resolution.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

- The District legally adopts budgets for all of the funds. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgetary comparison for the enterprise fund is presented on a non-accounting principles generally accepted in the United States of America budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the District board of directors. All appropriations lapse at year end.

The following table summarized the individual fund budgeted expenditures, as originally adopted:

	Original and Final Budget
Government Fund	
General (Including Transfers)	\$ 533,699
Enterprise Fund	
Water Activity Enterprise	105,310
Total Funds	\$ 639,009

Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable.

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, if any, 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.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities. Estimated useful lives for asset types are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Water Rights	N/A
Water storage projects	N/A
Office Equipment	8 years

The District has incurred various costs related to proposed water storage projects, which are not being amortized or depreciated. The proposed water storage projects, if constructed, would provide water storage, which the District would expect to administer.

Management evaluates these capitalized costs annually for impairment and believes no impairment existed at December 31, 2020.

Accrued Compensated Absences Payable

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary financial statements.

ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund 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, net of debt used to acquire the capital assets 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.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. As of December 31, 2020, the District had \$2,704 in nonspendable.

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. As of December 31, 2020, the general fund had \$13,791 restricted for emergencies.

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. As of December 31, 2020, the District had \$200,000 classified as committed due to resolution 2011-11 approved by the board in fiscal year 2011 for the acquisition of water rights.

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

Unassigned – all other spendable amounts. As of December 31, 2020, the District Board designated operating reserves of \$38,537 and acquisition reserves of \$139,406.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Net Position (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When 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.

In the Enterprise Fund, the District Board designated capital reserves of \$10,000 and operating reserves of \$8,776.

NOTE 2 CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The fair value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2020, all of the District's cash and cash equivalents were insured by FDIC or PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States, U.S. Government agency securities and securities of the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. As of December 31, 2020, the District did not have any investments.

At December 31, 2020, the District had cash and cash equivalent balances as follows:

Bank Deposits	\$	2,414,293
Cash on Hand		25
Total Cash Deposits		\$ 2,414,318
Governmental Activities	\$	504,180
Business-Type Activities		1,910,138
Total Primary Government		\$ 2,414,318

NOTE 3 CAPITAL ASSETS

A summary of changes in governmental-activities capital assets for the year ended December 31, 2020, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Water Rights	\$ 920,832	\$ -	\$ -	\$ 920,832
Total Capital Assets, Not Being Depreciated	920,832	-	-	920,832
Capital Assets, Being Depreciated				
Office Equipment	1,000	-	-	1,000
Less: Accumulated Depreciation	(1,000)	-	-	(1,000)
Total Capital Assets, Being Depreciated	-	-	-	-
Governmental Capital Assets, Net	\$ 920,832	\$ -	\$ -	\$ 920,832

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2020, is as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Water Rights	\$ 1,138,113	\$ -	\$ -	\$ 1,138,113
Water Storage Projects	552,495	-	-	552,495
CIP	543,945	3,462,490	-	4,006,435
Total Capital Assets	<u>\$ 2,234,553</u>	<u>\$ 3,462,490</u>	<u>\$ -</u>	<u>\$ 5,697,043</u>

Costs associated with an intergovernmental agreement for a stream management plan and feasibility study have not been capitalized within governmental activities. As of December 31, 2020, a final assessment cannot be determined as to whether a future construction project will be undertaken and therefore, management has not capitalized these costs.

NOTE 4 INTERFUND TRANSACTIONS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end outstanding balances are reported as due to / due from other funds. All interfund transfers are reported as transfers. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. There were the following transfers made in 2020 by the District relating to the consolidation and elimination of funds.

From	To	Amount
Water Activity Fund	General Fund	\$12,120

NOTE 5 LONG-TERM DEBT

On January 19, 2016, the District entered into an Loan Contract with the Colorado Water Conservation Board through the Water Activity Enterprise Fund for a loan in the amount of \$4,545,000 for the Emergency Rock'n WP Ranch Lake No. 4 Repair Project to repair the lake damage due to the 2013 flood event. The total loan amount of \$4,545,000 includes a one percent loan origination fee of \$45,000. The loan was approved as a 30 year loan with no payments and zero interest for the first three years followed by 27 years of amortized payments at an interest rate of 3.20% and an amount of \$253,918. During 2019, the District entered into a loan modification agreement with Colorado Water Conservation Board. The amendment extended the zero interest for five years, followed by 27 years of amortized payments.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM DEBT (CONTINUED)

The District is eligible for loan disbursements when the District incurs eligible expenditures under the loan contract and is required to prepare a written request for funds to be submitted to the Colorado Water Conservation Board prior to receipt of loan disbursements under the contract. As part of the Loan Contract, the District pledged through a Deed of Trust to the Colorado Water Conservation Board, 200 acre-foot units of Colorado-Big Thompson Project Water contractual rights administered through Northern Colorado Water Conservancy District, valued at 110 percent of the loan amount. During 2020, the District received loan disbursements of \$3,064,581 and has received total loan disbursements of \$3,206,548 since inception of the loan contract.

On February 13, 2017, the District entered into a Loan Contract with the Colorado Water Conservation Board for a total loan amount of \$619,130 through the Water Activity Enterprise Fund. The loan request is for the Lake 4 Outlet Pipeline Repair to fix leaks in Lake 4's outlet pipeline. The loan is payable over 30 years at an interest rate of 2.85%. On February 4, 2019, the Colorado Water Conservation Board approved a loan increase of \$245,430 (\$243,000 for project costs and \$2,430 for the 1% service fee) for a total loan not to exceed \$864,560 (\$856,000 for project costs and \$8,560 for the 1% service fee. The loan terms remain at 30 years at 2.85%. The District is eligible for loan disbursements when the District incurs eligible expenditures under the loan contract and is required to prepare a written request for funds to be submitted to the Colorado Water Conservation Board prior to receipt of loan disbursements under the contract. The District has pledged through a Deed of Trust, 27 unencumbered acre-foot units of Colorado Big Thompson Project Water contractual rights administered through the Northern Colorado Water Conservancy District, valued at 100% of the loan amount. During 2020, the District received loan disbursements of \$162,866 and has received total loan disbursements of \$233,817 since inception of the loan contract.

Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Direct Borrowing -					
2016 CWCB Loan	\$ 141,967	\$ 3,064,581	\$ -	\$ 3,206,548	\$ -
2017 CWCB Loan	70,951	162,866	-	233,817	-
Compensated Absences	<u>6,528</u>	<u>13,051</u>	<u>(11,304)</u>	<u>8,275</u>	<u>8,275</u>
Total Long-Term Liabilities	<u>\$ 219,446</u>	<u>\$ 3,240,498</u>	<u>\$ (11,304)</u>	<u>\$ 3,448,640</u>	<u>\$ 8,275</u>

ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 7 DEFINED CONTRIBUTION PENSION PLAN

The District has adopted a 408(p) savings incentive match plan ("SIMPLE") which is a written arrangement that provides for the District and its employees to make contributions to provide employee retirement income. All employees are eligible to participate in the plan. The District matches employee contributions up to 3% of the employee's annual base salary or wage. This contribution rate and other provisions of the plan are established and may be amended by the board of directors.

All contributions under the plan are deposited into a SIMPLE individual retirement account established for each employee with the financial institution selected by the employee. During 2020, the District contributed a total match of \$6,834. All contributions to the plan are immediately vested.

NOTE 8 TAXES, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary of fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$13,791 for this purpose.

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.

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 RESTATEMENT

The District previously reported capital assets as expenses in the Enterprise and Business-Type Activities Fund relating to the Reservoir and Pipeline projects beginning in 2013. It was determined these expenses should be accounted for as capital assets. This error resulted in a restatement of beginning net position within the Enterprise and Business-Type Activities Fund.

	<u>Enterprise and Business-Type Activities Fund</u>
December 31, 2019 as Originally Stated	\$ 2,161,437
Restatement Amount	123,254
December 31, 2019 as Restated	<u>\$ 2,284,691</u>

REQUIRED SUPPLEMENTARY INFORMATION

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (BUDGET AND ACTUAL) – GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 416,458	413,438	\$ (3,020)
Specific Ownership Taxes	19,080	20,495	1,415
Stream Management Plan	20,501	13,501	(7,000)
Earnings on Investments	1,627	274	(1,353)
Miscellaneous	4,920	11,988	7,068
Total Revenues	<u>462,586</u>	<u>459,696</u>	<u>(2,890)</u>
EXPENDITURES			
Administration	311,446	344,808	(33,362)
Outside Services	99,645	112,025	(12,380)
Operational	46,358	37,703	8,655
Special Projects	58,700	18,950	39,750
Miscellaneous	5,000	6,206	(1,206)
Total Expenditures	<u>521,149</u>	<u>519,692</u>	<u>1,457</u>
(EXCESS) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(58,563)</u>	<u>(59,996)</u>	<u>(1,433)</u>
OTHER FINANCING SOURCES			
Transfers Out	<u>(12,550)</u>	<u>(12,120)</u>	<u>430</u>
NET CHANGE IN FUND BALANCE	(71,113)	(72,116)	(1,003)
Fund Balance - Beginning of Year	<u>588,166</u>	<u>534,359</u>	<u>66,800</u>
FUND BALANCE - END OF YEAR	<u>\$ 517,053</u>	<u>\$ 462,243</u>	<u>\$ 65,797</u>

OTHER SUPPLEMENTARY INFORMATION

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION (BUDGET AND ACTUAL) – WATER ACTIVITY ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	Positive (Negative)
REVENUES			
Augmentation Membership Fees	\$ 109,556	\$ 123,838	\$ 14,282
Water Rental	-	4,890	4,890
Intergovernmental Revenue	-	3,131,070	3,131,070
Earnings on Investments	100	50	(50)
Total Revenues	109,656	3,259,848	3,150,192
EXPENSES			
Administration	53,705	42,532	11,173
Outside Services	22,704	25,612	(2,908)
Operational	28,901	28,784	117
Total Expenses	105,310	96,928	8,382
EXCESS OF REVENUES OVER (UNDER) EXPENSES	4,346	3,162,920	3,158,574
OTHER FINANCING SOURCES			
Transfers In	12,550	12,120	(430)
CHANGE IN NET POSITION - BUDGETARY BASIS	\$ 16,896	3,175,040	\$ 3,158,144
CHANGE IN NET POSITION - GAAP BASIS		3,175,040	
Net Position- Beginning of Year (Restated)		2,284,691	
NET POSITION - END OF YEAR		\$ 5,459,731	



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
St. Vrain and Left Hand Water Conservancy District
Longmont, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the St. Vrain and Left Hand 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 District's basic financial statements, and have issued our report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-001.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
May 18, 2021

**ST. VRAIN AND LEFT HAND WATER CONSERVANCY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

PART I – CURRENT YEAR FINDINGS RELATED TO FINANCIAL STATEMENTS

2020 – 001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During fiscal years 2013 to 2016, the District previously reported capital assets as expenses in the Enterprise Fund relating to the Reservoir and Pipeline projects. It was determined these expenses should be accounted for as capital assets. This resulted in a restatement of beginning fund balance within the Enterprise Fund.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that all capital assets are properly identified and recorded.

Context: While performing audit procedures, the District identified capital assets that were previously recorded as expenses.

Effect: Fund balance within the Enterprise Fund was restated by \$123,254 to account for the capital assets previously recorded as expenses.

Cause: Prior to 2017, the District was not evaluating their expenses for capital assets.

Repeat Finding: This is not a repeat finding.

Recommendation: The District should evaluate their controls surrounding the review and recording of capital assets to ensure all capital assets are properly recorded.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The District hired a Bookkeeper in 2019 to ensure the proper recording of accounting transactions. Going forward, the District will evaluate all projects and expenses to determine whether the work should be capitalized or expensed.

PART II – PRIOR YEAR FINDINGS RELATED TO FINANCIAL STATEMENTS

There were no findings required to be reported relating to the financial statements for the fiscal year ended December 31, 2019.