

**BOSTWICK PARK WATER  
CONSERVANCY DISTRICT**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

December 31, 2021 and 2020

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**INDEPENDENT AUDITOR'S REPORT**

# **DONALD R. MORELAND & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Bostwick Park Water Conservancy District  
Montrose, Colorado 81401

### **Opinion**

We have audited the accompanying financial statements of Bostwick Park Water Conservancy District, as of and for the years ended December 31, 2021 and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bostwick Park Water Conservancy District as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bostwick Park Water Conservancy District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bostwick Park Water Conservancy District's ability to continue as a going concern for twelve months from the date of this auditor's report, including any currently known information that may raise substantial doubt shortly thereafter.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bostwick Park Water Conservancy District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bostwick Park Water Conservancy District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during our audit.

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**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bostwick Park Water Conservancy District's financial statements. The supplementary information - revenues and expenditures - budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Donald R. Moreland + Associates, P.C.*

Montrose, Colorado  
November 13, 2022

**MANAGEMENT' S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Bostwick Park Water Conservancy District, we offer readers of the Bostwick Park Water Conservancy District's financial statements this narrative overview and analysis of the financial activities of the Bostwick Park Water Conservancy District for the fiscal years ended December 31, 2021 and 2020.

### Financial Highlights

- The assets of the Bostwick Park Water Conservancy District (also referred to as the District) exceeded its liabilities and deferred inflows of resources at December 31, 2021 and 2020 by \$3,119,322 and \$3,242,615, respectively (net position). Of this amount, \$(527,641) and \$(275,041), respectively (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased (decreased) by \$(123,293) and \$(125,792) for the years ended December 31, 2021 and 2020, respectively.
- District revenues and expenses remained relatively consistent with prior years, with the exception of decreased reimbursement, increased intergovernmental revenue, decreased personnel costs, and increased depreciation.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bostwick Park Water Conservancy District's basic financial statements. The Bostwick Park Water Conservancy District's basic financial statements are presented as a special purpose government engaged only in business type activities - providing irrigation water and managing the Silverjack Reservoir.

The *statement of net position* presents information on all of the Bostwick Park Water Conservancy District's assets and liabilities, with the difference between the two 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 Bostwick Park Water Conservancy District is improving or deteriorating.

The *statement of revenues, expenses and changes in fund net position* presents information showing how the District's net position changed during the most recent fiscal years. 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 flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* report the District's cash flows from operating, noncapital financing, capital and related financing and investing activities. Also presented are beginning and end of year cash and cash equivalents.

The basic financial statements can be found on pages 8 through 10 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 financial statements. The notes to the financial statements can be found on pages 11 through 19 of the report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the Bostwick Park Water Conservancy District's budgetary comparisons for revenues and expenditures. Supplementary information can be found on page 20 of this report.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the Bostwick Park Water Conservancy District, assets exceeded liabilities and deferred inflows of resources by \$3,119,322 and \$3,242,615, respectively, at December 31, 2021 and 2020.

Approximately 100 percent of the District's net position at December 31, 2021 reflects its investment in capital assets (e.g., land, buildings, equipment, project works, canals, reservoirs and water rights), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to agricultural water users and citizens; consequently, these assets are not available for future spending.

**Bostwick Park Water Conservancy District Net Position**

	<u>2021</u>	<u>2020</u>
Current assets	\$ 934,085	805,287
Restricted assets	10,000	10,000
Capital assets	<u>3,894,279</u>	<u>3,749,070</u>
Total assets	<u>4,838,364</u>	<u>4,564,357</u>
Current liabilities	<u>1,237,771</u>	883,620
Long-term debt	<u>203,336</u>	199,570
Total liabilities	<u>1,441,107</u>	<u>1,083,190</u>
Deferred inflows of resources	<u>277,935</u>	<u>238,552</u>
Total deferred inflows of resources	<u>277,935</u>	<u>238,552</u>
Net position:		
Net investment in capital assets	3,636,963	3,507,656
Restricted	10,000	10,000
Unrestricted (deficit)	<u>(527,641)</u>	<u>(275,041)</u>
Total net position	<u>\$3,119,322</u>	<u>3,242,615</u>

At the end of the current fiscal year, the Bostwick Park Water Conservancy District is able to report positive balances in all categories of net position, except unrestricted net position (deficit). For the prior fiscal year, the District reported positive balances in all categories of net position, except unrestricted net position (deficit).

Under the GASB 34 reporting model the audit shows the District's net position increased (decreased) by \$(123,293) and \$(125,792), respectively, during the fiscal years ended December 31, 2021 and 2020.

**Bostwick Park Water Conservancy District Changes in Net Position**

	<u>2021</u>	<u>2020</u>
Revenues:		
Operating revenue	\$ 162,254	178,599
Non-operating revenue	<u>779,957</u>	<u>553,513</u>
Total revenues	<u>942,211</u>	<u>732,112</u>
Expenses:		
Operating expenses:		
Administrative and general	726,150	547,414
Office building	17,123	15,648
Depreciation	317,494	290,306
Non-operating expenses	<u>4,737</u>	<u>4,536</u>
Total expenses	<u>1,065,504</u>	<u>857,904</u>
Change in net position	(123,293)	(125,792)
Net position - beginning of year	<u>3,242,615</u>	<u>3,368,407</u>
Net position - end of year	<u>\$3,119,322</u>	<u>3,242,615</u>

Total expenses have remained relatively consistent from 2020 to 2021, with the exception of increased administrative and general expenses and depreciation. Operating revenue incurred a decrease mainly due to decreased reimbursement. Non-operating revenue incurred an increase mainly due to increased intergovernmental revenue.

**Budgetary highlights**

Changes between actual revenues and budgeted amounts were primarily due to decreased revenue from federal grants and increased reimbursement revenue.

Changes between actual expenses and budgeted amounts were primarily due to increased capital outlay, decreased personnel costs, increased interest and increased grant expenses.

**Capital Asset and Debt Administration**

**Capital assets.** The Bostwick Park Water Conservancy District's investment in capital assets as of December 31, 2021 and 2020 amounted to \$3,894,279 and \$3,749,070, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, project works, canals, reservoirs and water rights.

The major capital asset events during the years ended December 31, 2021 and 2020 was the following:

- Siphon Lateral improvements as part of the Colorado River Salinity Reduction Program, other canal and reservoir improvements, and the purchase of equipment.

**Bostwick Park Water Conservancy District Capital Assets**  
(net of depreciation)

	2021	2020
Water rights	\$ 19,494	19,494
Easement	100,000	100,000
Project works	228,430	255,257
Canals and reservoirs	2,825,180	2,593,443
Buildings	256,793	271,711
Equipment	464,382	509,165
Total capital assets	\$3,894,279	3,749,070

Additional information on the District's capital assets can be found in Note 4 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The District has applied for grants through the Basin States Program operated by the United States Bureau of Reclamation and the Colorado River Water Conservation District for the replacement of portions of the delivery system and to install salinity control measures to reduce salinity in the Colorado River and its tributaries.
- The District will continue to assist the Cimarron Canal and Reservoir Company to improve and enlarge the water distribution system to alleviate possible drought related conditions.

**Request for information**

This financial report is designed to provide a general overview of the Bostwick Park Water Conservancy District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Bostwick Park Water Conservancy District, 400 South Third, Montrose, Colorado, 81401.

**FINANCIAL STATEMENTS**

BOSTWICK PARK WATER CONSERVANCY DISTRICT

## STATEMENT OF NET POSITION

December 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 22,875	18,451
Due from other governments	62,704	73,630
Receivables, property taxes	277,935	238,552
Receivables, water	18,484	16,071
Receivable, related party	513,195	422,331
Inventory	27,640	27,640
Prepaid expenses	11,252	8,612
TOTAL CURRENT ASSETS	<u>934,085</u>	<u>805,287</u>
RESTRICTED ASSETS		
Cash and cash equivalents	10,000	10,000
PROPERTY AND EQUIPMENT		
Water rights	19,494	19,494
Easement	100,000	100,000
Project works	1,306,142	1,306,142
Canals and reservoirs	3,429,796	3,054,145
Buildings	491,918	490,249
Equipment	1,124,679	1,043,049
	<u>6,472,029</u>	<u>6,013,079</u>
Accumulated depreciation	(2,577,750)	(2,264,009)
PROPERTY AND EQUIPMENT - NET	<u>3,894,279</u>	<u>3,749,070</u>
TOTAL ASSETS	<u>4,838,364</u>	<u>4,564,357</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	34,573	42,741
Due to other governments	158,705	158,705
Revolving line of credit	895,495	548,143
Accrued interest payable	6,216	3,148
Payroll taxes withheld and accrued	5,658	5,895
Note payable, related party	83,144	83,144
Long term debt due in one year	53,980	41,844
TOTAL CURRENT LIABILITIES	<u>1,237,771</u>	<u>883,620</u>
LONG-TERM DEBT - NET	203,336	199,570
TOTAL LIABILITIES	<u>1,441,107</u>	<u>1,083,190</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred revenue, property taxes	277,935	238,552
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>277,935</u>	<u>238,552</u>
<u>NET POSITION</u>		
Net investment in capital assets	3,636,963	3,507,656
Restricted - operations and maintenance	10,000	10,000
Unrestricted (deficit)	(527,641)	(275,041)
TOTAL NET POSITION \$	<u>3,119,322</u>	<u>3,242,615</u>

BOSTWICK PARK WATER CONSERVANCY DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
Water assessments	\$ 53,074	48,651
Property rent	16,280	16,280
Reimbursement	66,957	101,020
Miscellaneous	25,943	12,648
TOTAL OPERATING REVENUES	<u>162,254</u>	<u>178,599</u>
<u>OPERATING EXPENSES</u>		
Salaries	158,387	162,518
Payroll taxes	12,696	12,920
Employee benefits	7,552	7,427
Director reimbursement	83,650	78,908
Canal maintenance	27,559	29,422
Equipment fuel and repairs	38,978	37,332
Repairs and maintenance	3,113	5,553
Supplies	6,020	3,719
Equipment rental		10,300
Waste disposal	1,576	1,332
Licenses and fees	1,774	1,179
Postage	403	870
Office	7,650	7,442
Rent	825	800
Utilities	3,599	4,424
Communications	27,688	30,360
Professional fees	6,325	23,500
Insurance and bonds	24,978	25,313
Travel and training	349	217
Silverjack dam expenses	1,650	12,242
Miscellaneous	4,417	3,585
Depreciation	309,507	282,400
Interest	34,971	16,426
Grants	271,990	71,625
Office building:		
Utilities	7,796	8,363
Janitorial	4,800	4,800
Repairs and maintenance	3,047	765
Supplies	760	1,010
Insurance	720	710
Depreciation	7,987	7,906
TOTAL OPERATING EXPENSES	<u>1,060,767</u>	<u>853,368</u>
OPERATING INCOME (LOSS)	<u>(898,513)</u>	<u>(674,769)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Property and specific ownership tax	277,419	263,012
Intergovernmental revenue	502,536	290,494
Interest income	2	7
Treasurer's fees	(4,737)	(4,536)
NET NON-OPERATING REVENUES (EXPENSES)	<u>775,220</u>	<u>548,977</u>
CHANGE IN NET POSITION	(123,293)	(125,792)
NET POSITION		
BEGINNING OF YEAR	<u>3,242,615</u>	<u>3,368,407</u>
END OF YEAR	<u>\$ 3,119,322</u>	<u>3,242,615</u>

See Notes to Financial Statements.

BOSTWICK PARK WATER CONSERVANCY DISTRICT

## STATEMENT OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from users	\$ 68,977	71,276
Payments to suppliers	(572,378)	(347,716)
Payments to employees	(178,872)	(182,735)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(682,273)</u>	<u>(459,175)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Property and specific ownership tax - net	272,173	258,719
Intergovernmental	513,971	258,802
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>786,144</u>	<u>517,521</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Purchase and construction of property and equipment	(462,703)	(373,589)
Payment of long-term debt	(45,478)	(46,776)
Proceeds from long-term debt	61,380	
Net increase (decrease) in line of credit	347,352	352,842
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(99,449)</u>	<u>(67,523)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest received on demand accounts	2	7
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>2</u>	<u>7</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,424	(9,170)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,451	37,621
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>32,875</u>	<u>28,451</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (898,513)	(674,769)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	317,494	282,400
Changes in assets and liabilities:		
Decrease (increase) in water receivable	(2,413)	(12,232)
Decrease (increase) in receivable, related party	(90,864)	(88,487)
Decrease (increase) in prepaid expenses	(2,640)	1,553
Increase (decrease) in accounts payable	(8,168)	30,928
Increase (decrease) in accrued interest payable	3,068	1,302
Increase (decrease) in payroll taxes withheld and accrued	(237)	130
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>(682,273)</u>	<u>(459,175)</u>
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Fixed asset additions in accounts payable at end of year	\$	14,000

See Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS**

BOSTWICK PARK WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Bostwick Park Water Conservancy District is incorporated as a conservancy district under the laws of the State of Colorado with a judicially appointed board of six directors. The District provides irrigation water and manages the Silverjack Reservoir. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the District consist only of the enterprise fund of the District, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which the District is financially accountable. The more significant of the District's accounting policies are described below.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

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. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

*Proprietary Fund Financial Statements.* The proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

BOSTWICK PARK WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2021 and 2020

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS

*Cash and cash equivalents.* The District considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents

*Receivables.* The District considers all accounts receivable collectible and, accordingly, provides no allowance for doubtful accounts.

*Restricted assets.* These assets consist of cash and cash equivalents restricted as to use by covenants of the government contract payable.

*Property taxes receivable.* Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

*Inventory.* Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market. Inventory is adjusted for estimated obsolescence and written down to net realizable value based upon estimates of future demand, technology developments, and market conditions.

*Capital assets.* Purchased or constructed capital assets are reported at cost or estimated historical cost. Capital assets acquired from the United States under the contract dated March 18, 1966, are stated at the contract cost amounts. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

Project works	10 - 53 years
Canals	25 years
Buildings	20 - 25 years
Equipment	5 - 10 years

The cost of water rights include acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

*Long-term debt.* The District has recorded the full original amount of the \$120,260 contract payable to the United States, described in Note 6, without recognition of imputed interest.

BOSTWICK PARK WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2021 and 2020

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS (continued)

*Reclassifications.* Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budget.

- a. The District's treasurer submits a proposed operating budget to the Board and a public hearing is held prior to December for the following calendar year. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to January 1, the budget is enacted by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that grants are budgeted as revenues, principal payments, and capital outlays are budgeted as expenditures, and no provision is made for depreciation. Budgeted expenditures are appropriated in total for the District and the level of control is in total.
- c. The Board of Directors may authorize supplemental appropriations during the year. During 2021 and 2020, no supplemental appropriations were adopted.
- d. Appropriations lapse at the end of the year.

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by the banking institution. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is 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 equal the aggregate uninsured deposits.

Custodial Credit Risks - Deposits

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, 2021 and 2020 none of the District's bank balances of \$77,786 and \$69,058, respectively, were not exposed to custodial credit risk as all were insured.

BOSTWICK PARK WATER CONSERVANCY DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2021 and 2020

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2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

At December 31, 2021 and 2020 the carrying amount of the District's deposits were presented on the balance sheet as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 22,875	18,451
Restricted Assets -		
Cash and cash equivalents	<u>10,000</u>	<u>10,000</u>
	<u>\$ 32,875</u>	<u>28,451</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

The District had no investments during the years ended December 31, 2021 and 2020.

3 - RESERVE FUND FOR OPERATIONS AND MAINTENANCE

Pursuant to the contract between the United States of America and Bostwick Park Water Conservancy District for Advancement and Subsequent Repayment of Funds Expended for Emergency Work dated September 27, 1984, the District is required to accumulate a reserve fund of \$10,000 for extraordinary operation and maintenance as defined in the agreement. Expenditures from the fund must have the prior review and approval of the Bureau of Reclamation. The District was in compliance with the contract at December 31, 2021 and 2020.

**BOSTWICK PARK WATER CONSERVANCY DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2021 and 2020

4 - **CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2021 and 2020, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>2021</b>				
Capital assets not being depreciated:				
Water rights	\$ 19,494			19,494
Easement	100,000			100,000
Total capital assets not being depreciated	\$ 119,494			119,494
Capital assets being depreciated:				
Project works	1,306,142			1,036,142
Canals and reservoirs	3,054,145	375,651		3,429,796
Buildings	490,249	1,669		491,918
Equipment	1,043,049	85,383	3,753	1,124,679
Total capital assets being depreciated	5,893,585	462,703	3,753	6,352,535
Less accumulated depreciation for:				
Project works	1,050,885	26,827		1,077,712
Canals and reservoirs	460,702	143,914		604,616
Buildings	218,538	16,587		235,125
Equipment	533,884	130,166	3,753	660,297
Total accumulated depreciation	2,264,009	317,494	3,753	2,577,750
Total capital assets, net	\$3,749,070	145,209		3,894,279
<b>2020</b>				
Capital assets not being depreciated:				
Water rights	\$ 19,494			19,494
Easement	100,000			100,000
Total capital assets not being depreciated	\$ 119,494			119,494
Capital assets being depreciated:				
Project works	1,304,783	1,359		1,306,142
Canals and reservoirs	2,736,602	317,543		3,054,145
Buildings	488,008	2,241		490,249
Equipment	982,696	60,353		1,043,049
Total capital assets being depreciated	5,512,089	381,496		5,893,585
Less accumulated depreciation for:				
Project works	1,024,088	26,797		1,050,885
Canals and reservoirs	328,642	132,060		460,702
Buildings	202,192	16,346		218,538
Equipment	418,781	115,103		533,884
Total accumulated depreciation	1,973,703	290,306		2,264,009
Total capital assets, net	\$3,657,880	91,190		3,749,070

BOSTWICK PARK WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021 and 2020

5 - SHORT-TERM DEBT

On November 17, 2017, the District entered into an agreement with American AgCredit for a \$1,000,000 variable rate revolving line of credit. The funds borrowed during the year were for capital additions.

Short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

	BALANCE BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE END OF YEAR
<b>2021</b>				
Revolving line of credit	<u>\$548,143</u>	<u>568,518</u>	<u>221,166</u>	<u>895,495</u>
<b>2020</b>				
Revolving line of credit	<u>\$195,301</u>	<u>380,039</u>	<u>27,197</u>	<u>548,143</u>

As of December 31, 2021 \$104,505 of the revolving line of credit was unused and available.

6 - LONG-TERM DEBT

On March 18, 1966, the District entered into a contract with the United States providing for the construction, operation and maintenance of the Bostwick Park Project as a participating project under the Colorado River Storage Project Act. The total original amount of the contract of \$859,000 is to be paid in equal annual installments over a period of 50 years without interest, except a .50% per month charge on payments delinquent in excess of 30 days.

On September 27, 1984, the District entered into a contract with the United States providing for the advancement and subsequent repayment of funds expended for emergency work. The total original amount of the contract of \$222,767 is to be paid in equal annual installments of \$6,200 with the first installment due on December 31, 1985 and continuing each year thereafter without interest, except a late payment charge of not less than .50% per month on delinquent payments. Upon final repayment of this obligation, the \$6,200 annual payment will be applied to the contract dated March 18, 1966 or to an improved maintenance program approved by the United States.

On December 16, 2019 the District entered into a government obligation contract with a bank to purchase equipment. The contract is payable in annual installments of \$28,314 including interest at 3.5% and is secured by equipment.

On August 15, 2021, the District entered into a contract to purchase equipment. The loan is payable in monthly installments of \$1,158 including interest at 4.991% and is secured by equipment.

**BOSTWICK PARK WATER CONSERVANCY DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2021 and 2020

6 - LONG-TERM DEBT (continued)

The contracts payable at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Contract payable in annual installments of \$17,180	\$120,260	137,440
Contract payable in annual installments of \$28,314	79,310	103,974
Contract payable in annual installments of \$1,158	57,746	
	<u>257,316</u>	<u>241,414</u>
Less amounts due in one year	<u>53,980</u>	<u>41,844</u>
	<u>LONG-TERM DEBT - NET \$203,336</u>	<u>199,570</u>

Long-term debt is payable as follows:

2022	\$53,980
2023	55,451
2024	56,985
2025	30,267
2026	26,273
2027- 2028	34,360

Long-term liability activity for the years ended December 31, 2021 and 2020 was as follows:

	<u>BALANCE BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE END OF YEAR</u>	<u>DUE WITHIN ONE YEAR</u>
<b>2021</b>					
1966 contract payable	\$137,440		17,180	120,260	17,180
2019 contract payable	103,974		24,664	79,310	25,530
2021 contract payable		<u>61,380</u>	<u>3,634</u>	<u>57,746</u>	<u>11,270</u>
	<u>\$241,414</u>	<u>61,380</u>	<u>45,478</u>	<u>257,316</u>	<u>53,980</u>
<b>2020</b>					
1966 contract payable	\$154,620		17,180	137,440	17,180
1984 contract payable	5,767		5,767		
2019 contract payable	<u>127,803</u>		<u>23,829</u>	<u>103,974</u>	<u>24,664</u>
	<u>\$288,190</u>		<u>46,776</u>	<u>241,414</u>	<u>41,844</u>

7 - RELATED PARTY TRANSACTIONS

The Bostwick Park Water Conservancy District (District) has an agreement for the carriage and distribution of irrigation water with the Cimarron Canal and Reservoir Company (Company) dated March 18, 1966 whereby the cost of operation, maintenance, and repair of all Company and District project works is to be borne mutually in the ratio of 35 percent by the Company and 65 percent by the District. In years prior to 2013, the cost was borne mutually in the ratio of 65% by the Company and 35% by the District. The agreement was amended in 2013 to more accurately reflect the cost of operation.

In 2013, the District acquired an undivided co-interest in the Company ditch-easement rights.

BOSTWICK PARK WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2021 and 2020

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7 - RELATED PARTY TRANSACTIONS (continued)

The District leases a residence and certain outbuildings to the Company under an operating lease. Annual lease payments are \$5,000 through 2024 with an option for an additional ten year term. Net buildings on operating leases totaled \$266,725 and \$265,055 at December 31, 2021 and 2020, respectively. The buildings are depreciated on a straight-line basis over ten to twenty-five years. The accumulated depreciation on these buildings was \$183,430 and \$174,830 at December 31, 2021 and 2020, respectively. The corresponding annual depreciation expense was \$8,600 and \$8,441 in 2021 and 2020, respectively.

The District by assignment from the Company also leases real estate under a noncancellable operating lease. The lease is for a period of thirty years and expires January 1, 2024. Annual lease payments are \$200. Future minimum lease payments total \$600 at December 31, 2021 are scheduled as follows:

2022	\$200
2023	200
2024	200

At December 31, 2021 and 2020, the District had a net receivable (payable) to the Company in the amount of \$513,195 and \$422,331, respectively.

The District transferred title to the siphon at the Vernal Mesa Ditch Slide Point and the attendant easement to the Company on December 31, 2020.

As of December 31, 2021 and 2020, an entity of which the President of the District is a member had advanced the District \$83,144.

8 - TAX, SPENDING AND DEBT LIMITATIONS

The Colorado Constitution, Article X, Section 20, has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. It is the opinion of management and the legal counsel that the District's water activity is an enterprise within the meaning of Article X, Section 20, and is not subject to the revenue limitations nor required to establish the emergency reserves, but is subject to the property tax limitations contained therein.

9 - RISK MANAGEMENT

The District is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure, except for the distribution system, is covered by purchase of commercial insurance, including worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOSTWICK PARK WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2021 and 2020

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10 - COMMITMENTS

The District has entered into contracts for the System Optimization Plan and the System Lateral Pipeline Project totaling \$65,000, at December 31, 2014. At December 31, 2021, \$42,065 of the contracts had been completed.

11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 13, 2023 which is the date the financial statements were available to be issued.

Since 2019, domestic and international economies have faced uncertainty related to the COVID-19 pandemic. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closing as the uncertainty continues. Though the extent of disruption is expected to be temporary, the extent of the financial impact and other possible impacting matters are unknown at this time.

SUPPLEMENTARY INFORMATION

REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

**ROSTICE PARK WATER CONSERVANCY DISTRICT**  
**SUPPLEMENTARY INFORMATION - REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the years ended December 31, 2021 and 2020**

	2021		2020		VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL AND FINAL BUDGET	ACTUAL	ORIGINAL AND FINAL BUDGET	ACTUAL	
<b>PROPRIETARY</b>					
<b>REVENUES</b>					
Water assessments	\$ 53,516	53,074	44,228	48,651	4,423
Property rent	16,280	16,280	16,280	16,280	-
Reimbursement	10,000	66,957	10,000	101,020	91,020
Income from investments	20	2	20	7	(13)
Intergovernmental revenue	24,533,490	502,536	27,240,877	290,494	(26,950,383)
Other revenue	16,000	25,943	16,000	12,548	(3,452)
<b>TOTAL PROPRIETARY REVENUES</b>	<b>24,629,306</b>	<b>664,792</b>	<b>27,327,405</b>	<b>469,100</b>	<b>(26,858,305)</b>
<b>EXPENDITURES</b>					
Salaries	200,000	158,387	200,000	162,518	37,482
Payroll taxes	29,151	12,696	29,151	12,920	16,231
Employee benefits	7,500	7,552	7,500	7,427	73
Director reimbursement	80,000	83,650	80,000	78,908	1,092
Canal maintenance	16,000	27,559	16,000	29,422	(13,422)
Equipment fuel and repairs	34,000	38,978	34,000	37,132	(3,332)
Repairs and maintenance	6,300	3,113	6,300	5,553	747
Supplies	8,000	6,020	8,000	3,719	4,281
Equipment rental	10,000	1,576	10,000	10,300	(9,675)
Waste disposal	2,000	1,774	2,000	1,332	3,168
Licenses and fees		403	4,500	1,179	(1,179)
Postage		403		870	(870)
Office	2,000	7,650	2,000	7,442	(5,442)
Rent	1,500	825	1,500	800	700
Utilities	4,500	3,599	4,500	4,424	76
Communications	22,000	27,688	22,000	30,360	(8,360)
Professional fees	30,000	6,325	30,000	23,500	6,500
Insurance and bonds	20,000	24,978	20,000	25,313	(5,313)
Advertising and public notices	100		100		100
Travel and training	5,000	349	5,000	217	4,783
Interest	12,000	34,971	12,000	16,426	(4,426)
Grants	271,990	271,990	271,990	71,625	(71,625)
Office building expenses	15,000	17,123	15,000	15,648	(648)
Capital outlay	20,853,467	462,703	19,248,807	373,590	18,875,217
Debt retirement		28,290		23,829	(23,829)
Miscellaneous	2,500	4,417	1,500	3,585	(2,085)
<b>TOTAL PROPRIETARY EXPENDITURES</b>	<b>21,361,018</b>	<b>1,232,616</b>	<b>19,748,483</b>	<b>948,239</b>	<b>18,800,244</b>
<b>EXCESS OF PROPRIETARY REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,268,288</b>	<b>(567,824)</b>	<b>7,578,922</b>	<b>(479,139)</b>	<b>(6,058,061)</b>
<b>GOVERNMENT</b>					
<b>REVENUES</b>					
Property and specific ownership taxes	265,300	277,419	255,317	263,012	7,695
<b>EXPENDITURES</b>					
Silverjack dam expenses	4,500	1,650	4,500	12,242	(7,742)
Treasurer's fees	5,000	4,737	5,000	4,536	464
Debt retirement	17,180	17,180		22,947	-
Contingency	75,000		75,000		75,000
<b>TOTAL GOVERNMENT EXPENDITURES</b>	<b>101,680</b>	<b>23,567</b>	<b>107,447</b>	<b>39,725</b>	<b>67,722</b>
<b>EXCESS OF GOVERNMENT REVENUES OVER GOVERNMENT EXPENDITURES</b>	<b>163,620</b>	<b>253,852</b>	<b>147,870</b>	<b>223,287</b>	<b>75,417</b>
<b>TOTAL DISTRICT REVENUES</b>	<b>24,894,606</b>	<b>942,211</b>	<b>27,582,722</b>	<b>732,112</b>	<b>(26,850,610)</b>
<b>TOTAL DISTRICT EXPENDITURES</b>	<b>21,462,698</b>	<b>1,256,183</b>	<b>19,855,930</b>	<b>987,964</b>	<b>18,867,966</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES \$</b>	<b>3,431,908</b>	<b>(313,972)</b>	<b>7,726,792</b>	<b>(255,852)</b>	<b>(7,982,644)</b>
<b>RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENDITURES TO CHANGE IN FUND NET POSITION:</b>					
Depreciation		(317,494)		(290,306)	
Capital outlay		462,703		373,590	
Debt retirement		45,470		46,776	
		(123,293)		(125,792)	