UPPER ARKANSAS WATER

CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Upper Arkansas Water Conservancy District
Salida, Colorado

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Upper Arkansas Water Conservancy District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Upper Arkansas Water Conservancy District's basic financial statements as listed in the table of contents.

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 Upper Arkansas Water Conservancy District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Upper Arkansas Water Conservancy District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Upper Arkansas Water Conservancy District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Upper Arkansas 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 the Upper Arkansas 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 the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information 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 Upper Arkansas Water Conservancy District's basic financial statements. The individual fund financial statements and budget schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. 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 individual fund financial statements and budget schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

June 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Upper Arkansas Water Conservancy District (the "District') financial performance provides an overview of the District's financial activities for the year ended December 31, 2021. This information is presented in conjunction with the audited financial statements that follow this section.

Overview of the Financial Statements
The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34.

District-Wide Financial Statements
The district-wide statement consists of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets and liabilities and activities of the District in a manner similar to private sector businesses. The District's net position; the difference between assets and liabilities, is one way to measure the District's financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

Governmental Activities - The activity of the District's General Fund is reported here. Property taxes and specific ownership taxes make up the majority of the revenues and general and administration expenditures along with protection of water and water rights are the major activities of this fund.

Business-Type Activities - The District manages a Water Activity Enterprise Fund, which develops and operates the District's water rights, well augmentation plans, land and other assets, coupled with the bonds issued for the acquisition of water rights. The activities of the Water Activity Enterprise Fund are supported by water augmentation sales, leasing of water, and reservoir storage and maintenance fees.

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

Governmental Fund. The District's basic services are reported in the governmental fund, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects.

Proprietary Fund. The District maintains one proprietary fund; a Water Activity Enterprise Fund. The Water Activity Enterprise Fund is reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for its water, water storage facilities, and land management operations.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found following the financial statements.

District-wide Financial Analysis
Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $8,328,317at the end of the current year.

Financial Highlights
The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for 2021 and 2020:

Statement of Net Position - 2021

	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets	$ 993,614	$ 4,137,156	$ 5,130,770
Restricted Assets	-	18,421	18,421
Capital Assets and Other Assets	-	4,772,556	4,772,556
TOTAL ASSETS	$ 993,614	$ 8,928,133	$ 9,921,747
LIABILITIES:			
Current Liabilities	$ 14,500	$ 253,927	$ 268,427
Non-Current Liabilities	-	801,913	801,913
Total Liabilities	14,500	1,055,840	1,070,340
DEFERRED INFLOWS OF RESOURCES:			
Deferred Revenues – Property Taxes	523,090	-	523,090
NET POSITION:			
Net Investment in Capital Assets	-	3,949,289	3,949,289
Restricted	12,700	18,421	31,121
Unrestricted	443,324	3,904,583	4,347,907
Total Net Position	456,024	7,872,293	8,328,317
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 993,614	$ 8,928,133	$ 9,921,747

Statement of Net Position - 2020

	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets	$ 815,211	$ 3,534,146	$ 4,349,357
Restrict Assets	-	13,816	13,816
Capital Assets and Other Assets	-	4,838,601	4,838,601
TOTAL ASSETS	$ 815,211	$ 8,386,563	$ 9,201,774
LIABILITIES:			
Current Liabilities	$ 9,840	$ 239,489	$ 249,329
Non-Current Liabilities	-	823,276	823,276
Total Liabilities	9,840	1,062,765	1,072,605
DEFERRED INFLOWS OF RESOURCES:			
Deferred Revenues – Property Taxes	497,731	-	497,731
NET POSITION:			
Net Investment in Capital Assets	-	3,994,602	3,994,602
Restricted	14,700	13,816	28,516
Unrestricted	292,940	3,315,380	3,608,320
Total Net Position	307,640	7,323,798	7,631,438
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 815,211	$ 8,386,563	$ 9,201,774

The total net position of the District exceeded its liabilities by $8,328,317. Of this amount $4,347,907 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's net position increased by $696,879 during the current year. The net position of our governmental activities increased by $148,384 and net position of our business-type activity increased by $548,495.
- As of the close of the current year, the District's governmental fund reported combined ending fund balance of $456,024, an increase of $148,384 in comparison with the prior year fund balance of $307,640.
- At the end of the current year, unassigned fund balance for the governmental fund was $443,324.

Statement of Activities

The perspective of the statement of activities is of the District as a whole. The following table reflects the change in net position for year 2021 and 2020:

2021		Program Revenues			**Changes in Net Position**		
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
TOTAL GOVERNMENTAL ACTIVITIES	$ 422,989	$ -	$ -	$ -	$ (422,989)	$ -	$(422,989)
TOTAL BUSINESS-TYPE ACTIVITIES	1,233,573	1,688,810	57,665	-	-	512,902	512,902
TOTAL PRIMARY GOVERNMENT	$1,656,562	$1,688,810	$ 57,665	$ -	(422,989)	512,902	89,913
GENERAL REVENUES							
TAXES					570,427	-	570,427
INTEREST, RENT AND OTHER					946	35,593	36,539
TOTAL GENERAL REVENUES					571,373	35,593	606,966
CHANGE IN NET POSITION					148,384	548,495	696,879
NET POSITION - BEGINNING					307,640	7,323,798	7,631,438
NET POSITION - ENDING					$ 456,024	$7,872,293	$8,328,317

2020		Program Revenues			**Changes in Net Position**		
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
TOTAL GOVERNMENTAL ACTIVITIES	$ 488,980	$ -	$ -	$ -	$ (488,980)	$ -	$(488,980)
TOTAL BUSINESS-TYPE ACTIVITIES	1,144,270	1,859,099	81,745	-	-	796,574	796,574
TOTAL PRIMARY GOVERNMENT	$1,633,250	$1,859,099	$ 81,745	$ -	(488,980)	796,574	307,594
GENERAL REVENUES							
TAXES					542,460	-	542,460
INTEREST, RENT AND OTHER					1,210	48,627	49,837
TOTAL GENERAL REVENUES					543,670	48,627	592,297
CHANGE IN NET POSITION					54,690	845,201	899,891
NET POSITION - BEGINNING					252,950	6,478,597	6,731,547
NET POSITION - ENDING					$ 307,640	$7,323,798	$7,631,438

The change in net position for the governmental activity was an increase of $148,384 for the year ended December 31, 2021.

The change in net position for the business-type activity was an increase of $548,495 for the year ended December 31, 2021.

REVIEW OF REVENUES AND EXPENSES VS BUDGETARY COMPARISON - GENERAL FUND

Year Ended December 31, 2021:

	Final Budget	Actual
Total Revenues	$ 569,270	$ 571,373
Total Expenditures	799,270	422,989
Revenues over Expenditures	(230,000)	148,384
Fund Balance January 1	307,640	307,640
Fund Balance December 31	$ 77,640	$ 456,024

Year Ended December 31, 2020:

	Final Budget	Actual
Total Revenues	$ 532,189	$ 537,345
Total Expenditures	719,189	492,405
Revenues over Expenditures	(187,000)	44,940
Fund Balance January 1	208,010	208,010
Fund Balance December 31	$ 21,010	$ 252,950

Revenues: Changes between actual revenues and budgeted amounts were due to a slight increase in amount of ad valorem taxes collected.

Expenditures: Changes between actual expenditures and budgeted amounts were primarily due to a reduction in capital outlay.

REVIEW OF REVENUES AND EXPENSES VS BUDGETARY COMPARISON WATER ACTIVITY ENTERPRISE FUND

Revenues: 2021	**Final Budget**	**Actual**
Water Sales & Maintenance Fees	$ 1,226,630	$ 1,439,507
Well Permits & Application Fees	20,000	35,503
Grants, Loans and Miscellaneous	591,881	271,465
Interest & Rental	56,100	35,593
Total Revenues	$ 1,894,611	$ 1,782,068

Revenues: 2020	**Final Budget**	**Actual**
Water Sales & Maintenance Fees	$ 1,219,631	$ 1,615,859
Well Permits & Application Fees	20,000	42,427
Grants, Loans and Miscellaneous	586,900	282,558
Interest & Rental	66,500	48,627
Total Revenues	$ 1,893,031	$ 1,989,471

Revenues: Changes between actual revenue and budgeted amounts were primarily due to decreased grant revenue received in the current year.

Expenditures: 2021	**Final Budget**	**Actual**
Capital Outlay	$3,233,905	$ 60,000
Professional Fees	125,000	78,696
General & Administrative	498,145	521,299
Water Related Expenditure	891,509	608,258
Interest & Debt Retirement	46,052	46,052
Total Expenditures	4,794,611	1,314,305
Revenues over/under expenditures	(2,900,000)	467,763
Adjustments from budgetary to GAAP basis	3,279,957	80,732
Net change in net position	$ 379,957	$ 548,495

Expenditures: 2020	Final Budget	Actual
Capital Outlay	$ 3,001,013	$ -
Professional Fees	100,000	84,226
General & Administrative	425,024	425,514
Water Related Expenditure	820,942	609,045
Interest & Debt Retirement	46,052	45,613
Total Expenditures	4,393,031	1,164,398
Revenues over/under expenditures	(2,500,000)	825,073
Adjustments from budgetary to GAAP basis	3,021,141	20,128
Net change in net position	$ 521,141	$ 845,201

Expenditures: Changes between actual expenditures and budgeted amounts were due to fewer capital outlay expenditures than anticipated.

Capital Activity

The UAWCD mission is to acquire and preserve for present and future use of all water rights available in the Upper Arkansas Valley, for use within the Valley, whether municipal, irrigation, industrial, or domestic, and to seek every possible means to increase the water supply available within the Upper Arkansas Valley, to participate in water-related projects that will embody thoughtful conservation, responsible growth, and beneficial water usage within the Upper Arkansas Valley. The District works with cities and towns to coordinate the sustainable use of water through water storage projects and integrated water management. UAWCD is uniquely positioned to help coordinate water resources and conservation planning because its service area overlaps numerous political and geographic boundaries and operates its own water storage vessels or utilizes space allocations in other in-basin water storage vessels throughout the Upper Arkansas basin. One method of keeping beneficial use of water in the valley is to purchase and lease water and land offered for sale by various owners with the result that the water will remain in use within the Upper Arkansas basin. The District protects surface water rights by maintaining efficient institutional plans (augmentation plans) that protects water rights from injury caused by water depletions from out-of-priority usage by various diversion structures (i.e. wells and ponds) in Upper Arkansas Valley streams.

Protection of Water Rights

A major component of implementing the “watchdog” function of the district in protecting water rights is the legal and engineering activities surrounding the monitoring and involvement in water change cases proposed by other entities. Water rights are often changed from historic uses to other uses, especially from irrigation use to municipal and industrial use, to meet the increasing water demands in the basin.

Prevalent in these water change cases is a real potential for injury to the remaining water rights including District owned rights as well as a potential to increase the amount of water needed to maintain stream flows for consumptive as well as non-consumptive uses. One of the major expenditures of both the Water Activity Enterprise Fund and General Fund revenues is in the litigation and engineering required to be involved and thus help craft terms and conditions that protect existing Upper Arkansas Basin water rights.

Monitoring of legislative proposals that may change the statutory status and operations of Colorado’s water rights administration may have deleterious impacts on existing water rights. The District constantly monitors these actions and evaluates the potential impacts from these legislative actions by engaging a legislative consultant that works with the General Manager and the Board standing ready to engage in providing testimony to the legislature on threshold issues of water use.

Maintenance and Management of Stream, Reservoir and Weather CoAgMet Monitoring Stations:

Optimum exchange and storage operations assists in conservation of water resources in the Arkansas Valley and helps meet the replacement of stream depletions necessary for the State of Colorado to meet the requirements of the Colorado-Kansas Compact as well as protection of In-State water rights. A by-product of augmentation water operations is the ability of the District to adjusting the amount and timing of augmentation releases for stream flow enhancement while still protecting senior in-priority water rights from injury. The District, through its Water Activity Enterprise Fund, operates a reservoir and stream gaging system utilizing remote monitoring with satellite telemetry hardware at 23 sites throughout the Upper Arkansas basin and its tributaries. The stations are equipped with remote telemetry devices that measure, record, and report stream flow and reservoir content data to NOAA satellites for downloading to the District’s web server.

This data is also made available to the Office of the State Division of Water Resources as well as other water agencies. Weather information is collected at 6 of these gage sites, at reservoir locations, and reported in addition to the water measurement data. Funds are expended for qualified staff and for supplies to maintain and improve the quality of the data collected from these stations.

In 2011 the District formed a coalition of five entities to complete installation of five Colorado Agricultural Meteorological weather stations to measure and record weather data using remote telemetry precipitation and related data to be used as a basis for crop consumption calculations in the Upper Arkansas Basin. Data of this type had never before been collected in the Upper Basin. In the absence of this data correlative studies were needed to get estimates of crop consumptive use from data collected at distant CoAgMet sites such as in the San Luis Valley in the neighboring Rio Grande Basin.

The annual program maintenance cost is approximately $10,000. This information is utilized to assist in obtaining more accurate evaluation of the potential impacts from changes of water rights. The District maintains hydrology personnel to maintain these stations and proof the collected data for publication and use by other entities in the Arkansas Basin. Since installation, data collected from these sites continues to be utilized each year to further studies and irrigation management tool development in the Basin. The stream and reservoir gages are used to manage the District's augmentation programs and protect water rights from negative impacts from out of priority water use.

Integrated Water Management

Combined management of water resources in the Cottonwood Creek and the South Arkansas River has been a goal of the District for many years. Efforts to coordinate with the Municipalities of Buena Vista and Poncha Springs have been realized. The District and the Town of Buena Vista have combined efforts, memorialized by several agreements, to study an enlargement of storage capacity at Cottonwood Lake for mutual water storage benefits. Additionally, efforts have been undertaken to minimize the future demands on water supply from Cottonwood and shift demands to the Arkansas River. The District continues to augment over 35-acre feet of depletion demands for the Town of Buena Vista that supply water for irrigation of parks and recreation facilities as well as provide a supplemental supply of water for direct municipal use through wells that impact the main stem Arkansas River in lieu of the water short Cottonwood Creek. Poncha Springs entered into an agreement with the District to integrate raw water accounting and also to take advantage of reduced augmentation costs for its wells and future well construction by enrolling them into the District's umbrella augmentation plan. For the past four years UAWCD has augmented wells for the Town of Poncha Springs. By 2020, seven wells were being augmented under the District various augmentation decrees for the Town. These wells provide all of the Town's municipal water supply UAWCD also assisted the Town administration with obtaining a Water Supply Reserve Account grant to develop water delivery infrastructure and assist with grant management. All these efforts improve management of water resources in both the Cottonwood Creek and on the South Arkansas river.

USGS Water Budget Study

During 2010 the District embarked on a cooperative study with the United States Geologic Survey and 8 other county, municipal and water entities. The Water Budget Study uses modern technical tools to estimate the annually available surface and ground water supplies of the basin as compared to the present and future water needs. During 2011 and 2012 most of the intensive data collection was completed. Phase one covered the area from Northern Chaffee County to Wellsville and began in 2010 at a cost of approximately $407,000. A completed study of Phase one was released to the public in late 2014. Since the mid 1980's the District has financed a Ground Water Level Network. This network is used as a database for continued studies such as the water budget studies. In 2019 and continuing in 2020, several additional well monitoring sites were added to the network to reflect ground water changes more accurately in the UAWCD.

In 2016 the District and cooperators from Custer, Chaffee, and Fremont Counties approved the Phase 2 scope of work for extension of the study to Custer County and parts of Fremont County. This Phase 2 study includes work on a water balance, and evaluation of alluvial storage potential by the USGS as well as a study by Colorado State University of irrigation water management techniques. The total cost of this 3-year study is $667,056.

The District's net monetary cost is 10 percent of the total cost with cost share entities' net monetary contribution of 11 percent. USGS and CSU will provide a total of a 33 percent match with the remainder of 46 percent of the cost coming from the Water Supply Reserve Account of the Colorado Water Conservation Board. Additionally, the District is contributing administration, grant sponsor and data from its gage project network and the Upper Basin CoAgMet Stations. The need for further phases will be identified upon completion of this phase. Work on this Phase 2 was anticipated for completion of the study and a final report by the Spring of 2020 however, in 2019 USGS obtained additional funds and was able to expand the scope of the study to include ground water tracing and aging. The final report is due in a draft form in 2021 with a final report by March of 2022.

Regional Resource Planning Group Projects

In 2018 the District has spearheaded or cooperated in other projects of note. It has participated in the Regional Resource Planning Group "RRPG" sponsored by the SECWCD at an annual cost of $10,000. Several Arkansas River water quality studies have been completed to date and are available online. Several of the UAWCD sponsored USGS ground water studies have been used for basin studies undertaken in recent years by the RRPG. Although we only met early in 2020, work resumed in 2021.

WATER STORAGE

Ice Lake Project

The Ice Lake Project was undertaken in 2018. The project is designed to assist the Ice Lake homeowners to augment out of priority depletions from the evaporation of the Lake. The Lake is a historic element of the area and now provides habitat for waterfowl as well as serving as an amenity for the homeowners. The District provided project management and up to $2,800 of funding to develop a bathometric study of the reservoir as well as control and measurement devices. UAWCD is also leading the effort to change a water right purchased by the homeowners of Ice Lake Preserve for the consumptive use to be used in the District's umbrella augmentation plan to replace out of priority depletions from the evaporation from Ice Lake. The homeowners provide the majority of the infrastructure and water rights as well as purchasing augmentation from the District. The top 12 inches of the reservoir will be used by the District as an emergency augmentation storage supply on Cottonwood Creek. Work continued on designing a new outlet structure for the reservoir and engineering and legal work on the change of the Cottonwood Irrigating Ditch water rights for use in the UAWCD's augmentation plans. In 2021 work continued on the change case with completion of the case anticipated for mid-2022.

Upper Arkansas Trout Creek Alluvial Storage Project

This has been an ongoing project since 2007. Storage is a major component of the operation of the District's augmentation plans. The need for additional storage by other constituents of the Upper Arkansas Basin is apparent too. In addition to the Trout Creek project area the District owned Lake Ranch was evaluated through a previous grant for multi-purpose uses such as alluvial storage, and hydro-power potential. Although the Lake Ranch alluvial storage and other components of this project were ruled out the development of lease fallowing and a conservation garden continued in 2021.

In 2017 the District focused its efforts on the alluvial storage component at Trout Creek Park. Designs and plans were developed in 2017 to be concluded with a functioning storage system in 2018. Total cost to secure easements and pipelines is estimated at $250,000 to $300,000. Some of this funding will come from a grant through the CWCB Water Supply Reserve Account.

To meet the goals of the District, potential storage sites are always explored by the District to evaluate feasibility and cost of construction and operation to meet these omni-present demands. The Multi-Use Project embodied traditional storage, gravel pit storage and alluvial storage with a potential for a hydro-power project. The Lake Ranch project evaluation discovered minimal feasibility for alluvial storage and hydro power production. CWCB grant funding for this project on alluvial storage was shifted to the Trout Creek UAWCD multi-use project area. Efforts to reach a pipeline easement on the Moltz Ranch property to bring water from the Trout Creek Ditch Company Ditch or the Helena Ditch to construct infiltration pond(s) were unsuccessful so in 2020 the UAWCD began working with the Colorado Department of Correctional Industries (DOC) to explore potential sites on their agricultural properties in Trout Creek Park. Discussions with the Department of Corrections continued in 2021 and additional conversations and evaluations began with the Cogan family on their property adjacent to the DOC lands. During 2021 surveying and soil evaluations were planned for 2022.

DeWeese-Dye Reservoir

Discussion of a feasibility study for enlargement of Deweese Reservoir was begun in 2018. During 2019, the project started with a contract with GEI. This project concept arose out of the Deweese-Dye Grape Creek efficiency study undertaken with the ditch company and the BLM. During 2020, work on the feasibility of enlargement continued with a budget of $30,000 for cash and in-kind expenditures. The total project cost is $115,000. Work continued in 2021 with completion planned for 2022.

Round Mountain Reservoir Feasibility Study

In 2019 UAWCD began collaboration with Round Mountain Water and Sanitation District to study the feasibility of constructing a reservoir near Grape Creek. UAWCD provided grant management and helped Round Mountain obtain a grant to study feasibility and design of an off-stream reservoir of approximately 150-acre feet. In 2020, work continued. The total project cost is $230,500 with UAWCD contributing $20,670 in a combination of in-kind services and cash. UAWCD is providing project and grant management. Part of the study involves determination of exchange potential on Grape Creek. The feasibility study continued in 2021 with completion planned for early 2022.

North Fork Reservoir Rehabilitation & NEPA So. Ark. Reservoir Studies

The District, through its Water Activity Enterprise Fund, received a low-interest loan from the Colorado Water Conservation Board for $3,009,800 with a rate of 3 percent per annum for 30 years. Total funds loaned for the project were $893,705. In 2017 the loan was closed and the District paid in full the accrued interest. With the closing a 1% loan service fee of $8,937 the total ending loan balance is $902,642. The 30-year loan will be paid off in annual installments of Principal and Interest totaling $46,052 per year. As of December 31, 2021, the outstanding balance was $823,267.

In 2020, work was authorized to begin installing a remote radio frequency outlet gate operation system SCADA for North Fork Reservoir. During installation we discovered that the gate was seizing and causing excessive hydraulic pressure in the gate opener system. Upon further underwater inspection excess corrosion was found between the gate and the frame. During the summer of 2021 a new gate was installed to facilitate the SCADA operations.

Cottonwood Lake Spillway and Dam Replacement

In 2017, UAWCD completed a feasibility study of dam replacement at Cottonwood Lake and applied for a permit renewal from the USFS that included the dam and spillway replacement and the right to utilize more space in the present reservoir made possible by a new dam as designed. In 2018, the USFS extended the existing permit until December 31, 2022. During 2020, the USFS reported that the new application was being processed and it would be possible for a final decision in 2021. Work continued with the USFS in 2020. Design and construction costs will begin to be incurred in 2021 through 2023.

AUGMENTATION

Development and Implementation of Water Replacement Data Base

Since 2010 the District through its Water Activity Enterprise Fund has developed an extensive water augmentation replacement data base with electronic merging of data supplied by the Division of Water Resources to accurately and timely initiate releases of replacement water to streams impacted by structures augmented through District umbrella augmentation plans.

This accurate and timely tracking of stream flows and reservoir contents has optimized exchange and reservoir release operations saving the District precious water resources. Operations of the database are assisted by real time updating of data from our stream and reservoir gage operations on the district website. Expenditures for this development and ongoing operation are reflected in engineering and software & website design expenses. Today this work has been moved in-house and operated by the District Hydrologist. Data base software improvements are continuing. Integrated water management on the South Arkansas has increased the workload for accounting and the software infrastructure needed to handle more tasks and more complicated accounting. This need will continue into the foreseeable future. Most of the costs are associated with the staff salaries or software development costs.

Expansion of Augmentation Area

In December of 2018 the District filed an application to include the Eastern portion of Fremont County and part of Custer County into our umbrella augmentation plan. The delay was necessary in order that the District's consulting engineers could complete a "Projection Tool". During 2018 this tool was developed and is now a part of our water management. Water augmentation is needed for pond evaporation replacement, commercial development, as well as dust control by the Fremont Public Transportation department in Eastern Fremont County as well as Custer County. The extension of the District's plan to include these areas will address some of these demands. Prior to this filing water storage and water rights were obtain by the district. Most of the costs are associated with the Legal and Engineering accounts. In 2021, the application was approved by the water court. Division 2, water resources began heightened efforts to identify ponds that are undecreed and require augmentation. Many of these ponds are in the expansion area and their owners have begun to contact the District requesting augmentation. During 2021 these actions have impacted revenue receipts and water demands.

Augmentation Activities

Evaluation of the transferrable consumptive use from the District's Thompson Ditch water rights was undertaken in 2015 and continued through 2018. As part of this project other entities were assisted by the District's augmentation plans to comply with the requirements of their HOA's decree. Adjacent entities (HOAs) were embroiled in the re-evaluation of the Thompson Ditch water rights and the District has been able to assist them in finding a resolution. Other entities in the Cottonwood Creek basin have had other challenges in meeting decree requirements. Among them are the Lakeside Estates Preserve and Trail West Lodge and Trail West Association. These entities worked with the District to secure plans and engineering to resolve their issues. The District continues to work with these entities. As noted above Lakeside Estates Preserve (Ice Lake) is being assisted. During 2018 both the Trail West Association and the Trail West Lodge (Young Life) worked the district to obtain augmentation. The Trail West Lodge and UAWCD jointly filed for a change of water rights owned by Young Life for use as a source of augmentation for their needs. Additionally, in 2018 Yale Lakes POA entered into an augmentation agreement with the UAWCD and transferred their Thompson Ditch water rights to the District in exchange for inclusion of their subdivision within the UAWCD umbrella augmentation plan.

These additional augmentation activities assisted district constituents as well as providing funding and water resources to the District. The Trail West Association converted all their septic systems to on site and each lot now participates in the District's augmentation plan for depletion replacements. Trail West Lodge jointly with the UAWCD effectively prosecuted its water rights change case, and we were awarded a decree. The water rights associated with the change will become part of the UAWCD portfolio. Additionally, a new alluvial storage facility will become available to the UAWCD on these lands. Work tasks to develop the ground water storage facilities will continue in 2022.

Contacting the District' Financial Management

The District's financial statements are designed to present users (water users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability.

If you have any question regarding this report or need additional information, please contact:

Upper Arkansas Water Conservancy District
P. O. Box 1090
Salida, CO 81201
(719) 539-5425

BASIC FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2021

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
CASH EQUIVALENTS	$ 412,185	$ 1,752,937	$ 2,165,122
INVESTMENTS	51,525	2,116,208	2,167,733
RECEIVABLES - NET			
ACCOUNTS	-	165	165
TAXES	529,904	-	529,904
REIMBURSEMENT	-	40,641	40,641
WATER INVENTORY	-	61,503	61,503
PREPAID EXPENSES	-	165,702	165,702
	993,614	4,137,156	5,130,770
RESTRICTED ASSETS			
CASH RESTRICTED FOR DEBT RETIREMENT	-	18,421	18,421
CAPITAL ASSETS			
LAND	-	540,000	540,000
WATER SHARES AND RIGHTS	-	2,780,245	2,780,245
PROPERTY AND EQUIPMENT	40,920	2,118,659	2,159,579
DAM AND RESERVOIR IMPROVEMENTS	-	1,067,958	1,067,958
ACCUMULATED DEPRECIATION	(40,920)	(1,734,306)	(1,775,226)
CAPITAL ASSETS NET OF DEPRECIATION	-	4,772,556	4,772,556
TOTAL ASSETS	$ 993,614	$ 8,928,133	$ 9,921,747
LIABILITIES			
ACCOUNTS PAYABLE	$ 14,500	$ 33,929	$ 48,429
ACCRUED EXPENSES	-	31,553	31,553
UNEARNED REVENUES	-	167,091	167,091
NOTE PAYABLE - CURRENT	-	21,354	21,354
NONCURRENT LIABILITIES			
DUE IN MORE THAN ONE YEAR	-	801,913	801,913
TOTAL LIABILITIES	14,500	1,055,840	1,070,340
DEFERRED INFLOWS OF RESOURCES			
DEFERRED REVENUES - PROPERTY TAXES	523,090	-	523,090
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	-	3,949,289	3,949,289
RESTRICTED FOR			
EMERGENCIES - TABOR	12,700	-	12,700
DEBT SERVICE	-	18,421	18,421
UNRESTRICTED	443,324	3,904,583	4,347,907
TOTAL NET POSITION	456,024	7,872,293	8,328,317
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 993,614	$ 8,928,133	$ 9,921,747

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES

DECEMBER 31, 2021

		PROGRAM REVENUES			CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
FUNCTIONS							
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	$ 422,989	$ -	$ -	$ -	$ (422,989)	$ -	$ (422,989)
BUSINESS-TYPE ACTIVITIES							
WATER CONSERVATION	1,233,573	1,688,810	57,665	-	-	512,902	512,902
TOTAL PRIMARY GOVERNMENT	$ 1,656,562	$ 1,688,810	$ 57,665	$ -	(422,989)	512,902	89,913
				GENERAL REVENUES			
				REAL PROPERTY TAXES	498,096	-	498,096
				SPECIFIC OWNERSHIP	72,331	-	72,331
				INTEREST INCOME	946	1,768	2,714
				RENT	-	33,825	33,825
				TOTAL GENERAL REVENUES	571,373	35,593	606,966
				CHANGE IN NET POSITION	148,384	548,495	696,879
				NET POSITION - BEGINNING	307,640	7,323,798	7,631,438
				NET POSITION - ENDING	$ 456,024	$ 7,872,293	$ 8,328,317

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2021

ASSETS		
CASH	$	412,185
INVESTMENTS		51,525
TAXES RECEIVABLE		529,904
TOTAL ASSETS	$	993,614
LIABILITIES		
ACCOUNTS PAYABLE	$	14,500
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES		523,090
FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR		12,700
UNASSIGNED		443,324
TOTAL FUND BALANCE		456,024
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$	993,614

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2021

REVENUES		
REAL PROPERTY TAXES	$	498,096
SPECIFIC OWNERSHIP		72,331
INTEREST ON SAVINGS		946
TOTAL REVENUES		571,373
EXPENDITURES		
GENERAL GOVERNMENT		
ADVERTISING		5,404
AUTO		3,422
DUES AND SUBSCRIPTIONS		4,578
INSURANCE		17,300
HEALTH INSURANCE		22,993
LEGAL AND PROFESSIONAL		43,422
ACCOUNTING AND AUDIT		22,136
MEALS		3,966
OFFICE		18,521
PENSION		8,573
PAYROLL TAXES		11,191
TELEPHONE		7,401
TRAVEL		5,820
UTILITIES		6,971
REPAIRS AND MAINTENANCE		5,714
EQUIPMENT RENT		8,416
SALARIES		115,687
DIRECTORS FEES		30,600
TREASURERS FEES		15,751
ENGINEERING		26,148
EDUCATION		1,964
IT SERVICES		37,011
TOTAL EXPENDITURES		422,989
REVENUES OVER (UNDER) EXPENDITURES		148,384
FUND BALANCE JANUARY 1		307,640
FUND BALANCE DECEMBER 31	$	456,024

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

DECEMBER 31, 2021

CURRENT ASSETS		
CASH & CASH EQUIVALENTS	$	1,752,937
INVESTMENTS		2,116,208
ACCOUNTS RECEIVABLE		165
REIMBURSEMENT RECEIVABLE		40,641
WATER INVENTORY		61,503
PREPAID EXPENSES		165,702
TOTAL CURRENT ASSETS		4,137,156
CURRENT ASSETS		
CASH RESTRICTED FOR DEBT RETIREMENT		18,421
CAPITAL ASSETS		
LAND		540,000
WATER SHARES AND RIGHTS		2,780,245
PROPERTY AND EQUIPMENT		2,118,659
DAM AND RESERVOIR IMPROVEMENTS		1,067,958
ACCUMULATED DEPRECIATION		(1,734,306)
CAPITAL ASSETS NET OF DEPRECIATION		4,772,556
TOTAL ASSETS	$	8,928,133
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$	33,929
ACCRUED EXPENSES		31,553
UNEARNED REVENUES		167,091
NOTE PAYABLE - CURRENT		21,354
TOTAL CURRENT LIABILITIES		253,927
TERM LIABILITIES		
NOTE PAYABLE		801,913
TOTAL TERM LIABILITIES		801,913
TOTAL LIABILITIES		1,055,840
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS		3,949,289
RESTRICTED FOR DEBT SERVICE		18,421
UNRESTRICTED		3,904,583
TOTAL NET POSITION		7,872,293
TOTAL LIABILITIES AND NET POSITION	$	8,928,133

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2021

REVENUES		
SALE OF WATER	$	660,873
WELL PERMITS		13,000
MAINTENANCE FEES		778,634
APPLICATION FEES		22,503
STORAGE FEES		11,388
OWNERSHIP TRANSFER FEES		6,400
FUNDED WATER STUDIES REIMBURSEMENTS		196,012
TOTAL REVENUES		1,688,810
OPERATING EXPENSES		
DEPRECIATION		126,045
INSURANCE - HEALTH		29,866
LEGAL AND PROFESSIONAL		78,696
REPAIRS AND MAINTENANCE		9,362
PENSION		20,913
SALARIES AND WAGES		320,477
PAYROLL TAXES		23,998
SUPPLIES		64,818
WATER STORAGE FEES & PURCHASE		180,157
FUNDED WATER STUDIES		188,012
SPECIAL USE FEES		22,036
WATER APPLICATIONS AND ASSESSMENTS		3,700
WELL PERMITS		14,500
ENGINEERING		64,437
OTHER		3,571
TOTAL OPERATING EXPENSES		1,150,588
OPERATING INCOME		538,222
NONOPERATING REVENUES (EXPENSES)		
INTEREST EXPENSE		(25,320)
REIMBURSEMENT FOR SERVICES		57,665
WATER CONSERVATION SERVICES		(57,665)
RENTAL INCOME		33,825
INTEREST INCOME		1,768
TOTAL NONOPERATING REVENUES (EXPENSES)		10,273
CHANGE IN NET POSITION		548,495
NET POSITION JANUARY 1		7,323,798
NET POSITION DECEMBER 31	$	7,872,293

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	$	1,665,319
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES		(591,269)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES		(395,254)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		678,796
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
RENTS RECEIVED		34,125
CASH RECEIVED FROM REIMBURSEMENTS		65,950
CASH PAYMENTS FOR WATER CONSERVATION SERVICES		(57,665)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		42,410
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF ASSETS		(60,000)
LOAN PAYMENTS		(20,732)
INTEREST PAID		(25,317)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(106,049)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS		1,768
PURCHASE OF INVESTMENTS		(1,017)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		751
NET CHANGE IN CASH AND RESTRICTED CASH		615,908
CASH AND RESTRICTED CASH - BEGINNING OF YEAR		1,155,450
CASH AND RESTRICTED CASH - END OF YEAR	$	1,771,358
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	$	538,222
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION		126,045
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS AND REIMBURSEMENT RECEIVABLES		2,265
WATER INVENTORY		2,682
PREPAID EXPENSES		(3,922)
ACCOUNTS PAYABLE		20,658
ACCRUED EXPENSES		18,602
UNEARNED REVENUES		(25,756)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	678,796

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Arkansas Water Conservancy District (the "District") was formed pursuant to Colorado Revised Statutes in 1979. The District designates a thirteen-member Board of Directors to act as the governing authority. The accounting policies of the Upper Arkansas Water Conservancy District conform to generally accepted accounting principles as applicable to governments. The District's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. A summary of significant policies is as follows:

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial reporting Entity" amended by GASB Statement No. 39, describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District (the primary government) and its component units if applicable. Currently no component units have been included in the District's reporting entity because of a lack of significant operational or financial relationship with 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered 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 recorded when a liability is incurred, as under accrual accounting.

Property and specific ownership taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and entitlement awards are recorded as revenue when earned. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has the following major funds:

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 Fund:
Water Activity Enterprise Fund – The Water Activity Enterprise Fund operation is composed of water and water share sales and leasing activities. It accounts for transactions that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through charges. The fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting
The District adheres to the following procedures in establishing budgeting data reflected in the financial statements:

Public hearings are held to obtain taxpayer comment.
Prior to December 31, the budget is adopted by formal resolution.
Revisions that alter the total expenditures of any fund generally must be approved by the Board of Directors.
Appropriations lapse at year end and any open purchase items must be re-appropriated in the following year.
Expenditures may not legally exceed appropriations at the fund level.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because at the present time it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

The following provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position of the proprietary fund that sums to the total of the same such amount shown in the statement of cash flow:

	Water Activity Enterprise Fund
Cash and Cash Equivalents	$ 1,752,937
Restricted Assets	18,421
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statement of Cash Flows	$ 1,771,358

Restricted Cash
Restricted cash in the proprietary fund represents cash set aside for debt retirement per the loan covenant.

Receivables/Payables
Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Water Inventory
The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage or the actual purchase of water.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include water rights, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The monetary threshold for capitalization of assets is $5,000.

The estimated useful lives for depreciation are as follows:

Buildings and improvements	40 years
Dams	50 years
Equipment	5-10 years

Property Tax Revenues Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied November 15 and are due and payable in full by April 30 or in two equal installments due February 28 and June 15 of the ensuing year to the County Treasurers.

Water Leases

The right to use water from certain canal companies and reservoirs in the area is leased from the stockholders of these entities for a period designated in the leases. The District in turn rents the right to the water to individuals or entities that wish to use the water for a fee. The lease is amortized into expense over the term of the lease, usually one year. The revenue from the use of the water is recognized as earned based on the terms of the lease.

Water Shares and Rights

Water shares and rights represent an investment in stocks that the District has purchased in canal and reservoir companies in the area served by the District. The shares are recorded at cost. Based on the fact that the water shares and rights have a perpetual life and a decrease in value is remote, depreciation is not recognized.

Long – Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund statements, long-term debt is reported as liabilities in the applicable financial statements. Bond premiums and discounts, as well as issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Deferred revenue – property taxes, represents unavailable revenues that are deferred and recognized in the period that the amounts become available.

Net Position / Fund Position

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position / Fund Position (Continued)

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

Restricted Fund Balance
Emergency Reserves have been provided for as required by article X, Section 20 of the Constitution of the State of Colorado. A portion of the fund balance has been restricted in compliance with this requirement.

The net position of the proprietary fund has been restricted for cash that is held in a restricted account. The Colorado Water Conservation Board, per the loan covenant, requires the District to establish, maintain and deposit an amount equal to 1/10th of the annual payment into a debt reserve fund for a period of ten years.

Advertising
The District follows the policy of charging the costs of advertising to expense as incurred.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS

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. 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 to 102% of the uninsured deposits.

Credit Risk - The District may invest in bonds or other interest-bearing obligations issued by or unconditionally guaranteed by the United States, bonds that are the direct obligation of the State of Colorado or any county, city or school district in the State. The District may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the monies involved and there is assignment of such security pursuant to current depository regulations. Investments are carried at fair value as determined by published stock quotes.

Interest Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to loss resulting from increasing interest rates. The Colorado Revised Statute 24-75-601 limits investment maturities to five years or less without governing board approval.

NOTE 2 – CASH AND TEMPORARY CASH INVESTMENTS (Continued)

Deposits as of December 31, 2021, had a bank balance of $2,199,689 with a corresponding carrying balance as follows:

Insured Deposits	$ 446,090
Covered by Public Deposit Protection Act	1,737,453
	$ 2,183,543
Cash is reported as follows:	
Cash and Cash Equivalents	$ 2,165,122
Cash Restricted for Debt Retirement	18,421
Total Cash Reported	$ 2,183,543

The District may invest in bonds or other interest-bearing obligations issued by or unconditionally guaranteed by the United States, bonds that are the direct obligation of the State of Colorado, or any county, city or school district in the State. The District may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the moneys involved and there is assignment of such security pursuant to current deposit regulations.

Investments

At December 31, 2021, the District had the following investments:

	Investments	Maturities	Fair Value
COLO Trust	External Investment Pool	Under 60 Day Avg.	$ 2,167,733

The carrying amount is reflected in the accompanying financial statements as follows:

Governmental Activities - Investments	$ 51,525
Business-Type Activities – Investments	2,116,208
	$ 2,167,733

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of December 31, 2021.

COLOTRUST – Investments in this external investment pool are reported at $1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

NOTE 3 – PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Taxes receivable represents 2021 property tax assessments, which are due in 2022. Deferred revenue in the same amount has also been recognized.

NOTE 4 – CAPITAL ASSETS

Governmental Activities – Capital Assets Being Depreciated:

	Beginning	Increases	Decreases	Ending
Property Equipment	$ 40,920	$ -	$ -	$ 40,920
Accumulated Depreciation	(40,920)	-	-	(40,920)
Governmental Activities Capital Assets - Net	$ -	$ -	$ -	$ -

NOTE 4 – CAPITAL ASSETS (Continued)

Business-Type Activities – Capital Assets Not Being Depreciated:

	Beginning	Increases	Decreases	Ending
Land	$ 540,000	$ -	$ -	$ 540,000
Water Shares & Rights	2,720,245	60,000	-	2,780,245
Total	3,260,245	60,000	-	3,320,245
Buildings & Other	1,123,088	-	-	1,123,088
Dams	1,067,958	-	-	1,067,958
Furniture & Equipment	995,571	-	-	995,571
Total	3,186,617	-	-	3,186,617
Less Accumulated Depreciation				
Buildings & Other	(445,837)	(21,995)	-	(467,832)
Dams Improvements	(272,046)	(21,400)	-	(293,446)
Furniture & Equipment	(890,378)	(82,650)	-	(973,028)
Total	(1,608,261)	(126,045)	-	(1,734,306)
Business-Type Activities Capital Assets - Net	$ 4,838,601	$ (66,045)	$ -	$ 4,772,556

NOTE 5 - UNEARNED REVENUE

The District in its Water Activity Enterprise Fund collected fees in the amount of $167,091 that is for future years rent, fees, applications and future projects which the full amount is accounted for as unearned revenues.

NOTE 6 - PENSION PLANS

Plan Description - The District entered into a pension plan under I.R.C. Sec. 457, otherwise referred to as a deferred compensation plan, whereby the District will match contributions up to 8% of its full-time employee's wages. The District is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan. The Plan is administered by Matrix Trust Company.

Funding Policy - In a deferred compensation plan, the District agrees to pay deferred funds, plus any investment earnings, to eligible employees at a specified time. The plan requires that the District match employee contributions up to 8% of the employees' annual compensation. The District's contributions to the plan in 2021 were $29,486. As of December 31, 2021, the market value of assets held was $1,109,068.

NOTE 7 – TERM LIABILITIES

On February 1, 2005, the Water Activity Enterprise Fund entered into a loan contract with the Colorado Water Conservation Board. The loan amount may be up to $3,009,800. The terms call for reimbursement of project costs up to a maximum of $2,980,000 over the life of the project estimated at seven years with a loan fee of 1%. Upon completion, the loan terms will be 3% per annum for thirty years with annual payments due beginning one year from completion.

The following is a summary of activity for long-term liabilities:

Business-Type Activities:

	Beginning	Increases	Decreases	Ending	Current
Note Payable	$ 843,999	$ -	$ (20,732)	$ 823,267	$ 21,354

NOTE 7 – TERM LIABILITIES (Continued)

Accrued interest and fees payable on the note payable as of December 31, 2021 is $6,313 and interest expensed is $25,320.

Annual debt service requirements to maturity are as follow for the Water Activity Enterprise Fund:

	Principal	Interest	Total
2022	$ 21,354	$ 24,698	$ 46,052
2023	21,995	24,057	46,052
2024	22,655	23,397	46,052
2025	23,334	22,718	46,052
2026	24,034	22,018	46,052
2027-2031	131,429	98,832	230,261
2032-2036	152,363	77,898	230,261
2037-2041	176,630	53,631	230,261
2042-2046	204,763	25,498	230,261
2047	44,710	1,342	46,052
	$ 823,267	$ 374,089	$ 1,197,356

In connection with the above notes payable, the District is subject to various covenants. As of December 31, 2021, the District was in compliance with all covenants and maintained a debt service reserve account of $18,421 that is accounted for in the Water Activity Enterprise Fund as Cash Restricted for Debt Retirement.

NOTE 8 - AMENDMENT ONE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue-raising, spending abilities, and other specific requirements of state and local governments.

The entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

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

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property, sales, fund transfers, damage awards, and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves have been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations in the amendment's language in order to determine its compliance.

NOTE 9– INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between the District funds for the reimbursement of expenditures. Related inter-fund receivables and payables are classified as “due from the other fund” and “due to other fund” on the balance sheet and statement of net position and will be settled within one year. As of December 31, 2021, the inter-fund receivable and payable was $0, respectively.

NOTE 10– COMMITMENTS AND CONTINGENT LIABILITIES

Board of Water Works of Pueblo, Colorado
The District is committed to the lease of water from the Board of Water Works of Pueblo, Colorado at an annually determined per-acre-foot charge, with the contract terminating March 31, 2049.

Town of Poncha Springs, Colorado
The District entered into a Water Supply Agreement with the Town of Poncha Springs (the “Town”) on April 21, 2017. In lieu of the Town paying the District the annual storage and maintenance fee required by the Augmentation Certificate (Nos. 1844-1848), the Town shall provide to the District, and the District shall accept from the Town, 100 acre-feet per year of fully consumable water from the Friend Ranch Water Rights (the “Consumable Water”), pursuant to the terms of the Agreement. The Agreement shall remain in effect until March 31, 2057 and shall automatically renew for successive one-year terms, unless either party notifies the other party prior to December 1 that such party desires to terminate the Agreement.

The Town shall provide the entire 100 are-feet of Consumable Water every year, measured from April 1 to March 31, and shall have no right to accrue credits or debits in this obligation from year to year except as set forth in the Agreement, or except as may be otherwise agreed to in writing by the District. In addition to a waiver of the annual maintenance and storage fees, the District will enroll up to three Town wells into the District’s umbrella augmentation plan with water equal to the amount of depletions provided by the Town. The Town will pay a nominal per acre foot “Wheeling Fee” to the District for this service. The District will also provide all of the Town’s raw water accounting.

The District and Town acknowledge that it will be necessary to obtain water court approval of a change of the Friend Ranch Water Rights in order to allow the District to use the Friend Ranch Water Rights in its plans for augmentation, including the Decreed Plans.

Town of Buena Vista, Colorado - Cottonwood Lake
The District entered into an agreement regarding Cottonwood Lake with the Town of Buena Vista which the District and the Town of Buena Vista desire to work together to 1.) determine how much water in addition to the current 50 acre-feet could feasibly be stored and released from Cottonwood Lake; 2.) attempt to procure either a renewal of the current special use permit for Cottonwood Lake or a new special use permit, that allows for the storage and release of an amount of water that is equal to or greater than 50 acre-feet; and 3.) develop a framework for management of Cottonwood Lake.

The District and the Town of Buena Vista shall split the cost of certain capital improvements and certain other expenses on a pro rata basis that is based on the allocation between them of all available storage space in Cottonwood Lake. Capital expenditures necessary to repair conditions that were identified to the existing dam and will be required as a dam safety requirement shall be paid by the District.

Upon issuance of a special use permit for Cottonwood Lake that allows for “Additional Usable Space” in the amount of 10 acre-feet or more and the completion of the necessary improvements to make such space operational, the agreement shall terminate and the Town of Buena Vista may use the additional usable space for its operations as provided in the contract agreement.

Fremont County Transportation Department – Augmentation Agreement
The District entered into an agreement with Fremont County to provide augmentation to dust control diversion structures located throughout the county in exchange for cash and water. Some of the structures are located within the new district augmentation expansion area that was decreed in 2021. In 2021 these structures have all been included within the district blanket plans of augmentation. The district in 2022 will change the Fremont County Union Ditch water shares to include this water in its portfolio as payment for ongoing augmentation of the Fremont Transportation Department depletions.

NOTE 9– COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Lakeside Estates Preserve HOA – Augmentation Agreement

The District entered into an agreement with Lakeside Preserve to provide augmentation of the HOA's Ice Lake. The HOA will continue to pay the District for augmentation water and also provide the top 12 inches of the lake for the District's use for storage in addition to water rights the HOA owns that are being changed jointly from the Cottonwood Irrigating Ditch. Once this water becomes available the District will reduce the augmentation cost by the pro-rated amount of fully consumable water derived from the change. The water rights will not be available until late 2022 or 2023.

NOTE 11 – RISK MANAGEMENT

The District carries commercial insurance for their risks. These risks are business interruption, property losses, natural disasters and injuries to employees. The District did not have any claims that exceeded coverage in the last three years.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON A BUDGETARY BASIS

GENERAL FUND

YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
TAXES	$ 567,970	$ 567,970	$ 570,427	$ 2,457
MISCELLANEOUS	1,300	1,300	946	(354)
TOTAL REVENUES	569,270	569,270	571,373	2,103
EXPENDITURES				
GENERAL GOVERNMENT	799,270	799,270	422,989	376,281
REVENUES OVER (UNDER) EXPENDITURES	(230,000)	(230,000)	148,384	378,384
FUND BALANCE JANUARY 1	307,640	307,640	307,640	-
FUND BALANCE DECEMBER 31	$ 77,640	$ 77,640	$ 456,024	$ 378,384

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT

SUPPLEMENTARY INFORMATION

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

BALANCE SHEET

GENERAL FUND

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CASH	$ 412,185	$ 260,351
INVESTMENTS	51,525	51,500
TAXES RECEIVABLE	529,904	503,360
TOTAL ASSETS	$ 993,614	$ 815,211
LIABILITIES		
ACCOUNTS PAYABLE & ACCRUED EXPENSES	$ 14,500	$ 9,840
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	523,090	497,731
FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR	12,700	14,700
UNASSIGNED	443,324	292,940
TOTAL FUND BALANCE	456,024	307,640
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 993,614	$ 815,211

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES		
REAL PROPERTY TAXES	$ 498,096	$ 475,651
SPECIFIC OWNERSHIP	72,331	66,809
INTEREST ON SAVINGS	751	1,210
OTHER	195	-
TOTAL REVENUES	571,373	543,670
EXPENDITURES		
GENERAL GOVERNMENT		
ADVERTISING	5,404	4,241
AUTO	3,422	3,051
DUES AND SUBSCRIPTIONS	4,578	3,191
INSURANCE	17,300	17,148
HEALTH INSURANCE	22,993	33,777
LEGAL AND PROFESSIONAL	43,422	19,055
ACCOUNTING AND AUDIT	22,136	21,881
MEALS	3,966	2,199
OFFICE	18,521	17,104
PENSION	8,573	13,922
PAYROLL TAXES	11,191	16,983
TELEPHONE	7,401	7,484
TRAVEL	5,820	10,222
UTILITIES	6,971	7,828
REPAIRS AND MAINTENANCE	5,714	7,941
EQUIPMENT RENT	8,416	7,580
SALARIES	115,687	190,805
DIRECTORS FEES	30,600	31,200
TREASURERS FEES	15,751	15,184
ENGINEERING	26,148	15,805
EDUCATION	1,964	3,870
IT SERVICES	37,011	38,509
TOTAL EXPENDITURES	422,989	488,980
REVENUES OVER (UNDER) EXPENDITURES	148,384	54,690
FUND BALANCE JANUARY 1	307,640	252,950
FUND BALANCE DECEMBER 31	$ 456,024	$ 307,640

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

WATER ACTIVITY ENTERPRISE FUND

DECEMBER 31, 2021 AND 2020

	2021	2020
CURRENT ASSETS		
CASH & CASH EQUIVALENTS	$ 1,752,937	$ 1,141,634
INVESTMENTS	2,116,208	2,115,191
ACCOUNTS RECEIVABLE	165	2,430
REIMBURSEMENT RECEIVABLE	40,641	48,926
WATER INVENTORY	61,503	64,185
PREPAID EXPENSES	165,702	161,780
TOTAL CURRENT ASSETS	4,137,156	3,534,146
RESTRICTED ASSETS		
CASH RESTRICTED FOR DEBT RETIREMENT	18,421	13,816
CAPITAL ASSETS		
LAND	540,000	540,000
WATER SHARES AND RIGHTS	2,780,245	2,720,245
PROPERTY AND EQUIPMENT	2,118,659	2,118,659
DAM AND RESERVOIR IMPROVEMENTS	1,067,958	1,067,958
ACCUMULATED DEPRECIATION	(1,734,306)	(1,608,261)
CAPITAL ASSETS NET OF DEPRECIATION	4,772,556	4,838,601
TOTAL ASSETS	$ 8,928,133	$ 8,386,563
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 33,929	$ 13,271
ACCRUED EXPENSES	31,553	12,648
UNEARNED REVENUES	167,091	192,847
NOTE PAYABLE - CURRENT	21,354	20,723
TOTAL CURRENT LIABILITIES	253,927	239,489
TERM LIABILITIES		
NOTE PAYABLE	801,913	823,276
TOTAL TERM LIABILITIES	801,913	823,276
TOTAL LIABILITIES	1,055,840	1,062,765
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	3,949,289	3,994,602
RESTRICTED FOR DEBT SERVICE	18,421	13,816
UNRESTRICTED	3,904,583	3,315,380
TOTAL NET POSITION	7,872,293	7,323,798
TOTAL LIABILITIES AND NET POSITION	$ 8,928,133	$ 8,386,563

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
SALE OF WATER	$ 660,873	$ 901,078
WELL PERMITS	13,000	10,100
MAINTENANCE FEES	778,634	714,781
APPLICATION FEES	22,503	32,327
STORAGE FEES	11,388	10,904
OWNERSHIP TRANSFER FEES	6,400	5,225
FUNDED WATER STUDIES REIMBURSEMENTS	196,012	184,684
TOTAL OPERATING REVENUES	1,688,810	1,859,099
OPERATING EXPENSES		
DEPRECIATION	126,045	126,895
INSURANCE - HEALTH	29,866	29,873
LEGAL AND PROFESSIONAL	78,696	84,226
REPAIRS AND MAINTENANCE	9,362	13,413
PENSION	20,913	17,927
SALARIES AND WAGES	320,477	232,015
PAYROLL TAXES	23,998	18,804
SUPPLIES	64,818	24,317
WATER STORAGE FEES & PURCHASE	180,157	158,209
FUNDED WATER STUDIES	188,012	200,529
EDUCATION EXPENSE	-	200
SPECIAL USE FEES	22,036	21,904
WATER APPLICATIONS & ASSESSMENTS	3,700	3,700
WELL PERMITS	14,500	9,807
ENGINEERING	64,437	99,142
OTHER	3,571	2,140
TOTAL OPERATING EXPENSES	1,150,588	1,043,101
OPERATING INCOME	538,222	815,998
NONOPERATING REVENUES (EXPENSES)		
INTEREST EXPENSE	(25,320)	(25,485)
REIMBURSEMENT FOR SERVICES	57,665	81,745
WATER CONSERVATION SERVICES	(57,665)	(75,684)
RENTAL INCOME	33,825	34,100
INTEREST INCOME	1,768	14,527
TOTAL NONOPERATING REVENUES (EXPENSES)	10,273	29,203
CHANGE IN NET POSITION	548,495	845,201
NET POSITION JANUARY 1	7,323,798	6,478,597
NET POSITION DECEMBER 31	$ 7,872,293	$ 7,323,798

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	$ 1,665,319	$ 1,945,275
CASH PAYMENTS TO OTHER SUPPLIERS OF GOODS OR SERVICES	(591,269)	(667,104)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(395,254)	(298,619)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	678,796	979,552
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
RENTS RECEIVED	34,125	34,100
ADVANCES FROM (TO) GENERAL FUND	-	-
CASH RECEIVED FROM REIMBURSEMENTS	65,950	69,488
CASH PAYMENTS FOR WATER CONSERVATION SERVICES	(57,665)	(75,684)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	42,410	27,904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(60,000)	(36,783)
LOAN PAYMENTS	(20,732)	(20,128)
INTEREST PAID	(25,317)	(25,923)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(106,049)	(82,834)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	1,768	14,527
PURCHASE OF INVESTMENTS	(1,017)	(479,188)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	751	(464,661)
NET CHANGE IN CASH AND RESTRICTED CASH	615,908	459,961
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	1,155,450	695,489
CASH AND RESTRICTED CASH - END OF YEAR	$ 1,771,358	$ 1,155,450
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	$ 538,222	$ 815,998
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION	126,045	126,895
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS AND REIMBURSEMENT RECEIVABLES	2,265	11,588
WATER INVENTORY	2,682	(15,497)
PREPAID EXPENSES	(3,922)	(18,567)
ACCOUNTS PAYABLE	20,658	(20,663)
ACCRUED EXPENSES	18,602	5,210
UNEARNED REVENUES	(25,756)	74,588
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 678,796	$ 979,552

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL ON A BUDGETARY BASIS

WATER ACTIVITY ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
SALE OF WATER	$ 473,675	$ 473,675	$ 660,873	$ 187,198
WELL PERMITS	10,000	10,000	13,000	3,000
MAINTENANCE FEES	752,955	752,955	778,634	25,679
APPLICATION FEES	10,000	10,000	22,503	12,503
STORAGE FEES	14,000	14,000	11,388	(2,612)
OWNERSHIP TRANSFER FEES	4,000	4,000	6,400	2,400
FUNDED WATER STUDIES REIMBURSEMENTS	415,090	415,090	196,012	(219,078)
RENTAL INCOME	34,100	34,100	33,825	(275)
REIMBURSEMENT FOR SERVICES	158,791	158,791	57,665	(101,126)
MISCELLANEOUS	22,000	22,000	1,768	(20,232)
TOTAL REVENUES	1,894,611	1,894,611	1,782,068	(112,543)
EXPENDITURES				
CAPITAL OUTLAY	3,233,905	3,233,905	60,000	3,173,905
INTEREST	25,320	25,320	25,320	-
LEGAL AND PROFESSIONAL	125,000	125,000	78,696	46,304
REPAIRS AND MAINTENANCE	20,000	20,000	9,362	10,638
PENSION	19,076	19,076	20,913	(1,837)
SALARIES AND WAGES	289,956	289,956	350,343	(60,387)
PAYROLL TAXES AND BENEFITS	64,113	64,113	23,998	40,115
SUPPLIES	30,000	30,000	64,818	(34,818)
WATER STORAGE FEES & PURCHASE	95,240	95,240	180,157	(84,917)
FUNDED WATER STUDIES	589,969	589,969	188,012	401,957
EDUCATION EXPENSE	20,000	20,000	-	20,000
SPECIAL USE FEES	-	-	22,036	(22,036)
WATER APPLICATIONS & ASSESSMENTS	-	-	3,700	(3,700)
WELL PERMITS	10,000	10,000	14,500	(4,500)
ENGINEERING	125,000	125,000	64,437	60,563
DEPRECIATION AND AMORTIZATION	125,000	125,000	126,045	(1,045)
WATER CONSERVATION SERVICES	-	-	57,665	(57,665)
DEBT SERVICE	20,732	20,732	20,732	-
OTHER	1,300	1,300	3,571	(2,271)
TOTAL EXPENDITURES	4,794,611	4,794,611	1,314,305	3,480,306
REVENUE OVER (UNDER) EXPENDITURES	$(2,900,000)	$(2,900,000)	467,763	$ 3,367,763
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
CAPITAL OUTLAY			60,000	
DEBT SERVICE			20,732	
CHANGE IN NET POSITION			548,495	
NET POSITION JANUARY 1			7,323,798	
NET POSITION DECEMBER 31			$ 7,872,293	