
Delta Conservancy District
Delta County, Colorado
Financial Statements and
Independent Auditor's Report
As of
December 31, 2021

Delta Conservancy District
Delta County, Colorado
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delta Conservancy District
Delta County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities of the Delta Conservancy District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Delta 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 of the Delta Conservancy District, as of December 31, 2021, and the respective changes in financial position 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 Delta 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 Delta 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 Delta Conservancy District's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- 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 Delta 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 budgetary comparison information page 12 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. Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Blair and Associates, P.C.

Cedaredge, Colorado
August 3, 2022

**Delta Conservation District
Statement of Net Position
December 31, 2021**

| Assets | <u>2021</u> |
|----------------------------------|---------------------------------|
| Assets | |
| Cash | \$ 114,536 |
| Note Receivable | 15,280 |
| Accounts receivable | <u>5,001</u> |
| Total Assets | <u>134,817</u> |
| Liabilities | |
| Accrued compensated absences | 3,228 |
| Accrued payroll | 4,871 |
| Payroll liabilities | 2,150 |
| USDA-Loan | <u>15,280</u> |
| Total Liabilities | <u>25,529</u> |
| Net position | |
| Net investment in capital assets | - |
| Restricted for emergencies | 4,435 |
| Unrestricted | <u>104,853</u> |
| Total Net Position | <u><u>\$ 109,288</u></u> |

The accompanying notes are an integral part of this statement.

Delta Conservation District
Statement of Activities
Year Ended December 31, 2021

Expenses

| | |
|----------------------------|--------------|
| Operations | \$ 831,656 |
| General and administrative | <u>7,485</u> |

| | |
|-----------------------|-----------------------|
| Total Expenses | <u>839,141</u> |
|-----------------------|-----------------------|

Program Revenues

| | |
|------------------------------------|----------------|
| Changes for service and other | 23,366 |
| Miscellaneous | 5,771 |
| Operating grants and contributions | <u>818,790</u> |

| | |
|-------------------------------|-----------------------|
| Total Program Revenues | <u>847,927</u> |
|-------------------------------|-----------------------|

| | |
|-------------------------------|-------|
| Change in net position | 8,786 |
|-------------------------------|-------|

| | |
|--------------------------------|----------------|
| Net position, January 1 | <u>100,502</u> |
|--------------------------------|----------------|

| | |
|----------------------------------|---------------------------------|
| Net position, December 31 | <u><u>\$ 109,288</u></u> |
|----------------------------------|---------------------------------|

The accompanying notes are an integral part of this statement.

**Delta Conservation District
Balance Sheet- General Fund
December 31, 2021**

| Assets | |
|---|-------------------|
| Cash | \$ 114,536 |
| Notes Receivable | 15,280 |
| Accounts Receivable | 5,001 |
| Total Assets | \$ 134,817 |
| Liabilities and Fund Balances | |
| Liabilities: | |
| Accounts Payable | \$ - |
| Accrued Payroll | 4,871 |
| USDA-loan | 15,280 |
| Payroll Liabilities | 2,150 |
| Total Liabilities | 22,301 |
| Fund Balance: | |
| Restricted for emergencies | 4,435 |
| Unassigned | 108,081 |
| Total Fund Balance | 112,516 |
| Total Liabilities and Fund Balance | \$ 134,817 |
| Reconciliation of Governmental Fund Balance Sheet- General Fund of Statement of Net Position: | |
| Fund Balance | \$ 112,516 |
| Amounts reported for governmental activities in the statement of governmental net position are different because: | |
| Some liabilities, (such as long-term compensated absences), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position | |
| Compensated absences | (3,228) |
| Net Position of Governmental Activities in the Statement of Net Position | \$ 109,288 |

The accompanying notes are an integral part of this statement.

Delta Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balance- General Fund
December 31, 2021

| | | |
|-----------------------------------|---|---------------------------------|
| Revenues | | |
| Charges for services and fees | 23,366 | |
| Intergovernmental revenues | 818,790 | |
| Miscellaneous | 5,771 | |
| | Total Revenues | <u>847,927</u> |
| Expenditures | | |
| Current: | | |
| Operations | 834,919 | |
| General and administrative | 7,485 | |
| Capital Outlay | - | |
| | Total Expenditures | <u>842,404</u> |
| | Excess of Revenues over Expenditures | <u>5,523</u> |
| Net Change in Fund Balance | | |
| Fund Balance- January 1 | | <u>106,993</u> |
| Fund Balance- December 31 | | <u><u>\$ 112,516</u></u> |

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund to the Statement of Activities:

| | | |
|----------------------------|----|-------|
| Net Change in Fund Balance | \$ | 5,523 |
|----------------------------|----|-------|

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

In the governmental funds, accruals for compensated absences are not recognized because they are not paid with expendable available financial resources. In the statement of activities, however. These accruals are reported regardless of when the financial resources are available. This adjustment shows the changes in accrued compensated absences balance.

| | | |
|---|----|----------------------------|
| Compensated absences | | <u>3,263</u> |
| Change in Net Position of the Statement of Activities | \$ | <u><u>8,786</u></u> |

The accompanying notes are an integral part of this statement.

Delta Conservancy District
Notes to Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Delta Conservation District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below:

A. Reporting Entity

The District was established to provide for the conservation and preservation of our natural resources and agricultural heritage in order to ensure the health prosperity and welfare of the citizens of the District and State of Colorado. The District's Board of Supervisors (the Board) consists of nine elected members. There are no entities required to be included in the District's financial statements based on GASB requirements.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of governmental net position and the statement of governmental activities) report information on all of the activities of the District. *Governmental activities* are supported by taxes and charges for services. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Delta Conservancy District
Notes to Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

The District has only one governmental fund, the *General Fund*, which is the general operating fund of the District. The District has no financial resources required to be accounted for in a separate fund.

D. Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Compensated Absences

The District has compensated absences of \$3,228 as of December 31, 2021.

G. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are 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;

Delta Conservancy District
Notes to Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Fund Equity (Continued)

- 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.

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

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between *fund balances* of the *governmental funds* and *net position of governmental activities* as reported in the government-wide statement of governmental net position. Additionally, the governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between the *net change in fund balances of the governmental funds* and the *changes in net position of governmental activities* as reported in the government-wide statement of governmental activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

Note 3 - Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the general fund's fund balance is classified as restricted for emergencies as required by the Amendment.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

**Delta Conservancy District
Notes to Financial Statements
December 31, 2021**

Note 4 – Budgets

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law for all governmental, proprietary, and trust funds.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget.
- F. Budget appropriations lapse at the end of each year.

The District does not certify mil levies to any County government, nor does it receive any tax revenues. The District could be in violation of Colorado Budget Law because actual expenditures exceed budgetary amounts in the General Fund.

Note 5 – Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) governs the District’s cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools. Additionally, the local governments are authorized to invest in obligations of the United States Treasury or its agencies, commercial paper, money market, mutual funds and certain corporate instruments. At December 31, 2021, the bank balance of the District’s deposits was \$116,714, all of which is insured by FDIC.

Note 6 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

**Delta Conservancy District
Notes to Financial Statements
December 31, 2021**

Note 7 – Loan and Note Receivable-Colorado Pastured Pork

The District had received a loan of \$25,000 through the USDA for the Colorado Pastured Pork. The District is showing an amount of \$15,280, as a note receivable and loan balance, which is remaining on the loan. The loan payments are \$725.75 per quarter for 10 years.

Delta Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
Year Ended December 31, 2021

| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|--|-------------------------|--------------------------|--|
| Revenues | | | |
| Intergovernmental: | | | |
| Farm/Ditch Cost Share | \$ 537,950 | \$ 709,562 | \$ 171,612 |
| TA Gunnison Selenium Grant | 26,900 | 21,823 | (5,077) |
| CRWC RCPP | 2,459 | 1,875 | (584) |
| State Direct Assistance and other | 28,456 | 18,500 | (9,956) |
| Education and Outreach | 2,459 | 448 | (2,011) |
| DC Technician Grant | 77,214 | 66,582 | (10,632) |
| Total Intergovernmental | <u>675,438</u> | <u>818,790</u> | <u>143,352</u> |
| Charges for services: | | | |
| Special Events | 90 | - | (90) |
| Miscellaneous | 12,975 | 23,366 | 10,391 |
| Total Charges for Services | <u>13,065</u> | <u>23,366</u> | <u>10,301</u> |
| Miscellaneous: | | | |
| Interest and investment income | 483 | 371 | (112) |
| Sale of assets | - | 5,400 | 5,400 |
| Total Miscellaneous | <u>483</u> | <u>5,771</u> | <u>5,288</u> |
| Total Revenue | <u>688,986</u> | <u>847,927</u> | <u>158,941</u> |
| Expenditures | | | |
| Current | | | |
| Salaries and payroll expenses | 109,700 | 79,398 | 30,302 |
| Education and outreach | 4,500 | (321) | 4,821 |
| Dues | 2,050 | 2,092 | (42) |
| Insurance | 2,200 | 1,615 | 585 |
| Professional fees & Contracts | 1,500 | 2,099 | (599) |
| Office expenses | 175 | 831 | (656) |
| Donation and awards | 500 | 250 | 250 |
| Travel and Meetings | 100 | 804 | (704) |
| Miscellaneous | 200 | 115 | 85 |
| Grant Expenses | 564,850 | 755,521 | (190,671) |
| Total Expenditures | <u>685,775</u> | <u>842,404</u> | <u>(156,629)</u> |
| Excess Revenues over (under) Expenditures | 3,211 | 5,523 | 2,312 |
| Fund Balance - January 1 | 75,587 | 106,993 | 31,406 |
| Fund Balance - December 31 | <u>\$ 78,798</u> | <u>\$ 112,516</u> | <u>\$ 33,718</u> |

The accompanying notes are an integral part of this statement.