

Annual Financial Report

The Henrylyn Irrigation District
Keenesburg, Colorado

For the Year Ended December 31, 2022



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THE HENRYLYN IRRIGATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Henrylyn Irrigation District
Keenesburg, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of The Henrylyn Irrigation District, State of Colorado as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of The Henrylyn Irrigation District, State of Colorado as of December 31, 2022, 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 Henrylyn Irrigation District, State of Colorado, 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 these 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 the 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 Henrylyn Irrigation District, State of Colorado'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 Responsibility 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 Henrylyn Irrigation District, State of Colorado'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 Henrylyn Irrigation District, State of Colorado'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 on pages 3-7 and 28-30 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.

Greeley, Colorado
May 1, 2023

Tim Chavies & Associates, Inc.

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Certified Public Accountants

THE HENRYLYN IRRIGATION DISTRICT
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Management's Discussion and Analysis
December 31, 2022

The management's discussion and analysis (MD&A) of The Henrylyn Irrigation District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year. It should be read in conjunction with the accompanying basic financial statements. When available, the District has included comparative analysis of such data.

Financial Highlights

- The District's total net position increased \$998,882 or 5.02% between 2022 and 2021.
- Total revenues were \$2,973,980 in 2022 compared to \$6,518,198 in 2021, a decrease of \$3,544,218 or 45.63%.
- Total administrative and general expenses were \$1,519,450 in 2022 compared to \$1,476,073 in 2021, an increase of \$43,377 or 2.94%.
- The District is debt free.

Overview of the Financial Statements

The discussion and analysis serve as an introduction to The Henrylyn Irrigation District's basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements, and 4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the District's finances utilizing the full accrual method of accounting.

The Statement of Net Position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, including capital assets and long-term liabilities with the difference between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include only the general government. The District does not have any business-type activities or component units.

Fund Financial Statements focus on current available resources and are organized and operated on the basis of funds. 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. All of the funds of the District can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District only maintains one governmental fund (operating) and adopts an annually appropriated budget for this governmental fund. Budgetary comparison statements for the governmental fund are required to be presented and are included as part of the other supplementary schedules of this report.

The District does not have any **Proprietary Funds or Fiduciary Funds**.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information includes certain required supplementary information containing budgetary comparison schedules of revenues, expenditures and changes in fund balances for all funds.

Government-Wide Financial AnalysisCondensed financial information from the **Statement of Net Position**:

December 31.	2022	2021
Assets		
Current	\$ 10,617,966	\$ 10,211,989
Noncurrent	593,605	-
Capital assets, net	10,440,128	10,494,866
Total Assets	21,651,699	20,706,855
Deferred Outflows	-	-
Liabilities		
Long-term debt outstanding	-	-
Other liabilities	146,440	776,677
Total Liabilities	146,440	776,677
Deferred Inflows	576,199	-
Net Position:		
Net investment in capital assets	10,440,128	10,494,866
Restricted	-	-
Unrestricted	10,488,932	9,435,312
Total Net Position	\$ 20,929,060	\$ 19,930,178

Net position of the District was affected by a decrease in sale of water and permits revenue, an increase in investment income and a decrease in net capital assets due to actual purchases of new capital assets being less than depreciation.

Condensed financial information from the **Statement of Activities**:

December 31.	2022	2021
Revenues:		
Operating revenues	\$ 650,815	\$ 583,904
Other revenues	2,164,281	5,919,408
Earnings on investments	158,884	14,886
Total Revenues	2,973,980	6,518,198
Expenses:		
Administrative and general	1,519,450	1,476,073
Depreciation	462,184	438,468
Interest on debt	-	8,674
Total Expenses	1,981,634	1,923,215
Other Financing Sources (Uses):		
Proceeds on sale of assets	1,360	108,397
Grant proceeds	5,176	-
Total Other Financing Sources (Uses)	6,536	108,397
Net Change in Net Position	998,882	4,703,380
Net Position - beginning of year	19,930,178	15,226,798
Net Position - end of year	\$ 20,929,060	\$ 19,930,178

The Net Position of the District increased by \$998,882 during 2022. The increase compared to prior year was due to amounts received for sale of water of \$1,713,553 compared to \$2,210,243, permits revenue of \$167,950 compared to \$480,500, investment income of \$158,884 compared to \$14,886 and purchase of capital assets and depreciation on capital assets.

Governmental Funds Financial Analysis

Governmental funds. All of the District's functions are reported in the general (operating) fund. The focus of this fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of its fiscal year.

Proprietary and Fiduciary funds. As mentioned earlier, the District does not have any of these types of funds.

Budgetary Highlights

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budget and actual comparison schedules are provided in the other supplementary information section of this report. The budget and actual comparison schedules show the original adopted budget, the final revised budget, actual results, and variance between the final budget and actual results for the general (operating) fund, the only fund of the District.

There were no differences from the original adopted and the final revised budget.

Fund	Original	Additional	Revised
Governmental	\$ 3,440,300	\$ -	\$ 3,440,300
Total	\$ 3,440,300	\$ -	\$ 3,440,300

Capital Assets and Debt Administration Capital Assets (Net of Depreciation)

December 31.	2022	2021
Water stocks	\$ 71,500	\$ 71,500
Irrigation system	16,019,422	15,788,136
Rights of way	40,074	40,074
Building and improvements	1,081,075	1,081,075
Equipment	1,990,034	1,840,394
Office furniture and equipment	31,381	26,993
Construction in progress	-	-
Total Capital Assets	19,233,486	18,848,172
Less: Accumulated depreciation	(8,793,358)	(8,353,306)
Net Capital Assets	\$ 10,440,128	\$ 10,494,866

Capital assets – net of depreciation decreased during 2022 due to capital outlay of \$407,446 (assets acquired) and depreciation of \$462,184. See Note 4 for further discussion.

Long-Term Debt

December 31.	2022	2021
State of Colorado - CWCB	\$ -	\$ -
Total	\$ -	\$ -

Long-term debt was paid in full on March 10, 2021.

Economic Factors

The District's revenues are not generally dependent on economic factors. Approximately twenty-one percent of the District's revenues are from the collection of a per acre water tax levied upon all real property within the District. Other revenues are comprised of consideration for water right agreements with municipalities, permit fees and earnings on investments. Such revenues are anticipated to increase over time as the Denver Metro area continues to develop and require additional water supplies.

Financial Contact

This financial report is designed to provide a general overview of the District's finances for those who have an interest in the District. If you have any questions about the report or need additional financial information, please contact David E. Bell, Manager at 29490 County Road 14, Keenesburg Colorado 80643. Phone (303) 536-4702.

BASIC FINANCIAL STATEMENTS

THE HENRYLYN IRRIGATION DISTRICT

Statement of Net Position

December 31, 2022

	<u>2022</u>
ASSETS	
Current Assets:	
Cash on hand and in checking	\$ 385,399
Cash with county treasurer	100
Money market account	8,142,057
Certificates of deposit	2,005,020
Accounts receivable	5,000
Accrued interest receivable	7,577
Tax sale certificates receivable	7,015
Prepaid expenditures	65,798
Total Current Assets	<u>10,617,966</u>
Noncurrent Assets:	
Lease receivable	593,605
Restricted assets	-
Total Noncurrent Assets	<u>593,605</u>
Capital Assets:	
Water stocks	71,500
Irrigation system	16,019,422
Rights of way	40,074
Buildings and improvements	1,081,075
Equipment	1,990,034
Office furniture and equipment	31,381
Construction in progress	-
Total Capital Assets	<u>19,233,486</u>
Less: accumulated depreciation	<u>(8,793,358)</u>
Net Capital Assets	<u>10,440,128</u>
Total Assets	<u>21,651,699</u>
DEFERRED OUTFLOWS	
Grant expenditures paid in advance of meeting timing requirements	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	33,112
Separation benefit payable	113,328
Accrued interest payable	-
Compensated absences	-
Current portion of long-term debt	-
Total Current Liabilities	<u>146,440</u>
Total Liabilities	<u>146,440</u>
DEFERRED INFLOWS	
Unavailable revenue - lease receivable	<u>576,199</u>
NET POSITION	
Net Investment in capital assets	10,440,128
Restricted	-
Unrestricted	10,488,932
Total Net Position	<u>\$ 20,929,060</u>

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT*Statement of Activities*

For the Year Ended December 31, 2022

	<u>2022</u>
Expenses:	
Administrative and general	\$ 1,519,450
Depreciation	462,184
Interest on debt	-
Total Expenses	<u>1,981,634</u>
Revenues:	
Operating revenues	650,815
Miscellaneous revenues	2,164,281
Investment income	158,884
Total Revenues	<u>2,973,980</u>
Other Financing Sources (Uses):	
Proceeds from sale of assets	1,360
Grant proceeds	5,176
Total Other Financing Sources (Uses)	<u>6,536</u>
Net Change in Net Position	998,882
Net Position - beginning of year	19,930,178
Net Position - end of year	<u>\$ 20,929,060</u>

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT*Governmental Funds**Balance Sheet*

December 31, 2022

	Total Governmental Funds	
	Operating	2022
ASSETS		
Current Assets:		
Cash on hand and in checking	\$ 385,399	\$ 385,399
Cash with county treasurer	100	100
Money market account	8,142,057	8,142,057
Certificates of deposit	2,005,020	2,005,020
Accounts receivable	5,000	5,000
Accrued interest receivable	7,577	7,577
Tax sale certificates receivable	7,015	7,015
Prepaid expenditures	65,798	65,798
Total Current Assets	10,617,966	10,617,966
Noncurrent Assets:		
Lease receivable	593,605	593,605
Restricted assets	-	-
Total Noncurrent Assets	593,605	593,605
Total Assets	11,211,571	11,211,571
DEFERRED OUTFLOWS		
Grant expenditures paid in advance of meeting timing requirements	-	-
Total Assets and Deferred Outflows	\$ 11,211,571	\$ 11,211,571
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 33,112	\$ 33,112
Separation benefit payable	113,328	113,328
Accrued interest payable	-	-
Compensated absences	-	-
Total Current Liabilities	146,440	146,440
Total Liabilities	146,440	146,440
DEFERRED INFLOWS		
Unavailable revenue - lease receivable	576,199	576,199
Total Liabilities and Deferred Inflows	722,639	722,639
FUND BALANCE		
Nonspendable - prepaid	65,798	65,798
Restricted	-	-
Committed - subsequent year's expenditures	1,375,741	1,375,741
Assigned	-	-
Unassigned	9,047,393	9,047,393
Total Fund Balance	10,488,932	10,488,932
Total Liabilities, Deferred Inflows and Fund Balance	\$ 11,211,571	\$ 11,211,571

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2022

	<u>2022</u>
Total Governmental Fund Balance	\$ 10,488,932
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund:	
Capital assets	19,233,486
Less: accumulated depreciation	<u>(8,793,358)</u>
	<u>10,440,128</u>
Interest payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds	-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	-
Net Position of Governmental Activities	\$ 20,929,060

THE HENRYLYN IRRIGATION DISTRICT*Governmental Funds**Statement of Revenues, Expenditures and Changes in Fund Balance*

December 31, 2022

	Total Governmental Funds	
	Operating	2022
Revenues		
Operating revenues	\$ 650,815	\$ 650,815
Miscellaneous revenues	2,164,281	2,164,281
Earnings on investments	158,884	158,884
Total Revenues	2,973,980	2,973,980
Expenditures:		
Administrative and general	1,519,450	1,519,450
Capital outlay	407,446	407,446
Debt service:		
Principal	-	-
Interest	-	-
Total Expenditures	1,926,896	1,926,896
Excess (Deficiency) of Revenues over Expenditures	1,047,084	1,047,084
Other Financing Sources (Uses):		
Proceeds from sale of assets	1,360	1,360
Grant proceeds	5,176	5,176
Total Other Financing Sources (Uses)	6,536	6,536
Net Change in Fund Balance	1,053,620	1,053,620
Fund balance - beginning of year	9,435,312	9,435,312
Fund Balance - end of year	\$ 10,488,932	\$ 10,488,932

See accompanying notes to basic financial statements

THE HENRYLYN IRRIGATION DISTRICT

Governmental Funds

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

December 31, 2022

	<u>2022</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 1,053,620
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	407,446
Depreciation expense	<u>(462,184)</u>
	<u>(54,738)</u>
The net effect of various miscellaneous transactions involving capital assets is to decrease net position (i.e. sales, disposals and trade-ins)	-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Donated capital assets	-
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	-
Issuance of new debt to purchase capital assets increases long-term liabilities in the Statement of Net Position:	
Long-term debt proceeds	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued interest payable	-
Change in Net Position of Governmental Activities	\$ 998,882

NOTES TO THE BASIC FINANCIAL STATEMENTS

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Henrylyn Irrigation District (District) is a public or quasi-municipal corporation that was created by order of the Board of County Commissioners of Weld County, Colorado, on October 7, 1907. The District was organized pursuant to a petition of the landowners setting forth the boundaries of the District for the purpose of providing for the irrigation and drainage work necessary to maintain the irrigability of the land within the District and to purchase, acquire, lease or rent such ditches, canals and reservoirs and their franchises.

The financial statements of the Henrylyn Irrigation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards followed by governmental entities.

Reporting Entity

The District is a primary government that has a separately elected governing board and is legally separate, as well as financially independent of other state and local governments. The primary government may appoint a simple majority of the organization's governing board or have the ability to impose its will on the organization. A component unit may be a financial benefit or burden to the primary government and is a legally separate organization of which the elected officials of the primary government are financially accountable. The District does not have any component units.

New Accounting Pronouncements

GASB Statement No 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has leases, therefore, for year ended December 31, 2022 implementation had an impact to the District's financial statements.

GASB Statement No 91, *Conduit Debt Obligations*. This statement establishes a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Implementation had no impact on the District's financial statements.

GASB Statement No 92, *Omnibus 2022*. This statement enhances comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Implementation had no impact on the District's financial statements.

GASB Statement No 93, *Replacement of Interbank Offered Rates*. This statement replaces the Interbank Offered Rates, to amend GASB Statement No 53, *Accounting and Financial Reporting for Derivative Instruments*. Implementation had no impact on the District's financial statements.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements

Government-Wide Financial Statements consist of Statement of Net Position and Statement of Activities, these statements report information about the reporting entity as a whole. These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred, regardless of the timing of the related cash flows.

Governmental Fund Financial Statements consist of Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance for all major governmental funds and non-major funds aggregated. These statements are presented on the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recognized when received in cash, except for revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The District reports the following major governmental funds:

General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for day-to-day operations of the District which are financed from property taxes and other general revenues. When both restricted and unrestricted resources are available for use, it is the District’s policy to use the restricted resources first, then the unrestricted resources as they are needed.

The District does not have any **Proprietary Funds or Fiduciary Funds**.

Required supplementary information includes Management’s Discussion and Analysis which includes an analytical overview of the District’s financial activities and a budgetary comparison statement that compares the adopted and modified budget with actual results.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until that time.

Lease-related amounts are recognized at the inception of the lease in which the District is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The District recognizes and measures its leases in accordance with GASB Statement No 87, *Leases*. The District is a lessor in a noncancellable lease for recreational purposes of Horse Creek Reservoir subject to mutual covenants and conditions. The District determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The District recognizes a lease receivable and deferred revenue at the commencement date of the lease. The lease receivable is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate and lease payments are recognized on a straight-line basis over the lease term.

The District has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise. The District recognize lease cost association with short-term leases on a straight-line basis over the lease term.

Beginning January 1, 2022, lease receivable and related deferred revenue of lease receivable have been presented.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution are adopted by the District in accordance with the Colorado State Statutes. The budget for the Operating Fund is prepared on a basis consistent with generally accepted accounting principles, except that loan proceeds are treated as other financing sources and debt service principal payments and capital outlays are treated as expenditures.

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

- On or about September 20, the District staff submits to the District Board a proposed operating budget for the fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments. Prior to November 1, the District certifies the number of acres of land subject to assessment for the budget year and certifies the levy per acre to the Board of County Commissioners.
- Prior to December 31, the budget is legally adopted by the District. Colorado law requires that the Operating Fund have a legally adopted budget and total expenditures cannot exceed the amount appropriated. Appropriations lapse at the end of the fiscal year, but appropriations may be increased prior to the end of the fiscal year provided that the increase is offset by unanticipated resources.

Encumbrances

Encumbrances are commitments under purchase orders, contracts, and other commitments (as opposed to expenditures) and are shown in the governmental fund types as a designated portion of fund balance for subsequent fiscal year's expenditures.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees are granted vacation time in varying amounts depending upon the length of continuous service the employee has given the District. Vacation time cannot be accumulated from one anniversary year to another anniversary year. (Anniversary year commences on the date of employment). There is no policy for sick pay.

Cash and Cash Equivalents

For purposes of the basic financial statements, the District considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired.

Investments

Investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments. See Note 3 for further discussion.

Prepaid Expenses

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental-wide financial statements. The District records its property and equipment at historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. During years ended December 31, 2022, no interest was capitalized. The District's capitalization level is \$4,000 for capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Distribution system	25 to 50
Buildings and improvements	20
Office equipment and furnishings	5 to 10
Operation and maintenance equipment	5 to 10
Vehicles	5 to 10
Computer equipment	3 to 5

As a result of the implementation of Statement No. 34, the District is accounting for infrastructure and capital assets on its financial statements. The government-wide financial statements include those assets that were completed during the fiscal year-end, considered construction in progress or purchased or constructed in prior years.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Restricted Assets

Restricted assets are mandatory segregations of assets required by bond agreements or other external parties. The District had no restricted assets as of December 31, 2022.

Equity - Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Equity - Fund Balance

In the governmental funds, fund balances should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, or unassigned. The following classifications describe the relative strength of spending constraints:

- (1) ***Nonspendable Fund Balance*** – the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- (2) ***Restricted Fund Balance*** – the portion of fund balance that is constrained to be used for a specific purpose by external parties (creditors, grantors, or contributors), enabling legislation or constitutional provisions.
- (3) ***Committed Fund Balance*** – the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making, District Board. The constraint may be removed or changed only through formal action of District's Board through approval of resolutions.
- (4) ***Assigned Fund Balance*** – the portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the District Board to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- (5) ***Unassigned Fund Balance*** – the residual portion of fund balance that does not meet any of the criteria described above. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Article X, Section 20, of the Colorado Constitution contains several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes that it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In September, 1998, according to the District's lawyer, the District has been held to be exempt from the provisions of Colorado Amendment #1 (TABOR) - Colorado Constitution Article X, Section 20, by the Colorado Supreme Court in Case No. 97 SA 303, Campbell vs. Orchard Mesa Irrigation District: Taxpayer Bill of Rights (Amendment One). The opinion states that in answer to a certified question an irrigation district formed pursuant to Colorado Statute is a public corporation that exercises limited public powers, that is to provide ways and means of supplying water to lands for the benefit of landowners within the district. But "that we hold that an irrigation district is not a 'district' for purposes of Article X, Section 20 of the Colorado Constitution because it is not a local government entity thereunder".

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash deposits and investments are reported in the financial statements as follows:

	<u>2022</u>
Cash on hand and in checking	\$ 385,399
Cash with county treasurer	100
Investments:	
Money market account	8,142,057
Certificates of deposit	2,005,020
Total	\$ 10,532,576

Cash deposits and investments consist of the following:

	<u>2022</u>
Cash on hand and deposit	\$ 100
Bank accounts	385,399
Investments	10,147,077
Total	\$ 10,532,576

Cash Deposits

As of December 31, 2022, the carrying amount of the District's deposits were \$10,564,823.

Custodial Credit Risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. District bank accounts at year-end were entirely covered by federal depository insurance or by eligible collateral maintained by another financial institution or held by the District's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (CPDPA). The CPDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate uninsured deposits.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Cash Deposits (continued)

The State Regulatory Commissions for banks are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which a political subdivision may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2022, the District had the following investments:

	S&P	Investment Maturities in Years				Total
	Rating	Less than 1	1 to 5	6 to 10	More than 10	
Money market account		\$ 8,142,057	\$ -	\$ -	\$ -	\$ 8,142,057
Certificates of deposit		1,005,020	1,000,000	-	-	2,005,020
Total		\$ 9,147,077	\$ 1,000,000	\$ -	\$ -	\$ 10,147,077

The District's policy is to hold investments until maturity and to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands.

Interest Rate Risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The District investment portfolio does not contain investments that exceed the five-year limitation imposed by Colorado Statutes.

Credit Risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligations to the District. The District's investment policy follows Colorado Revised Statutes.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a District's investment in a single issuer. The District has no such policy limiting how much can be with one financial institution.

Custodial Credit Risk is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investment or related collateral securities that are in the possession of an outside party. The District had custodial credit risk for its investments at December 31, 2022.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The District has no policy for foreign currency risk since all are in the form of certificates of deposit.

Fair Value of Investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value, as follows:

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

Summary

Total cash deposits and investments at December 31, 2022 are as follows:

	<u>2022</u>
Cash deposits	\$ 385,499
Investments	10,147,077
Total Cash Deposits and Investments	10,532,576
Less: restricted	-
Total Cash Deposits and Investments - unrestricted	\$ 10,532,576

Investment Income

Investment income is reported in the financial statements as follows:

	<u>2022</u>
Interest income	\$ 158,884
Dividend income	-
Net increase (decrease) in the fair value of investments	-
Total Investment Income	\$ 158,884

The net increase (decrease) in the fair value of investments represents the difference in fair value from one year to the next. This figure will vary year to year depending on the fair market value of the investments at year end and is not a budgetary item.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets as of December 31, 2022:

Governmental Activities	Beginning			Ending
Non-Depreciable Assets:	Balance	Additions	Retirements	Balance
Water stocks	\$ 71,500	\$ -	\$ -	\$ 71,500
Depreciable Assets:				
Irrigation system	15,788,136	231,286	-	16,019,422
Rights of way	40,074	-	-	40,074
Buildings and improvements	1,081,075	-	-	1,081,075
Equipment	1,840,394	168,490	(18,850)	1,990,034
Furniture and fixtures	26,993	7,670	(3,282)	31,381
Construction in progress	-	-	-	-
Totals at Historical Cost	18,848,172	407,446	(22,132)	19,233,486
Less: Accumulated Depreciation for:				
Irrigation system	(6,838,298)	(260,120)	-	(7,098,418)
Rights of way	(40,074)	-	-	(40,074)
Buildings and improvements	(167,905)	(27,160)	-	(195,065)
Equipment	(1,282,048)	(172,233)	18,850	(1,435,431)
Furniture and fixtures	(24,981)	(2,671)	3,282	(24,370)
Total Accumulated Depreciation	(8,353,306)	(462,184)	22,132	(8,793,358)
Capital Assets - Net	\$10,494,866	\$ (54,738)	\$ -	\$ 10,440,128

Depreciation expense was charged to governmental functions as follows:

Administration and general	\$ 462,184
Total Depreciation Expense	\$ 462,184

NOTE 5 - ASSESSMENTS

Water assessments are assessed on a per acre basis. The per acre amount is determined in the prior year for budgeting purposes, and the assessments are made and collected in the year in which water is to be delivered. Although the amount is measurable in the prior year, the revenue is not available until the current year, when water is delivered. The 2022 fiscal year assessments calendar is as follows:

Lien Date	January 1, 2022
Assessment Date	November 1, 2021
Assessment bills mailed	January 1, 2022
First installment due	February 28, 2022
Second installment due	June 15, 2022
If paid in full, due	April 30, 2022
Tax sale - delinquent assessments	November 15, 2022

As of December 31, 2022, there was delinquent assessments or uncollected assessments of \$7,015.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 6 - LIABILITY INSURANCE FOR CANALS OR RESERVOIRS

The District has been held to be a public entity, subject to protection from the Governmental Immunity Act. Therefore, any tort actions for damages resulting from the operation of the District, its canals or reservoirs, would be subject to a maximum judgment amount of \$150,000 for any one person and \$400,000 for any single occurrence.

On November 5, 1985, the District adopted a resolution which shall indemnify any employee, landowner, officer or member of the Board of Directors of the Henrylyn Irrigation District in the event such employee, landowner, officer or member of the Board of Directors is determined to be liable for any damage arising from leakage or overflow of waters from any reservoir or canal of the District, or any damage arising from floods caused by breaking of the embankments of any reservoir or canal of the District, unless it is also determined that the act or omission of such employee, landowner, officer or member of the Board of Directors of the District was dishonest, fraudulent, malicious or criminal. This resolution was passed by a special election held on December 3, 1985.

NOTE 7 – SHORT-TERM DEBT

The District had no short-term debt obligations and had no borrowing during the years ending December 31, 2022.

	12/31/2021	Additions	Reductions	12/31/2022
Short-Term Debt	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

Other Debt and Line of Credit

The District has no other debt or unused lines of credit.

NOTE 8 – LONG-TERM DEBT

The District had no long-term debt obligations and had no borrowing during the years ending December 31, 2022.

Notes from Direct Borrowings	12/31/2021	Additions	Reductions	12/31/2022	Due Within One Year
Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -

Other Debt and Line of Credit

The District has no other debt or unused lines of credit.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 9 - LEASE

District as Lessor

The District entered into a lease agreement on October 1, 2016 with the Farmers Gun Club for the exclusive use for hunting and recreational rights with a term expiring in 2026. The lease does not have a provision for additional renewal terms.

The following is a schedule of future minimum lease income to be received under the lease that has an initial or remaining non-cancelable lease term in excess of one year as of December 31, 2022.

<u>Year Ending December 31</u>	<u>Amount</u>
2023	\$ 197,948
2024	\$ 203,887
2025	\$ 210,003
2026	\$ -
2027	\$ -
Thereafter	\$ -

NOTE 10 - CITY OF THORNTON - EXCHANGE AGREEMENT

On July 18, 1985, an agreement was made between the District and the City of Thornton which granted the City of Thornton the first right to use up to 100 cubic feet a second of the excess capacity in the Main Burlington Ditch. Upon execution of the agreement, the District received \$125,000.

In addition, each and every year within 20 days of receipt thereof from the District, the City of Thornton is to pay the District a sum equal to 15% of the amount charged by Farmers Reservoir and Irrigation Company to the District as the District's share of the operation and maintenance expenses for the Burlington Ditch and O'Brian Canal, from the headgate on the South Platte River to Barr Lake. The sum is not to exceed \$5,000 per year.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and subcontractors; and natural disasters. As indicated in Note 8, the District is held to be a public entity and subject to protection from the Governmental Immunity Act and subject to maximum judgments. The District purchases commercial insurance for most risks of loss. As of December 31, 2022, the District did not have any liabilities in excess of insurance limits. Claims have not exceeded insurance coverage in the prior three years.

NOTE 12 - CONTINGENCIES

In the opinion of the District's management and counsel, there is no material pending or threatened litigation, claims, and assessments. Furthermore, the District's management and counsel are unaware of any unasserted possible claims or assessments that are probable of assertion and must be disclosed as of December 31, 2022.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 13 - OFFER TO PURCHASE 5,000 ACRE-FOOT WATER SUPPLY (5K WATER)

On July 18, 2000, the District, the Farmers Reservoir & Irrigation Company (“FRICO”), and the Burlington Ditch, Reservoir & Land Company (Burlington) collectively (the “Companies”) received an offer from the South Adams Water and Sanitation District (“SACWSD”) to purchase a permanent municipal water supply. SACWSD offered to purchase 5,000 acre-feet of fully consumable water at \$12,000 per acre-foot from the Companies, which fully consumable water the Companies are legally entitled to receive from the Denver Water Board (“Denver”) pursuant to a previous water rights litigation Settlement Agreement in case no. 1996 CW 145 – Water Division I.

The directors from all three entities (Henrylyn, FRICO and Burlington) negotiated and executed a Stock Purchase Agreement (“5K Agreement”) with SACWSD, dated December 5, 2001, which agreement was presented to the entities (Henrylyn, FRICO and Burlington) for final approval.

On December 4, 2001, the District held an election with a Special Question requesting District landowner approval of the 5K Agreement, this Special Question passed by a majority vote. During 2001, FRICO and Burlington shareholders also approved the 5K Agreement.

Pursuant to previous agreements with FRICO and Burlington, the District is entitled to receive one-third of all net revenues realized from the 5K Agreement. Payment is structured over time as stated in the 5K Agreement, which is available at the District’s office in Keenesburg, Colorado.

An initial purchase of 500-acre feet of fully consumable water “as is/where is” pursuant to the 5K Agreement closed on April 12, 2002, with the District receiving one third of \$3.5 million dollar, or \$1,166,667.

This initial purchase of 500-acre feet of fully consumable water by SACWSD from the Companies under the 5K Agreement was reviewed by the Water Court, State Engineer and Division Engineer for final approval in case no. 2002 CW 105A – Water Division I.

The Companies negotiated an Amended Stock Purchase Agreement (“Amended 5K Agreement”) with SACWSD dated September 8, 2006 which Amended 5K Agreement provided for the direct delivery of the 5,000-acre feet of fully consumable water from Denver to SACWSD, obviating the necessity of the Companies pursuing a water court application to approve any exchange of the 5K fully consumable water. The Water Court for Water Division I entered its Decree in case no. 2002 CW 105A – Water Division I on December 19, 2006 approving the exchange of FRICO’s Barr Lake storage water right with the District’s Horse Creek and Prospect Reservoirs storage water rights.

The District received \$0 of 5K Agreement money in 2022.

NOTE 14 – MUTUAL WATER CARRIAGE AND STORAGE AGREEMENT

On October 16, 2002, the District, the Farmers Reservoir & Irrigation Company (“FRICO”), and the Burlington Ditch, Reservoir & Land Company (“Burlington”) entered into a Mutual Water Carriage and Storage Agreement with Silver Peaks Metropolitan District No. 1 (“Silver Peaks”).

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 14 – MUTUAL WATER CARRIAGE AND STORAGE AGREEMENT - CONTINUED

This agreement was originally a requirement of the 5K Water Agreement (See Note 13) that required the companies to acquire, construct and maintain water diversion and storage facilities necessary to exchange up to 5,000-acre feet of the Companies' decreed water rights for a like amount of fully consumable water to be delivered to the Companies from Denver. The Amended 5K Agreement executed on September 8, 2006 provided for the direct delivery of the 5,000-acre feet of fully consumable water from Denver to SACWSD, obviating the necessity of the Companies pursuing a water court application to approve any exchange of the 5K fully consumable water.

These Agreements, together with companion operating and maintenance agreements, condominium declarations, and corresponding option rights, provide the Companies with 2,000 acre feet of storage in the Brannon Reservoir, a lined gravel pit at 124th Avenue and Brighton Road, and an undivided one-half interest in a diversion structure from the South Platte River, a pump plant from the river through the Brannon Reservoir and a 36" pipeline from the Brannon Reservoir to the Burlington-O'Brian Canal. Notwithstanding that these facilities are no longer required to facilitate an exchange of the 5K fully consumable water, the Companies have agreed to own and utilize these facilities for their joint purposes in the future.

NOTE 15 – POST-EMPLOYMENT BENEFITS

On August 5, 2003, the District adopted a Separation Benefit available to all qualifying full-time employees of the District who were employed as of June 1, 2003 or are hereafter employed by the District. This benefit shall be applicable to all qualifying full-time employees of the District, not including independent contractors or retained professionals, irrespective of the reason for such qualified employee's respective separation of employment from the District.

To qualify for this Separation Benefit, the full-time employee shall have been continuously employed by the District for not less than five (5) years. Upon separation of employment after not less than five (5) years of service, a qualified employee shall be entitled to an additional compensation benefit calculated as equal to one week's salary, as of date of separation, for each full completed year of service.

If the Separation Benefit payable exceeds the amount a qualified employee, then existing weekly wage would have been at date of separation for a period of thirteen (13) weeks, then the benefit payable shall be made in regular quarterly installments, commencing within one (1) quarter after separation and continuing quarterly thereafter until paid in full.

Regular deduction for payroll taxes, social security, Medicare and other mandated withholdings shall apply to the payment of any Separation Benefit payable.

As of December 31, 2022, the Separation Benefit payable was \$113,328.

NOTE 16 – ECONOMICS DEPENDENCY

The past water years were universally recognized in Colorado as some of the driest years on record in the last 300 years.

THE HENRYLYN IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2022

NOTE 18 – SUBSEQUENT EVENTS

The District has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through May 1, 2023, the date on which the financial statements were issued, and did not identify any events or transactions that would have a material impact on the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

THE HENRYLYN IRRIGATION DISTRICT

Schedule of Revenues

Budget to Actual - Operating Fund

Year Ended December 31, 2022

With Comparative Actual Amounts For the Year Ended December 31, 2021

Non-GAAP Budgetary Basis	2022				2021 Actual
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	
Revenues:					
Operating Revenues:					
Assessments:					
Assessments - current	\$ 651,095	\$ 651,095	\$ 646,927	\$ (4,168)	\$ 583,337
Prior year assessments	-	-	3,888	3,888	567
Total Assessments	651,095	651,095	650,815	(280)	583,904
Other Operating Revenues:	5,000	5,000	-	(5,000)	-
Total Operating Revenues	656,095	656,095	650,815	(5,280)	583,904
Miscellaneous Revenues:					
Augmentation water	1,000	1,000	1,000	-	7,778
5K Water Agreement	-	-	-	-	2,852,062
Sale of water	1,000,000	1,000,000	1,713,553	713,553	2,210,243
Maintenance reimbursements	1,716	1,716	1,716	-	1,716
Lease - Oil & gas	10,000	10,000	-	(10,000)	-
Lease - Farmers Gun Club	192,183	192,183	192,066	(117)	186,585
Permits	25,000	25,000	167,950	142,950	480,500
Proceeds from sale of assets	10,000	10,000	1,360	(8,640)	119,090
Oil royalties	15,000	15,000	20,315	5,315	31,615
Other income	15,000	15,000	67,681	52,681	148,909
Grant proceeds	-	-	5,176	5,176	-
Total Miscellaneous Revenues	1,269,899	1,269,899	2,170,817	900,918	6,038,498
Investment Income:					
Interest income	3,500	3,500	158,884	155,384	14,783
Dividend income	-	-	-	-	103
Net increase (decrease) in the fair value of investments	-	-	-	-	-
Total Investment Income	3,500	3,500	158,884	155,384	14,886
Total Revenues	\$ 1,929,494	\$ 1,929,494	\$ 2,980,516	\$ 1,051,022	\$ 6,637,288

THE HENRYLYN IRRIGATION DISTRICT

Schedule of Expenditures

Budget to Actual - Operating Fund

Year Ended December 31, 2022

With Comparative Actual Amounts For the Year Ended December 31, 2021

	2022				
Non-GAAP Budgetary Basis	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	2021 Actual
Expenditures:					
Administrative and General:					
Canal and Reservoir expenses:					
O'Brian Canal	\$ 200,000	\$ 200,000	\$ 321,627	\$ (121,627)	\$ 161,082
Denver Hudson Canal	70,000	70,000	28,144	41,856	34,343
Other Laterals:					
Repairs and maintenance	50,000	50,000	41,320	8,680	61,152
Horsecreek Reservoir:					
Electricity	2,800	2,800	2,453	347	2,491
Repairs and maintenance - house	-	-	-	-	-
Repairs and maintenance - dike	10,000	10,000	-	10,000	119
Prospect Reservoir:					
Electricity	2,200	2,200	1,117	1,083	1,443
Repairs and maintenance - dike	2,500	2,500	-	2,500	4,677
Lord Reservoir	5,000	5,000	-	5,000	-
Office salaries	700,000	700,000	530,637	169,363	546,984
Office expenses	25,000	25,000	24,105	895	27,489
Other labor	2,000	2,000	-	2,000	-
Materials and supplies	15,000	15,000	8,781	6,219	6,740
Director salaries	7,200	7,200	3,500	3,700	3,800
Payroll taxes	50,000	50,000	44,075	5,925	42,233
Employee group insurance	120,000	120,000	106,207	13,793	107,118
Employee benefit programs	15,000	15,000	8,000	7,000	8,000
Equipment costs:					
Repairs and maintenance	30,000	30,000	31,625	(1,625)	48,166
Gas and oil	50,000	50,000	61,704	(11,704)	48,492
Vehicle licenses	6,000	6,000	6,047	(47)	4,704
Payroll and bank fees	2,500	2,500	513	1,987	1,336
Water assessments	23,000	23,000	5,339	17,661	5,339
Water leases	15,000	15,000	-	15,000	-
Engineering	160,000	160,000	118,231	41,769	158,874
Audit	12,000	12,000	12,125	(125)	11,550
Legal	200,000	200,000	22,990	177,010	26,187
Professional services	25,000	25,000	19,117	5,883	35,271
Insurance and bonds	65,000	65,000	66,156	(1,156)	65,793
County Treasurer's fee	100	100	100	-	100
Pumping expense	20,000	20,000	14,228	5,772	16,450
Weed control	30,000	30,000	29,195	805	34,661
Other expenses	20,000	20,000	12,114	7,886	11,479
Crop damages	5,000	5,000	-	5,000	-
Total Administrative and General	1,940,300	1,940,300	1,519,450	420,850	1,476,073
Capital Outlay	1,500,000	1,500,000	407,446	1,092,554	704,624
Debt Service:					
Principal payments on debt	-	-	-	-	1,531,118
Interest paid	-	-	-	-	8,674
Total Debt Service	-	-	-	-	1,539,792
Total Expenditures	\$ 3,440,300	\$ 3,440,300	\$ 1,926,896	\$ 1,513,404	\$ 3,720,489

THE HENRYLYN IRRIGATION DISTRICT

Reconciliation of Budgetary Basis to GAAP Basis

Budget to Actual - Operating Fund

Year Ended December 31, 2022

With Comparative Actual Amounts For the Year Ended December 31, 2021

	2022				2021 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Non-GAAP Budgetary Basis					
Revenues:					
Operating revenues	\$ 656,095	\$ 656,095	\$ 650,815	\$ (5,280)	\$ 583,904
Miscellaneous revenues	1,269,899	1,269,899	2,170,817	900,918	6,038,498
Investment income	3,500	3,500	158,884	155,384	14,886
Total Revenues	1,929,494	1,929,494	2,980,516	1,051,022	6,637,288
Expenditures:					
Administrative and general	1,940,300	1,940,300	1,519,450	420,850	1,476,073
Capital outlay	1,500,000	1,500,000	407,446	1,092,554	704,624
Debt service	-	-	-	-	1,539,792
Total Expenditures	3,440,300	3,440,300	1,926,896	1,513,404	3,720,489
Excess (Deficiency) of Revenues over Expenditures	\$ (1,510,806)	\$ (1,510,806)	1,053,620	\$ 2,564,426	2,916,799
Reconciliation of Budgetary Basis to GAAP Basis:					
Capital asset purchases capitalized			407,446		704,624
Capital assets sold			-		(10,693)
Depreciation expense			(462,184)		(438,468)
Long-term debt payments			-		1,531,118
Long-term debt proceeds			-		-
Net Change in Net Position			\$ 998,882		\$ 4,703,380