

**BOSTWICK PARK WATER
CONSERVANCY DISTRICT**

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

December 31, 2022 and 2021

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Financial Statements	
Statement of Net Position.....	8
Statement of Revenues, Expenses and Changes in Fund Net Position.....	9
Statement of Cash Flows.....	10
Notes to Financial Statements	
1. Summary of significant accounting policies.....	11
2. Deposits with financial institutions and investments.....	13
3. Reserve fund for operations and maintenance.....	14
4. Capital assets.....	15
5. Short-term debt.....	16
6. Long-term debt.....	16
7. Related party transactions.....	17
8. Tax, spending and debt limitations.....	18
9. Risk management.....	18
10. Commitments.....	19
11. Subsequent events.....	19
Supplementary Information - Revenues and Expenditures - Budget and Actual.....	20

INDEPENDENT AUDITOR'S REPORT

DONALD R. MORELAND & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Bostwick Park Water Conservancy District, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bostwick Park Water Conservancy District as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
Bostwick Park Water Conservancy District
Page Two

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing and audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bostwick Park Water Conservancy District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bostwick Park Water Conservancy District's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Bostwick Park Water Conservancy District
Page Three

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Donald R. Moreland & Associates, P.C.

Montrose, Colorado
July 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Bostwick Park Water Conservancy District, we offer readers of the Bostwick Park Water Conservancy District's financial statements this narrative overview and analysis of the financial activities of the Bostwick Park Water Conservancy District for the fiscal years ended December 31, 2022 and 2021.

Financial Highlights

- The assets of the Bostwick Park Water Conservancy District (also referred to as the District) exceeded its liabilities and deferred inflows of resources at December 31, 2022 and 2021 by \$3,122,146 and \$3,119,322, respectively (net position). Of this amount, \$(640,939) and \$(527,641), respectively (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased (decreased) by \$2,824 and \$(123,293) for the years ended December 31, 2022 and 2021, respectively.
- District revenues and expenses remained relatively consistent with prior years, with the exception of increased property and specific ownership taxes, decreased intergovernmental revenue, increased personnel costs, increased depreciation, decreased grant expenses and increased interest expenses.

Overview of the Financial Statements

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

The *statement of net position* presents information on all of the Bostwick Park Water Conservancy District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bostwick Park Water Conservancy District is improving or deteriorating.

The *statement of revenues, expenses and changes in fund net position* presents information showing how the District's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

The basic financial statements can be found on pages 8 through 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 19 of the report.

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the Bostwick Park Water Conservancy District, assets exceeded liabilities and deferred inflows of resources by \$3,122,146 and \$3,119,322, respectively, at December 31, 2022 and 2021.

All of the District's net position at December 31, 2022 reflects its investment in capital assets (e.g., land, buildings, equipment, project works, canals, reservoirs and water rights), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to agricultural water users and citizens; consequently, these assets are not available for future spending.

Bostwick Park Water Conservancy District Net Position

	<u>2022</u>	<u>2021</u>
Current assets	\$1,114,872	934,085
Restricted assets	10,000	10,000
Capital assets	<u>4,061,798</u>	<u>3,894,279</u>
Total assets	<u>5,186,670</u>	<u>4,838,364</u>
Current liabilities	1,539,286	1,237,771
Long-term debt	<u>229,944</u>	<u>203,336</u>
Total liabilities	<u>1,769,230</u>	<u>1,441,107</u>
Deferred inflows of resources	<u>295,294</u>	<u>277,935</u>
Total deferred inflows of resources	<u>295,294</u>	<u>277,935</u>
Net position:		
Net investment in capital assets	3,753,085	3,636,963
Restricted	10,000	10,000
Unrestricted (deficit)	<u>(640,939)</u>	<u>(527,641)</u>
Total net position	<u>\$3,122,146</u>	<u>3,119,322</u>

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

Under the GASB 34 reporting model the audit shows the District's net position increased (decreased) by \$2,824 and \$(123,293), respectively, during the fiscal years ended December 31, 2022 and 2021.

Bostwick Park Water Conservancy District Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Operating revenue	\$ 164,957	162,254
Non-operating revenue	767,785	779,957
Total revenues	<u>932,742</u>	<u>942,211</u>
Expenses:		
Operating expenses:		
Administrative and general	562,158	726,150
Office building	15,003	17,123
Depreciation	347,273	317,494
Non-operating expenses	5,484	4,737
Total expenses	<u>929,918</u>	<u>1,065,504</u>
Change in net position	2,824	(123,293)
Net position - beginning of year	<u>3,119,322</u>	<u>3,242,615</u>
Net position - end of year	<u>\$3,122,146</u>	<u>3,119,322</u>

Total expenses have remained relatively consistent from 2021 to 2022, with the exception of decreased administrative and general expenses and increased depreciation. Operating revenue incurred an increase mainly due to increased water assessment. Non-operating revenue incurred a decrease mainly due to decreased intergovernmental revenue.

Budgetary highlights

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

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

Capital Asset and Debt Administration

Capital assets. The Bostwick Park Water Conservancy District's investment in capital assets as of December 31, 2022 and 2021 amounted to \$4,061,798 and \$3,894,279, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, project works, canals, reservoirs and water rights.

The major capital asset events during the years ended December 31, 2022 and 2021 was the following:

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

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

	2022	2021
Water rights	\$ 19,494	19,494
Easement	100,000	100,000
Project works	202,113	228,430
Canals and reservoirs	2,990,295	2,825,180
Buildings	240,179	256,793
Equipment	509,717	464,382
Total capital assets	\$4,061,748	3,894,279

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

Economic Factors and Next Year's Budgets and Rates

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

Request for information

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

FINANCIAL STATEMENTS

BOSTWICK PARK WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 138,197	22,875
Due from other governments	63,999	62,704
Receivables, property taxes	295,294	277,935
Receivables, water	19,097	18,484
Receivable, related party	559,516	513,195
Inventory	27,640	27,640
Prepaid expenses	11,129	11,252
TOTAL CURRENT ASSETS	<u>1,114,872</u>	<u>934,085</u>
RESTRICTED ASSETS		
Cash and cash equivalents	10,000	10,000
PROPERTY AND EQUIPMENT		
Water rights	19,494	19,494
Easement	100,000	100,000
Project works	1,306,142	1,306,142
Canals and reservoirs	3,756,071	3,429,796
Buildings	491,918	491,918
Equipment	1,313,196	1,124,679
	6,986,821	6,472,029
Accumulated depreciation	(2,925,023)	(2,577,750)
PROPERTY AND EQUIPMENT - NET	<u>4,061,798</u>	<u>3,894,279</u>
TOTAL ASSETS	<u>5,186,670</u>	<u>4,838,364</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	68,022	34,573
Due to other governments	291,071	158,705
Revolving line of credit	993,493	895,495
Accrued interest payable	13,689	6,216
Payroll taxes withheld and accrued	11,098	5,658
Note payable, related party	83,144	83,144
Long term debt due in one year	78,769	53,980
TOTAL CURRENT LIABILITIES	<u>1,539,286</u>	<u>1,237,771</u>
LONG-TERM DEBT - NET	229,944	203,336
TOTAL LIABILITIES	<u>1,769,230</u>	<u>1,441,107</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred revenue, property taxes	295,294	277,935
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>295,294</u>	<u>277,935</u>
<u>NET POSITION</u>		
Net investment in capital assets	3,753,085	3,636,963
Restricted - operations and maintenance	10,000	10,000
Unrestricted (deficit)	(640,939)	(527,641)
TOTAL NET POSITION \$	<u>3,122,146</u>	<u>3,119,322</u>

See Notes to Financial Statements.

BOSTWICK PARK WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>OPERATING REVENUES</u>		
Water assessments	\$ 57,496	53,074
Property rent	16,280	16,280
Reimbursement	63,970	66,957
Miscellaneous	27,211	25,943
TOTAL OPERATING REVENUES	<u>164,957</u>	<u>162,254</u>
<u>OPERATING EXPENSES</u>		
Salaries	189,376	158,387
Payroll taxes	14,919	12,696
Employee benefits	7,529	7,552
Director reimbursement	83,204	83,650
Canal maintenance	12,748	27,559
Equipment fuel and repairs	73,715	38,978
Repairs and maintenance	9,581	3,113
Supplies	8,004	6,020
Waste disposal	1,022	1,576
Licenses and fees	1,236	1,774
Postage	58	403
Office	5,665	7,650
Rent	3,395	825
Utilities	3,940	3,599
Communications	27,632	27,688
Professional fees	18,875	6,325
Insurance and bonds	22,563	24,978
Travel and training	2,004	349
Silverjack dam expenses	1,867	1,650
Miscellaneous	6,360	4,417
Depreciation	339,286	309,507
Interest	68,371	34,971
Grants	94	271,990
Office building:		
Utilities	7,628	7,796
Janitorial	4,800	4,800
Repairs and maintenance	856	3,047
Supplies	999	760
Insurance	720	720
Depreciation	7,987	7,987
TOTAL OPERATING EXPENSES	<u>924,434</u>	<u>1,060,767</u>
OPERATING INCOME (LOSS)	<u>(759,477)</u>	<u>(898,513)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Property and specific ownership tax	318,961	277,419
Intergovernmental revenue	448,822	502,536
Interest income	2	2
Treasurer's fees	(5,484)	(4,737)
NET NON-OPERATING REVENUES (EXPENSES)	<u>762,301</u>	<u>775,220</u>
CHANGE IN NET POSITION	2,824	(123,293)
NET POSITION		
BEGINNING OF YEAR	<u>3,119,322</u>	<u>3,242,615</u>
END OF YEAR	<u>\$ 3,122,146</u>	<u>3,119,322</u>

See Notes to Financial Statements.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS
For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from users	\$ 118,023	68,977
Payments to suppliers	(324,291)	(572,378)
Payments to employees	(206,384)	(178,872)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(412,652)</u>	<u>(682,273)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Property and specific ownership tax - net	313,148	272,173
Intergovernmental	580,223	513,971
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>893,371</u>	<u>786,144</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Purchase and construction of property and equipment	(514,794)	(462,703)
Payment of long-term debt	(70,671)	(45,478)
Proceeds from long-term debt	122,068	61,380
Net increase (decrease) in line of credit	97,998	347,352
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(365,399)</u>	<u>(99,449)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest received on demand accounts	2	2
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>2</u>	<u>2</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	115,322	4,424
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>32,875</u>	<u>28,451</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 148,197</u>	<u>32,875</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (759,477)	(898,513)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	347,273	317,494
Changes in assets and liabilities:		
Decrease (increase) in water receivable	(613)	(2,413)
Decrease (increase) in receivable, related party	(46,321)	(90,864)
Decrease (increase) in prepaid expenses	123	(2,640)
Increase (decrease) in accounts payable	33,450	(8,168)
Increase (decrease) in accrued interest payable	7,473	3,068
Increase (decrease) in payroll taxes withheld and accrued	5,440	(237)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (412,652)</u>	<u>(682,273)</u>
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Fixed asset additions in accounts payable at end of year	\$ 50,913	

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2022 and 2021

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS

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

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

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

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

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

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

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

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

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

Long-term debt. The District has recorded the full original amount of the \$103,080 contract payable to the United States, described in Note 6, without recognition of imputed interest.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2022 and 2021

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budget.

- a. The District's treasurer submits a proposed operating budget to the Board and a public hearing is held prior to December for the following calendar year. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to January 1, the budget is enacted by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that grants are budgeted as revenues, principal payments, and capital outlays are budgeted as expenditures, and no provision is made for depreciation. Budgeted expenditures are appropriated in total for the District and the level of control is in total.
- c. The Board of Directors may authorize supplemental appropriations during the year. During 2022 and 2021, no supplemental appropriations were adopted.
- d. Appropriations lapse at the end of the year.

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

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

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022 and 2021 none of the District's bank balances of \$289,915 and \$77,786, respectively, were exposed to custodial credit risk as \$271,430 and \$77,786, respectively, were insured and \$18,485, as of December 31, 2022 was collateralized by securities pledged by the financial institutions.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2022 and 2021

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

At December 31, 2022 and 2021 the carrying amount of the District's deposits were presented on the balance sheet as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 138,197	22,875
Restricted Assets -		
Cash and cash equivalents	<u>10,000</u>	<u>10,000</u>
	<u>\$ 148,197</u>	<u>32,875</u>

Investments

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

The District had no investments during the years ended December 31, 2022 and 2021.

3 - RESERVE FUND FOR OPERATIONS AND MAINTENANCE

Pursuant to the contract between the United States of America and Bostwick Park Water Conservancy District for Advancement and Subsequent Repayment of Funds Expended for Emergency Work dated September 27, 1984, the District is required to accumulate a reserve fund of \$10,000 for extraordinary operation and maintenance as defined in the agreement. Expenditures from the fund must have the prior review and approval of the Bureau of Reclamation. The District was in compliance with the contract at December 31, 2022 and 2021.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2022 and 2021

4 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2022 and 2021, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
2022				
Capital assets not being depreciated:				
Water rights	\$ 19,494			19,494
Easement	100,000			100,000
Total capital assets not being depreciated	\$ 119,494			119,494
Capital assets being depreciated:				
Project works	1,306,142			1,306,142
Canals and reservoirs	3,429,796	326,275		3,756,071
Buildings	491,918			491,918
Equipment	1,124,679	188,517		1,313,196
Total capital assets being depreciated	6,352,535	514,792		6,867,327
Less accumulated depreciation for:				
Project works	1,077,712	26,317		1,104,029
Canals and reservoirs	604,616	161,160		765,776
Buildings	235,125	16,614		251,739
Equipment	660,297	143,182		803,479
Total accumulated depreciation	2,577,750	347,273		2,925,023
Total capital assets, net	\$3,894,279	121,978		4,061,798
2021				
Capital assets not being depreciated:				
Water rights	\$ 19,494			19,494
Easement	100,000			100,000
Total capital assets not being depreciated	\$ 119,494			119,494
Capital assets being depreciated:				
Project works	1,306,142			1,306,142
Canals and reservoirs	3,054,145	375,651		3,429,796
Buildings	490,249	1,669		491,918
Equipment	1,043,049	85,383	3,753	1,124,679
Total capital assets being depreciated	5,893,585	462,703	3,753	6,352,535
Less accumulated depreciation for:				
Project works	1,050,885	26,827		1,077,712
Canals and reservoirs	460,702	143,914		604,616
Buildings	218,538	16,587		235,125
Equipment	533,884	130,166	3,753	660,297
Total accumulated depreciation	2,264,009	317,494	3,753	2,577,750
Total capital assets, net	\$3,749,070	145,209		3,894,279

BOSTWICK PARK WATER CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2022 and 2021

5 - SHORT-TERM DEBT

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

Short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

	<u>BALANCE BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE END OF YEAR</u>
2022				
Revolving line of credit	<u>\$895,495</u>	<u>139,737</u>	<u>41,739</u>	<u>993,493</u>
2021				
Revolving line of credit	<u>\$548,143</u>	<u>568,518</u>	<u>221,166</u>	<u>895,495</u>

As of December 31, 2022 \$6,507 of the revolving line of credit was unused and available.

6 - LONG-TERM DEBT

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

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

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

On February 21, 2022, the District entered into a contract to purchase equipment. The contract as payable in monthly installments of \$2,107 including interest at 7.57% and is secured by equipment.

On October 13, 2022, the District entered into a contract to purchase a storage building. The contract is payable in monthly installments of \$753 including interest at 33% and secured by the building.

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2022 and 2021

6 - LONG-TERM DEBT (continued)

The contracts payable at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Contract payable in annual installments of \$17,180	\$103,080	120,260
Contract payable in annual installments of \$28,314	53,780	79,310
Contract payable in monthly installments of \$1,158	46,476	57,746
Contract payable in monthly installments of \$2,107	88,593	
Contract payable in monthly installments of \$753	<u>16,784</u>	
	308,713	<u>257,316</u>
Less amounts due in one year	<u>78,769</u>	<u>53,980</u>
	<u>LONG-TERM DEBT - NET</u>	<u>\$229,944</u>
		<u>203,336</u>

Long-term debt is payable as follows:

2023	\$79,697
2024	82,452
2025	59,706
2026	50,403
2027	19,275
2028	17,180

Long-term liability activity for the years ended December 31, 2022 and 2021 was as follows:

	BALANCE BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE END OF YEAR	DUE WITHIN ONE YEAR
2022					
1966 contract payable	\$120,260		17,180	103,080	17,180
2019 contract payable	79,310		25,530	53,780	26,426
2021 contract payable	57,746		11,270	46,476	11,845
2022 contract payable		105,000	16,407	88,593	19,242
2022 contract payable		<u>17,067</u>	<u>284</u>	<u>16,784</u>	<u>4,076</u>
	<u>\$257,316</u>	<u>122,068</u>	<u>70,671</u>	<u>308,713</u>	<u>78,769</u>
2021					
1966 contract payable	\$137,440		17,180	120,260	17,180
2019 contract payable	103,974		24,664	79,310	25,530
2021 contract payable		<u>61,380</u>	<u>3,634</u>	<u>57,746</u>	<u>11,270</u>
	<u>\$241,414</u>	<u>61,380</u>	<u>45,478</u>	<u>257,316</u>	<u>53,980</u>

7 - RELATED PARTY TRANSACTIONS

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

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2022 and 2021

7 - RELATED PARTY TRANSACTIONS (continued)

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

The District leases a residence and certain outbuildings to the Company under an operating lease. Annual lease payments are \$5,000 through 2024 with an option for an additional ten year term. Net buildings on operating leases totaled \$266,724 at December 31, 2022 and 2021, respectively. The buildings are depreciated on a straight-line basis over ten to twenty-five years. The accumulated depreciation on these buildings was \$192,057 and \$183,430 at December 31, 2022 and 2021, respectively. The corresponding annual depreciation expense was \$8,627 and \$8,600 in 2022 and 2021, respectively.

The District by assignment from the Company also leases real estate under a noncancellable operating lease. The lease is for a period of thirty years and expires January 1, 2024. Annual lease payments are \$200. Future minimum lease payments total \$400 at December 31, 2022 are scheduled as follows:

2023	\$200
2024	200

At December 31, 2022 and 2021, the District had a net receivable (payable) to the Company in the amount of \$559,516 and \$513,195, respectively.

As of December 31, 2022 and 2021, an entity of which the President of the District is a member had advanced the District \$83,144.

8 - TAX, SPENDING AND DEBT LIMITATIONS

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

9 - RISK MANAGEMENT

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

BOSTWICK PARK WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2022 and 2021

10 - COMMITMENTS

The District has entered into contracts for the System Optimization Plan and the System Lateral Pipeline Project totaling \$65,000, at December 31, 2014. At December 31, 2022, \$42,065 of the contracts had been completed.

11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through July 7, 2025 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

BOSTWICK PARK WATER CONSERVANCY DISTRICT
SUPPLEMENTARY INFORMATION - REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the years ended December 31, 2022 and 2021.

	2022		2021		VARIANCE FAVORABLES (UNFAVORABLE)
	ORIGINAL AND FINAL BUDGET	ACTUAL	ORIGINAL AND FINAL BUDGET	ACTUAL	
PROPRIETARY REVENUES					
Water assessments	\$ 58,381	57,496	53,516	53,074	(442)
Property rent	16,280	16,280	16,280	16,280	-
Reimbursement	10,000	63,970	53,970	66,957	56,957
Income from investments	20	2	20	2	(18)
Intergovernmental revenue	31,736,490	448,822	24,533,490	502,536	(24,030,954)
Other revenue	16,000	27,211	16,000	25,943	9,943
TOTAL PROPRIETARY REVENUES	31,837,171	613,781	24,629,306	664,792	(23,964,514)
EXPENDITURES					
Salaries	200,000	189,376	200,000	158,387	41,613
Payroll taxes	29,151	14,919	29,151	12,696	16,455
Employee benefits	7,500	7,529	7,500	7,552	(52)
Director reimbursement	90,000	83,204	80,000	83,650	(3,650)
Canal maintenance	16,000	12,748	16,000	27,559	(11,559)
Equipment fuel and repairs	40,000	73,715	34,000	38,978	(4,978)
Repairs and maintenance	6,300	9,581	6,300	3,113	3,187
Supplies	8,000	8,004	8,000	6,020	1,980
Equipment rental	12,000	1,022	12,000	1,576	10,000
Waste disposal	2,000	1,236	2,000	1,774	424
Licenses and fees		58		1,774	(1,774)
Postage		5,665		403	(403)
Office	2,000	5,665	2,000	7,650	(5,650)
Rent	1,500	3,395	1,500	825	675
Utilities	4,500	3,940	4,500	3,599	901
Communications	22,000	27,632	22,000	27,688	(5,688)
Professional fees	30,000	18,875	30,000	6,325	23,675
Insurance and bonds	30,000	22,563	20,000	24,978	(4,978)
Advertising and public notices	100	2,004	100	349	100
Travel and training	5,000	69,371	5,000	34,971	4,651
Interest	20,000	94	12,000	271,990	(22,971)
Grants		94		271,990	(271,990)
Office building expenses	16,000	15,003	15,000	17,123	(2,123)
Capital outlay	26,976,017	514,794	20,853,467	462,703	20,390,764
Debt retirement	53,491	53,491	53,491	28,290	(28,290)
Miscellaneous	2,500	6,360	2,500	4,417	(1,917)
TOTAL PROPRIETARY EXPENDITURES	27,520,568	1,143,579	21,361,018	1,232,616	20,128,402
EXCESS OF PROPRIETARY REVENUES OVER (UNDER) EXPENDITURES	4,316,603	(529,798)	3,268,288	(567,824)	(3,836,112)
GOVERNMENT REVENUES					
Property and specific ownership taxes	303,541	318,961	265,300	277,419	12,119
EXPENDITURES					
Silverjack dam expenses	4,500	1,867	4,500	1,650	2,650
Treasurer's fees	8,000	2,516	5,000	4,737	263
Debt retirement	17,180	17,180	17,180	17,180	-
Contingency	75,000	75,000	75,000	75,000	75,000
TOTAL GOVERNMENT EXPENDITURES	104,680	24,531	101,680	23,567	78,113
EXCESS OF GOVERNMENT REVENUES OVER GOVERNMENT EXPENDITURES	198,861	294,430	163,620	253,852	90,232
TOTAL DISTRICT REVENUES	32,140,712	932,742	24,894,606	942,211	(23,952,395)
TOTAL DISTRICT EXPENDITURES	27,625,248	1,168,110	21,462,698	1,256,183	20,206,515
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES \$	4,515,464	(235,368)	3,431,908	(313,972)	(3,745,890)
RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENDITURES TO CHANGE IN FUND NET POSITION:					
Depreciation		(347,273)			(317,494)
Capital outlay		514,794			462,703
Debt retirement		70,671			45,470
		2,824			(123,293)