

cPa DIXON, WALLER & CO., INC.

HUERFANO COUNTY WATER

CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

DIXON, WALLER & CO., INC.

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CONSERVANCY DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Huerfano County Water Conservancy District
Huerfano County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Huerfano County Water Conservancy District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Huerfano County Water Conservancy District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Huerfano County Water Conservancy District, 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 Huerfano County Water Conservancy District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 Huerfano County Water Conservancy District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Huerfano County Water Conservancy District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Snifon, Waller & Co., Inc.

Trinidad, Colorado
June 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

HUERFANO COUNTY WATER CONSERVANCY DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

Following are an analysis and narrative overview of the financial activities of the Huerfano County Water Conservancy District (HCWCD) for the fiscal year ending December 31, 2022.

Financial Highlights

The assets of HCWCD exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$2,199,679 (net position). A loan agreement with Colorado Water Conservation Board is still in effect and tied to the purchase of land and water rights to satisfy the requirements of a now-adjudicated water court case for a regional water augmentation plan for junior water users on the Huerfano River.

As of the close of fiscal year 2022, HCWCD governmental fund reported an ending balance of \$926,947. Funds were available for spending at the discretion of the HCWCD Board of Directors, and the unassigned fund balance was \$894,947.

Overview of the Financial Statements

This discussion and analysis are intended to be an introduction to the basic financial statements of HCWCD. The District's basic financial statements are comprised of:

1. Government-wide financial statements
2. Fund Financial Statements
3. Notes to the financial statements

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the district's finances in much the same way a private-sector business might be characterized.

The statement of net position presents information on all the HCWCD assets and liabilities, with the difference between them reported as net position. This statement reports all of the district's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases in net position may serve as a useful indicator of whether the financial position of the HCWCD is improving or deteriorating.

The statement of activities presents information showing how the net position of HCWCD 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 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.

The government-wide financial statements distinguish functions of HCWCD that are principally supported by taxes and intergovernmental revenues (governmental activities) from those that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The HCWCD has no business-type activities.

The governmental activities of HCWCD in Huerfano County include: constructing, paying for and operating water projects; conservation and development of water resources for the greatest beneficial use; combating water development pressure. HCWCD has activities related to the lease of augmentation water in its pursuit of purchasing and owning water rights and reservoirs to keep water in Huerfano County for use by local residents. These activities are currently included in the general fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HCWCD, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the near-term financing requirements of HCWCD.

Due to the focus of governmental funds being 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 impact of the agency's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

HCWCD maintains one governmental fund. The district adopts an annual appropriated budget for its general fund.

Notes to the Financial Statements

The notes provide the additional information to help clarify the data provided in the financial statements.

Financial Information Presentation

This is the ninth year that HCWCD has been audited. One year of financial information is available for presentation here.

Government-wide Financial Analysis

The HCWCD assets exceeded liabilities and deferred inflows by \$2,199,679 at the close of fiscal year 2022. This position was improved after the sale on October 15, 2020 of the William Craig Ranch property, less the water rights needed to satisfy the regional augmentation plan adjudicated in November 2016.

District's Net Position, Governmental Type Activities

| | 2022 | 2021 |
|-------------------------------|----------------------------|----------------------------|
| | Governmental Activities | Governmental Activities |
| ASSETS | | |
| Current and Other Assets | 1,346,125 | 777,675 |
| Capital Assets | 3,428,284 | 3,421,609 |
| Accumulated depreciation | (143,574) | (44,577) |
| Total Assets | <u>4,630,835</u> | <u>4,154,707</u> |
| LIABILITIES | | |
| Current and Other Liabilities | 73,628 | 69,495 |
| Long-Term Liabilities | 2,033,634 | 2,033,634 |
| Total Liabilities | <u>2,107,262</u> | <u>2,103,129</u> |
| DEFERRED INFLOWS | | |
| Augmentation Leases | 13,992 | 27,984 |
| Property tax | 309,902 | 305,934 |
| | <u>323,894</u> | <u>333,918</u> |
| NET POSITION | | |
| Invested in Capital Assets | 1,251,076 | 1,343,398 |
| Restricted for: | | |
| TABOR Reserve | 32,000 | 37,000 |
| Debt | - | - |
| Unrestricted | 916,603 | 337,262 |
| | <u>2,199,679</u> | <u>1,717,660</u> |

Governmental Activities

| | 2022 | 2021 |
|--|------------------------------------|------------------------------------|
| | <u>Governmental Activities</u> | <u>Governmental Activities</u> |
| Revenues | | |
| Property taxes | 333,936 | 313,595 |
| Lease Income | - | - |
| Augmentation | 438,115 | 315,899 |
| | - | - |
| Other Revenues | 6,259 | 4,486 |
| TOTAL REVENUES | 778,310 | 633,980 |
| Other Financing Sources | | |
| Grants | 202,277 | 407,991 |
| Interest | 14,404 | - |
| TOTAL OTHER | 216,681 | 407,991 |
| Expenses | | |
| Water conservation and augmentation | 467,069 | 664,481 |
| Debt Service | | |
| Principal | - | - |
| Interest | 45,903 | 44,696 |
| Forgiveness of Lease | - | - |
| TOTAL EXPENSES | 512,972 | 709,177 |
| Increase (Decrease) in Net Position | 482,019 | 332,794 |

Activities by Major Function

| | 2022 | | 2021 | |
|-------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | <u>Total Cost of Service</u> | <u>Net Cost of Service</u> | <u>Total Cost of Service</u> | <u>Net Cost of Service</u> |
| Water Conservation and Augmentation | 467,069 | (173,323) | 664,481 | (59,409) |
| Interest | 45,903 | 45,903 | 44,696 | 44,696 |
| | 512,972 | (127,420) | 709,177 | (14,713) |

Financial analysis of the District's Funds

HCWCD uses fund accounting to comply with finance-related legal requirements. The focus of the HCWCD governmental fund is to provide information on current year revenue, expenditures and balances of spendable resources. Such information is useful in assessing the HCWCD financing resources available for spending at the end of the fiscal year.

The general fund is the only governmental fund of HCWCD. As of December 31, 2022, HCWCD general fund reported an ending balance of \$926,947, with an unassigned fund balance of \$894,947 available for spending at the discretion of the Board of Directors.

In 2022, the district managed five grant projects. They included: the multi-year Water Infrastructure Improvements project in cooperation with Colorado Division of Water Resources; Cucharas Collaborative Storage Project (CCSP) phase 5 Maria Stevens Reservoir Enlargement (MSRE) 50% design; Maria-Stevens Reservoir Dredging Feasibility Study. For the two other grant projects, HCWCD collaborated with local agencies in managing funding for post-fire remediation work on the 2018 Spring Creek Fire (SCF) burn scar: the multi-year, multi-phase SCF Flood Mitigation 2020 project and a Strategic Analysis Study of future treatment alternatives. In 2022, HCWCD was approved for partial funding of phase 6 of the CCSP, for 90% engineering design of Bruce Canyon Reservoir (BCR). HCWCD has applied to USDA-NRCS for designation of a PL-566 project to combine construction of BCR and MSRE to increase water storage capacity in the Cucharas River basin by approximately 1,900 acre-feet. A preliminary investigation feasibility report (PIFR) for the proposed PL-566 project is currently underway.

Augmentation water leases were renewed, and all augmentation lease-purchase contracts and purchase agreements that were executed with regional augmentation plan participants in 2018-2021 remained in effect in 2022. One 2021 application was contracted and paid in full in 2022. Three new applications were received for augmentation water in 2022. Those applications were in engineering and legal review at the end of the year.

Capital Assets

The HCWCD investment in capital assets for its governmental activities as of December 31, 2022 amounted to \$3,284,710, net of accumulated depreciation. This investment in capital assets includes land, water rights, equipment, and an augmentation reservoir.

HCWCD ASSETS (Net of Depreciation)

| | 2022 | 2021 |
|--------------------------|----------------------------|----------------------------|
| | Governmental Activities | Governmental Activities |
| Land & Water Rights | 800,121 | 800,121 |
| Equipment | 104,016 | 104,016 |
| Construction in Progress | - | 2,517,472 |
| Facilities | 2,524,147 | - |
| Accumulated Depreciation | (143,574) | (44,577) |
| Total Capital Assets | <u>3,284,710</u> | <u>3,377,032</u> |

Long-Term Debt

The Colorado Water Conservation Board (CWCB) holds a long-term loan with HCWCD for development of the Huerfano Regional Augmentation Program and construction of the Sheep Mountain Augmentation Facility. Interest only, at 2.25%, accrued until the augmentation water storage project was substantially complete on December 31, 2021. After sale of the district's William Craig Ranch, HCWCD paid CWCB \$654,766 for accrued interest on the loan and part of the principal balance on December 30, 2020. The balance of the loan due on December 31, 2022 was \$2,033,634.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Huerfano County Water Conservancy District. Questions about any of the information in this report or requests for additional financial information should be addressed to:

Carol Dunn, District Administrator
 PO Box 442
 La Veta, CO 81055
 (719) 742-5581
 hcwcdistrict@gmail.com

BASIC FINANCIAL STATEMENTS

HUERFANO COUNTY WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

| | <u>Governmental Activities</u> | <u>Total</u> |
|--|------------------------------------|------------------|
| <u>ASSETS</u> | | |
| Cash and Equivalents | 958,631 | 958,631 |
| Receivables (Net, where Applicable, of Allowance for Uncollectibles): | | |
| Accounts | - | - |
| Grants | - | - |
| Augmentation Leases | 77,592 | 77,592 |
| Property Tax Receivable | 309,902 | 309,902 |
| Land, Water Rights and Improvements | 3,428,284 | 3,428,284 |
| Accumulated Depreciation | <u>(143,574)</u> | <u>(143,574)</u> |
| <u>Total Assets</u> | <u>4,630,835</u> | <u>4,630,835</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | |
| | - | - |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 17,186 | 17,186 |
| Accrued Interest Payable | 41,944 | 41,944 |
| Other Liabilities | 14,498 | 14,498 |
| General Obligation Bonds Payable: | | |
| Due Within One Year | 77,429 | 77,429 |
| Due Later Than One Year | <u>1,956,205</u> | <u>1,956,205</u> |
| <u>Total Liabilities</u> | <u>2,107,262</u> | <u>2,107,262</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | |
| Augmentation Leases | 13,992 | 13,992 |
| Property Tax | <u>309,902</u> | <u>309,902</u> |
| <u>Total Deferred Inflows of Resources</u> | <u>323,894</u> | <u>323,894</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 1,251,076 | 1,251,076 |
| Restricted for: | | |
| Tabor Reserve | 32,000 | 32,000 |
| Unrestricted | <u>916,603</u> | <u>916,603</u> |
| <u>Total Net Position</u> | <u>2,199,679</u> | <u>2,199,679</u> |

The accompanying notes are an integral part of these financial statements.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | |
|--|-----------------|---------------------------------|---|---|--|------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants & Contributions</u> | <u>Capital Grants & Contributions</u> | <u>Governmental Activities</u> | <u>Total</u> |
| <u>Governmental Activities</u> | | | | | | |
| Water Conservation and Augmentation | 467,069 | 438,115 | 202,277 | - | 173,323 | 173,323 |
| Debt Service | | | | | | |
| Interest and Fees | <u>45,903</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(45,903)</u> | <u>(45,903)</u> |
| <u>Total Governmental Activities</u> | <u>512,972</u> | <u>438,115</u> | <u>202,277</u> | <u>-</u> | <u>127,420</u> | <u>127,420</u> |
| <u>Business Type Activities</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Total Primary Government</u> | <u>512,972</u> | <u>438,115</u> | <u>202,277</u> | <u>-</u> | <u>127,420</u> | <u>127,420</u> |
| <u>General Revenues:</u> | | | | | | |
| | | | | | 333,936 | 333,936 |
| | | | | | 14,404 | 14,404 |
| | | | | | <u>6,259</u> | <u>6,259</u> |
| | | | | | <u>354,599</u> | <u>354,599</u> |
| | | | | | 482,019 | 482,019 |
| | | | | | <u>1,717,660</u> | <u>1,717,660</u> |
| | | | | | <u>2,199,679</u> | <u>2,199,679</u> |

The accompanying notes are an integral part of these financial statements.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|---|
| <u>ASSETS</u> | | | |
| Cash and Equivalents | 958,631 | - | 958,631 |
| Receivables (Net, of Allowance Where Applicable): | | | |
| Accounts | - | - | - |
| Grants | - | - | - |
| Augmentation Leases | 77,592 | - | 77,592 |
| Property Tax Receivable | <u>309,902</u> | - | <u>309,902</u> |
| <u>Total Assets</u> | <u>1,346,125</u> | <u>-</u> | <u>1,346,125</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 17,186 | - | 17,186 |
| Advance Deposits | <u>14,498</u> | - | <u>14,498</u> |
| <u>Total Liabilities</u> | <u>31,684</u> | <u>-</u> | <u>31,684</u> |
| <u>DEFERRED INFLOWS</u> | | | |
| Augmentation Leases | 77,592 | - | 77,592 |
| Property Tax | <u>309,902</u> | - | <u>309,902</u> |
| <u>Total Deferred Inflows</u> | <u>387,494</u> | <u>-</u> | <u>387,494</u> |
| <u>FUND BALANCES</u> | | | |
| Nonspendable: | - | - | - |
| Restricted: | | | |
| Emergencies | 32,000 | - | 32,000 |
| Committed: | - | - | - |
| Assigned: | - | - | - |
| Unassigned: | <u>894,947</u> | - | <u>894,947</u> |
| <u>Total Fund Balances</u> | <u>926,947</u> | <u>-</u> | <u>926,947</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | <u>1,346,125</u> | <u>-</u> | <u>1,346,125</u> |

The accompanying notes are an integral part of these financial statements.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 December 31, 2022

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

| | |
|--|------------------|
| <u>Total Fund Balance – Governmental Funds</u> | 926,947 |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,428,284 and the accumulated depreciation is \$143,574.</p> | 3,284,710 |
| <p>Long-term liabilities, including loans and General Obligation Bonds are not due and payable in in the current period and therefore are not reported in funds. Issue costs associated with debt is expensed in the funds when incurred but is capitalized and amortized in government wide statements. Interest expense is recorded in the fund financial statement when paid.</p> | |
| <p>Colorado Water Conservation Board Loan</p> | (2,033,634) |
| <p>Accrued Interest Payable</p> | (41,944) |
| <p>For fund financial statements, the amounts due for the augmentation leases that will not be received within 60 days are recognized as deferred inflows. Only the unearned fees and finance charges are deferred for the entity-wide statements.</p> | <u>63,600</u> |
| <u>Total Net Position – Governmental Activities</u> | <u>2,199,679</u> |

The accompanying notes are an integral part of these financial statements.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended December 31, 2022

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------|---|---|
| <u>REVENUES:</u> | | | |
| Taxes | 333,936 | - | 333,936 |
| Augmentation Lease Income | 485,166 | - | 485,166 |
| Program Income – Augmentation | 16,549 | - | 16,549 |
| Other Revenues | <u>6,259</u> | <u>-</u> | <u>6,259</u> |
| <u>Total Revenues</u> | <u>841,910</u> | <u>-</u> | <u>841,910</u> |
| <u>EXPENDITURES:</u> | | | |
| Water Conservation and Augmentation | 368,072 | - | 368,072 |
| Debt Service | | | |
| Principal | - | - | - |
| Interest | 56,374 | - | 56,374 |
| Capital Outlay | <u>6,675</u> | <u>-</u> | <u>6,675</u> |
| <u>Total Expenditures</u> | <u>431,121</u> | <u>-</u> | <u>431,121</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u> | | | |
| | <u>410,789</u> | <u>-</u> | <u>410,789</u> |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | |
| Grants | 202,277 | - | 202,277 |
| Interest | <u>14,404</u> | <u>-</u> | <u>14,404</u> |
| <u>Total Other Financing Sources (Uses)</u> | <u>216,681</u> | <u>-</u> | <u>216,681</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | | | |
| | 627,470 | - | 627,470 |
| <u>FUND BALANCES – Beginning</u> | | | |
| | <u>299,477</u> | <u>-</u> | <u>299,477</u> |
| <u>FUND BALANCES - Ending</u> | | | |
| | <u>926,947</u> | <u>-</u> | <u>926,947</u> |

The accompanying notes are an integral part of these financial statements.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2022

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

| | |
|---|----------------|
| <u>Net Change in Fund Balances – Total Governmental Funds</u> | 627,470 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the difference in depreciation and capital outlays in the current period.</p> | |
| Capital Outlays More Than \$5,000 | 6,675 |
| Depreciation Expense | (98,997) |
| | (92,322) |
| <p>Proceeds from the issuance of debt are recognized as sources in the fund financial statements in the period received. The costs associated with the issuance of debt are recognized as expenditures in the period paid. Interest costs are recorded by the funds at the payment date.</p> | |
| Change in Accrued Interest Payable | 10,471 |
| <p>Amounts recognized as revenue for Augmentation Leases, deferred for fund financial statements.</p> | |
| | (63,600) |
| <p>Principal payments on debt are recorded as expenditures in the fund financial statements.</p> | |
| Principal Paid on Loans | - |
| <u>Change in Net Position of Governmental Activities</u> | <u>482,019</u> |

The accompanying notes are an integral part of these financial statements.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Huerfano County Water Conservancy District was formed in 1971, for the administration of water conservation issues related to the Huerfano and the Cucharas River.

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Huerfano County Water Conservancy District) and its component units. The District has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the Huerfano County Water Conservancy District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the District's legally separate *component units* for which the District is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of general government.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise 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.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 20 - 40 |
| Equipment | 5 - 20 |

E. Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable would be reflected in the statement of net position for all governmental fund types.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Use of Estimates

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

K. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. Investments are recorded at cost (the fair value at December 31, 2019).

L. Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the Board, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by Board authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

| | <u>General Fund</u> |
|----------------------------|-------------------------|
| <u>Nonspendable:</u> | - |
| <u>Restricted:</u> | |
| Emergencies | 32,000 |
| <u>Committed:</u> | - |
| <u>Assigned:</u> | - |
| <u>Unassigned:</u> | 894,947 |
| <u>Total Fund Balances</u> | <u>926,947</u> |

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| <u>Governmental Activities</u> | | | | |
| Land and Water Rights | <u>800,121</u> | <u>-</u> | <u>-</u> | <u>800,121</u> |
| Construction in Progress | <u>2,517,472</u> | <u>6,675</u> | <u>2,524,147</u> | <u>-</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | - | 2,524,147 | - | 2,524,147 |
| Equipment | <u>104,016</u> | <u>-</u> | <u>-</u> | <u>104,016</u> |
| Total Capital Assets Being Depreciated | <u>104,016</u> | <u>2,524,147</u> | <u>-</u> | <u>2,628,163</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | - | 84,138 | - | 84,138 |
| Equipment | <u>44,577</u> | <u>14,859</u> | <u>-</u> | <u>59,436</u> |
| Total Accumulated Depreciation | <u>44,577</u> | <u>98,997</u> | <u>-</u> | <u>143,574</u> |
| <u>Governmental Activities</u> | | | | |
| Capital Assets, Net | <u>3,377,032</u> | <u>2,431,825</u> | <u>2,524,147</u> | <u>3,284,710</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

| | |
|---|---------------|
| Water Conservation and Augmentation | <u>98,997</u> |
| <u>Total Depreciation Expense – Governmental Activities</u> | <u>98,997</u> |

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 3 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

NOTE 4 COMPENSATED ABSENCES

The District did not have any compensated absences payable as of December 31, 2022.

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 6 CASH AND DEPOSITS

The District's deposits (including certificates of deposit) at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--|----------------------------|-------------------------|
| Insured | 28,116 | 28,180 |
| Uninsured, Collateralized Public Deposit Protection Act of the State of Colorado | - | - |
| | <u>28,116</u> | <u>28,180</u> |
| Cash Equivalent – Colo. Trust | 926,107 | - |
| Cash with County Treasurer | <u>4,408</u> | - |
| <u>Total Cash and Equivalents</u> | <u>958,631</u> | <u>28,180</u> |

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 6 CASH AND DEPOSITS (Continued)

Cash of \$32,000 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 7).

As presented above, deposits with a bank balance of \$0 and a carrying balance of \$0 as of December 31, 2022 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 7 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

In November 2013, District voters passed a ballot issue that authorized the District "without creating or imposing any new tax and without increasing its tax rates or its existing mill levy" to "collect, retain and spend all revenues, funds and incomes from any and all sources during 2013 and in each fiscal year, thereafter, that are in excess of the revenue, spending or any other limitations imposed upon the District by Article x, Section 20 of the Colorado Constitution".

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

NOTE 8 LONG-TERM DEBT

On December 12, 2013, the District entered into a loan contract with Colorado Water Conservation Board to provide the resources for a Regional Augmentation Project that consists of purchasing land and water rights and developing them. The loan was approved in the amount of \$2,666,400 at an interest rate of 2.25% with a 30 year repayment period. Principal and interest will be paid in equal loan payments beginning one year from payment initiation date. That is the date that the Colorado Water Conservation Board determines that the project is substantially complete. Project completion was determined during 2022. Loan amortization follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|------------------|
| 2023 | 77,429 | 45,757 | 123,186 |
| 2024 | 79,171 | 44,015 | 123,186 |
| 2025 | 80,953 | 42,233 | 123,186 |
| 2026 | 82,774 | 40,412 | 123,186 |
| 2027 | 84,636 | 38,550 | 123,186 |
| 2028 | 86,541 | 36,645 | 123,186 |
| 2029 | 88,488 | 34,698 | 123,186 |
| 2030 | 90,479 | 32,707 | 123,186 |
| 2031 | 92,515 | 30,671 | 123,186 |
| 2032 | 94,596 | 28,590 | 123,186 |
| 2033 | 96,725 | 26,461 | 123,186 |
| 2034 | 98,901 | 24,285 | 123,186 |
| 2035 | 101,126 | 22,060 | 123,186 |
| 2036 | 103,402 | 19,784 | 123,186 |
| 2037 | 105,728 | 17,458 | 123,186 |
| 2038 | 108,107 | 15,079 | 123,186 |
| 2039 | 110,540 | 12,646 | 123,186 |
| 2040 | 113,027 | 10,159 | 123,186 |
| 2041 | 115,570 | 7,616 | 123,186 |
| 2042 | 118,170 | 5,016 | 123,186 |
| 2043 | 104,756 | 2,357 | 107,113 |
| | <u>2,033,634</u> | <u>537,199</u> | <u>2,570,833</u> |

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 8 LONG-TERM DEBT (Continued)

Following is the change to long-term debt for the year ended December 31, 2022:

| | <u>Beginning Balance</u> | <u>Drawn</u> | <u>Paid</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------|-------------|---------------------------|
| Colorado Water Conservation Board Loan | <u>2,033,634</u> | <u>-</u> | <u>-</u> | <u>2,033,634</u> |

NOTE 9 AUGMENTATION LEASES

During 2022 the District received compensation under contracts with water users to provide them annual augmentation water. Amounts could be paid at the initiation of the contract or could be paid over 5 years under a lease arrangement. The remaining amounts receivable for all payments, including fees required with each remaining payment, is \$77,592 at year end. Fee income has been deferred until collected in the amount of \$13,992. There is only one year remaining on the contracts.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

HUERFANO COUNTY WATER CONSERVANCY DISTRICT
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance- Favorable (Unfavorable) |
|--|-------------------------|------------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Current Property Tax | 305,934 | 305,934 | 302,996 | (2,938) |
| Interest on Property Taxes | 1,500 | 1,500 | 1,317 | (183) |
| Delinquent Property Taxes | - | - | 732 | 732 |
| Specific Ownership Tax | 39,000 | 39,000 | 30,208 | (8,792) |
| Augmentation Lease Income | 57,232 | 57,232 | 42,924 | (14,308) |
| Program Income - Augmentation | 64,463 | 64,463 | 16,549 | (47,914) |
| Sale of Augmentation Certificates | 408,800 | 408,800 | 442,242 | 33,442 |
| Other Local Revenue | 10,775 | 10,775 | 4,942 | (5,833) |
| TOTAL REVENUES | 887,704 | 887,704 | 841,910 | (45,794) |
| EXPENDITURES | | | | |
| Professional Services | 676,115 | 676,115 | 312,010 | 364,105 |
| Directors Fees | 12,000 | 12,000 | 12,000 | - |
| Facilities Maintenance | 21,300 | 21,300 | 17,663 | 3,637 |
| Office | 4,800 | 4,800 | 4,889 | (89) |
| Treasurer Fees | 9,178 | 9,178 | 9,151 | 27 |
| Travel and Mileage | 4,000 | 4,000 | 4,483 | (483) |
| Capital Outlay | 5,000 | 5,000 | 6,675 | (1,675) |
| Insurance | 3,925 | 3,925 | 525 | 3,400 |
| Other General and Administration | 13,900 | 13,900 | 7,351 | 6,549 |
| Contingency | - | - | - | - |
| TOTAL EXPENDITURES | 750,218 | 750,218 | 374,747 | 375,471 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | 137,486 | 137,486 | 467,163 | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriated Reserves | (655,392) | (655,392) | - | 655,392 |
| Debt Payments | (50,000) | (50,000) | (56,374) | (6,374) |
| Interest | - | - | 14,404 | 14,404 |
| Grants | 366,406 | 366,406 | 202,277 | (164,129) |
| Total Other Financing Sources (Uses) | (338,986) | (338,986) | 160,307 | 499,293 |
| EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES) | | | | |
| | (201,500) | (201,500) | 627,470 | |
| FUND BALANCE, January 1 | 201,500 | 201,500 | 299,477 | |
| FUND BALANCE, December 31 | - | - | 926,947 | |

The accompanying notes are an integral part of these financial statements.