

**RIO GRANDE WATER CONSERVATION DISTRICT  
FINANCIAL STATEMENTS**

**December 31, 2022**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

# RIO GRANDE WATER CONSERVATION DISTRICT

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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Directors  
Rio Grande Water Conservation District  
Alamosa, Colorado

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund of the Rio Grande Water Conservation District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the District, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

### *Auditors' 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 Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

**Certified Public Accountants**

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not a guarantee that an audit conducted in accordance with GAAS 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 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 the 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 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***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, 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 District's basic financial statements. The combining and individual financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Estimated Future Obligations information presented as other information, is the responsibility of management and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

October 06, 2023

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**BASIC FINANCIAL STATEMENTS**

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>Primary Government</b>		<b>Totals</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 2,084,542	\$ 8,958,230	\$ 11,042,772
CD - Estimated Future Obligation	-	3,698,661	3,698,661
Restricted Assets:			
Cash - Bureau of Reclamation	4,644	-	4,644
Cash - Study Account	1,859,949	-	1,859,949
Property Taxes Receivable	1,118,888	-	1,118,888
Assessments Receivable, Net of Allowance for Uncollectible Accounts	-	12,966,935	12,966,935
Interfund Balances	814,031	(814,031)	-
Due From Other Governments	2,500	-	2,500
Interest Receivable	414	1,976	2,390
Prepaid Expenses	3,884	125,701	129,585
<b>Total Current Assets</b>	<b>5,888,852</b>	<b>24,937,472</b>	<b>30,826,324</b>
<b>Noncurrent Assets</b>			
Capital Assets:			
Land	9,094,600	-	9,094,600
Structures	2,331,014	-	2,331,014
Equipment and Vehicles	194,040	-	194,040
Office Furniture	129,045	-	129,045
Accumulated Depreciation	(783,688)	-	(783,688)
Lease Assets:			
Water Storage	11,407,621	-	11,407,621
Accumulated Amortization	(742,552)	-	(742,552)
<b>Total Noncurrent Assets</b>	<b>21,630,080</b>	<b>-</b>	<b>21,630,080</b>
<b>TOTAL ASSETS</b>	<b>27,518,932</b>	<b>24,937,472</b>	<b>52,456,404</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	17,959	1,032,672	1,050,631
Unearned Revenue - Building Expense Reimbursement	5,701	-	5,701
Unearned Revenue	4,644	146,617	151,261
Compensated Absences Due Within One Year	2,914	-	2,914
Lease liability - Water Storage Due Within One Year	286,400	-	286,400
Note Payable Due Within One Year	-	25,870	25,870
<b>Total Current Liabilities</b>	<b>317,618</b>	<b>1,205,159</b>	<b>1,522,777</b>
<b>Long-Term Liabilities</b>			
Lease Liability - Water Storage	10,340,464	-	10,340,464
Note Payable	-	2,724,159	2,724,159
Accrued Interest Payable	203,066	-	203,066
Accrued Compensated Absences	35,147	-	35,147
<b>Total Long-Term Liabilities</b>	<b>10,578,677</b>	<b>2,724,159</b>	<b>13,302,836</b>
<b>TOTAL LIABILITIES</b>	<b>10,896,295</b>	<b>3,929,318</b>	<b>14,825,613</b>
<b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>			
Unavailable Revenue- Property Tax	1,118,888	-	1,118,888

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>Primary Government</b>		<b>Totals</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,086,550	-	11,086,550
Restricted:			
Bureau of Reclamation	4,644	-	4,644
Tabor Reserve	55,000	-	55,000
Unrestricted	4,357,555	21,008,154	25,365,709
<b>TOTAL NET POSITION</b>	<b>\$ 15,503,749</b>	<b>\$ 21,008,154</b>	<b>\$ 36,511,903</b>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Total
					Primary Government	Business-Type Activities		
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 1,153,125	\$ -	\$ -	\$ -	\$ (1,153,125)	\$ -	\$ -	\$ (1,153,125)
Conservation of Natural Resources	943,671	427,765	-	-	(515,906)	-	-	(515,906)
Bureau of Reclamation Contract	79,744	-	76,534	-	(3,210)	-	-	(3,210)
<b>Total Governmental Activities</b>	<b>2,176,540</b>	<b>427,765</b>	<b>76,534</b>	<b>-</b>	<b>(1,672,241)</b>	<b>-</b>	<b>-</b>	<b>(1,672,241)</b>
<b>Business-Type Activities:</b>								
Enterprise Fund	10,482,970	13,138,436	-	266,724	-	2,922,190	-	2,922,190
<b>Total Business-Type Activities</b>	<b>10,482,970</b>	<b>13,138,436</b>	<b>-</b>	<b>266,724</b>	<b>-</b>	<b>2,922,190</b>	<b>-</b>	<b>2,922,190</b>
<b>Total Primary Government</b>	<b>\$ 12,659,510</b>	<b>\$ 13,566,201</b>	<b>\$ 76,534</b>	<b>\$ 266,724</b>	<b>(1,672,241)</b>	<b>2,922,190</b>	<b>-</b>	<b>1,249,949</b>
<b>General Revenues:</b>								
Taxes:								
General Property Taxes and SOT Taxes					1,238,819	-	-	1,238,819
District Overhead Reimbursements					2,721	-	-	2,721
Interest					9,648	56,105	-	65,753
Proceeds from Sale of Fixed Assets					-	-	-	-
Building and Administrative Cost Reimbursement					108,469	-	-	108,469
<b>Total General Revenues</b>					<b>1,359,657</b>	<b>56,105</b>	<b>-</b>	<b>1,415,762</b>
<b>Transfers</b>					<b>2,800,000</b>	<b>(2,800,000)</b>	<b>-</b>	<b>-</b>
Change in Net Position					2,487,416	178,295	-	2,665,711
<b>Net Position - Beginning of Year</b>					<b>12,878,631</b>	<b>20,829,859</b>	<b>-</b>	<b>33,708,490</b>
GASB 87 Implementation					137,702	-	-	137,702
<b>Net Position - Beginning of Year - Restated</b>					<b>13,016,333</b>	<b>-</b>	<b>-</b>	<b>33,846,192</b>
<b>Net Position - Ending</b>					<b>\$ 15,503,749</b>	<b>\$ 21,008,154</b>	<b>\$ 21,008,154</b>	<b>\$ 36,511,903</b>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**GOVERNMENTAL FUND**  
**BALANCE SHEET**  
**For the Year Ended December 31, 2022**

	<u><b>GENERAL FUND</b></u>
<b>ASSETS</b>	
Cash	\$ 2,084,542
Restricted Assets:	
Cash - Bureau of Reclamation	4,644
Cash- Study Account	1,859,949
Property Taxes Receivable	1,118,888
Due From Other Funds	853,653
Due From Other Governments	2,500
Interest Receivable	414
Prepaid	3,884
<b>TOTAL ASSETS</b>	<u><u>\$ 5,928,474</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 17,959
Due To Other Funds	39,622
Unearned Revenue - Building Expense Reimbursement	5,701
Unearned Revenue - Bureau of Reclamation	4,644
<b>TOTAL LIABILITIES</b>	<u>67,926</u>
<b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>	
Unavailable Revenue- Property Tax	<u>1,118,888</u>
<b>FUND BALANCE</b>	
Nonspendable:	
Prepaid Items	3,884
Restricted:	
Tabor Reserve	55,000
Committed:	
Water Study Account	1,859,949
Assigned:	
Designated for Subsequent Year Expenses	232,689
Unassigned	2,590,138
<b>TOTAL FUND BALANCE</b>	<u>4,741,660</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<u><u>\$ 5,928,474</u></u>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2022**

<b>Total Governmental Fund Balances</b>	\$ 4,741,660
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,630,080
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	.
	<u>(10,867,991)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 15,503,749</u></u>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Year Ended December 31, 2022**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Taxes	\$ 1,238,819
Intergovernmental Revenue	
Bureau of Reclamation (BOR)	76,534
Interest Earned on BOR Funds	5
Charges for Water Storage	427,765
Miscellaneous Revenue	
Interest Revenue	9,643
Other Revenue	111,190
<b>TOTAL REVENUES</b>	<b>1,863,956</b>
<b>EXPENDITURES</b>	
General Government	
Salaries and Fringe	470,661
Travel	17,768
Office Expense	84,719
Professional Services	303,952
Other General Government and Special Projects	272,290
Conservation of Natural Resources	569,041
Bureau of Reclamation Contract	79,744
Capital Outlay	2,844,225
<b>TOTAL EXPENDITURES</b>	<b>4,642,400</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,778,444)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer from Special Improvement Districts	2,800,000
Excess (Deficiency) of Revenues Over Expenditures	21,556
<b>Fund Balance at Beginning of Year</b>	<b>4,720,104</b>
<b>Fund Balance at End of Year</b>	<b>\$ 4,741,660</b>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022**

**Net change in fund balances - total governmental funds** \$ 21,556

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

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in capital assets in the current period.

Capital Asset Additions	\$ 2,844,225	
Depreciation Expense	(72,067)	
Amortization Expense	<u>(380,254)</u>	
		2,391,904

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Lease Payments	280,757	
Interest Expense	<u>(203,066)</u>	
		77,691

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences		<u>(3,735)</u>
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**Change in net position of governmental funds** \$ 2,487,416

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>ENTERPRISE FUND</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 8,958,230
CD - Estimated Future Obligation	3,698,661
Assessments Receivable, Net of Allowance for Uncollectible Accounts	12,966,935
Interest Receivable	1,976
Due From Other Funds	67,295
Prepaid Expenses	125,701
	<b>TOTAL ASSETS</b>
	\$ 25,818,798
<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 1,032,672
Due to Other Funds	881,326
Unearned Revenue	146,617
Note Payable	25,870
	<b>Total Current Liabilities</b>
	2,086,485
<b>Long-Term Liabilities</b>	
Note Payable	2,724,159
	<b>Total Long-Term Liabilities</b>
	2,724,159
	<b>TOTAL LIABILITIES</b>
	4,810,644
<b>NET POSITION</b>	
Unrestricted	21,008,154
	<b>TOTAL NET POSITION</b>
	21,008,154
	<b>TOTAL LIABILITIES AND NET POSITION</b>
	\$ 25,818,798

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2022**

	<u><b>ENTERPRISE FUND</b></u>
<b>OPERATING REVENUE</b>	
Variable Fees	\$ 8,339,768
Administration Fees	949,108
CREP Fees	-
Pumping Fees	613,604
Groundwater Withdrawal Fees	3,014,619
Sustainability Fees	190,437
Contract Inclusion Fees	30,900
Other Revenues	266,724
	<hr/>
<b>Total operating revenue</b>	<b>13,405,160</b>
	<hr/>
<b>OPERATING EXPENSES</b>	
Water Management Expenses	
Water Lease and Storage Expense	2,169,743
CREP	956,465
CREP - Incentive	-
Forbearance	272,722
Administration	1,005,355
Professional Fees	412,677
Well Purchase Program	4,972,439
Land Fallow Program	421,950
Special Projects	86,234
Other	25,076
	<hr/>
<b>Total operating expenses</b>	<b>10,322,661</b>
	<hr/>
Operating income (loss)	3,082,499
	<hr/>
<b>NONOPERATING REVENUE</b>	
Interest Revenue	56,105
Interest Expense	(160,309)
	<hr/>
<b>Income Before Operating Transfers</b>	<b>2,978,295</b>
	<hr/>
<b>OPERATING TRANSFERS</b>	
Transfer In (Out)	(2,800,000)
	<hr/>
Change in Net Position	178,295
	<hr/>
<b>Net Position at Beginning of Year</b>	<b>20,829,859</b>
	<hr/>
<b>Net Position at End of Year</b>	<b>\$ 21,008,154</b>
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2022**

	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Administration, CREP, and Variable Fees	\$ 13,237,172
Cash Received from Miscellaneous Activities	230,323
Cash Payments for Water Management Expenses	(8,536,122)
Cash Payments for Professional Services	(387,041)
Cash Payments for Administration	(829,445)
	<u>3,714,887</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,714,887</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	
Reimbursement to General Fund	(2,800,000)
	<u>(2,800,000)</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(2,800,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Interest Payment	(160,309)
Principal Payment	(31,934)
Loan Proceeds	2,551,404
	<u>2,359,161</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>2,359,161</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>	
Interest income	56,105
	<u>56,105</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>56,105</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,330,153
<b>Cash and Cash Equivalents, Beginning of Year</b>	9,326,738
	<u>9,326,738</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 12,656,891</u>
<b>OPERATING INCOME (LOSS)</b>	\$ 3,082,499
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:</b>	
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(16,981)
(Increase) Decrease in Prepaid Expenses	(68,900)
(Increase) Decrease in Due From Other Funds	(67,295)
(Increase) Decrease in Interest Receivable	(6)
Increase (Decrease) in Accounts Payable related to Operating Activities	576,068
Increase (Decrease) in Deferred Revenue	146,617
Increase (Decrease) in Due to RGWCD	62,885
	<u>62,885</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,714,887</u>

The accompanying notes are an integral part of this financial statement.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Rio Grande Water Conservation District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

The District was created by HB No. 1536 during the 1967 legislative assembly. The District is governed by a board of nine directors: two from Alamosa, Conejos, Rio Grande, and Saguache counties, and one from Mineral County. Conserving water of the Rio Grande River Basin for beneficial use is the primary function of the District.

In October 2006, Subdistrict #1 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2010 the Court approved the Plan of Water Management of which the objective is to cause groundwater levels in the Unconfined Aquifer of the Closed Basin to recover, and then to maintain a sustainable irrigation water supply in the Unconfined Aquifer with due regard for the daily, seasonal, and longer term demands on the aquifer and to protect senior surface water rights and avoid interference with Colorado's obligations under the Rio Grande Compact. To achieve these goals, reducing and managing overall groundwater consumption is essential. Only the administrative fee can be used for reimbursement of formation costs.

In March 2016, Subdistrict #2 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2018 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promotes responsible groundwater use and management and ensures protection of senior surface water rights. To achieve these goals, reducing and managing the overall groundwater consumptions is essential. Only the administrative fee can be used for the reimbursement of formation costs.

In March 2017, Subdistrict #3 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2018 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management that ensures protection of senior surface water rights. To achieve these goals, reducing and managing the overall groundwater consumptions is essential. Only the administrative fee can be used for the reimbursement of formation costs.

In July 2017, Subdistrict #4 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2020 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior water rights.

In December of 2017, Subdistrict #5 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2020, the court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior surface water rights.

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In October 2018, Subdistrict #6 was approved by the board and District Court, Water Division No. 3, State of Colorado. In 2019 the Court approved the Plan of Water Management of which the objective is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior surface water rights. To achieve these goals, reducing and managing the overall groundwater consumption is essential. Only the administrative fee can be used for the reimbursement of formation costs.

As the Subdistricts are formed and administrative fees are collected the District will formulate a plan to reimburse the General Fund.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the District has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. Mainly taxes and intergovernmental revenues support governmental activities and fees paid by water users support business type activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
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**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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

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

The District reports the following major governmental fund:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government.

The District reports the following major enterprise fund:

- The **Enterprise Fund** accounts for fees and expenses for operating, financing, and maintaining the Subdistricts.

Certain eliminations have been made as prescribed by the GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows. The District's proprietary funds include the Special Improvement District's 1 through 6 (Subdistricts), used to account for the activities of the Subdistricts. Sources of revenue consist of administration fees, Conservation Reserve Enhancement Program (CREP) fees, variable fees, pumping fees, and groundwater withdrawal fees assessed on landowners within the Subdistricts.

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities subject to this same limitation.

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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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The District’s cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with an initial maturity of three months or less.

***Restricted Cash***

The District keeps a bank account for money received from the Bureau of Reclamation. The money in this account is to be used only for expenses approved by the Bureau of Reclamation. The District also keeps a bank account for money received for studies of water resources. See Note 4 for more information regarding the Study Account.

***Receivables/Payables To/From Other Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds.”

***Prepaid Items***

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

***Capital Assets***

Capital Assets, which include land, buildings, and vehicles, are reported in the applicable governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and a life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

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

<u>Assets</u>	<u>Years</u>
Structures	30-50
Equipment & Vehicles	5-10

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***Leases***

Lessee: The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line bases over its useful life.

Key estimate and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease terms, and (3) lease payments.

- The District uses the interest rate charged by the lessor at the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the leases. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

***Compensated Absences***

Employees of the District are entitled to paid vacation depending on the length of service and other factors. The employees are also entitled to sick leave. Sick leave will vest according to a formula based on the sick leave hours that have been accumulated and the terms of termination. Accrued vacation and the vested portion of sick leave have been accrued in the amount of \$38,061 at December 31, 2022.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by each of the five counties that comprise the District: Alamosa, Conejos, Mineral, Rio Grande, and Saguache. The respective County Treasurers remit monthly receipts to the District; property tax revenue is recognized when received by the County Treasurer. The 2022 property tax levy due January 1, 2023, has been recorded as a receivable and a corresponding deferred inflow of resources in the financial statements.

***Assessments – Special Improvement Districts***

Assessments attach as an enforceable lien on property as of January 1 each year. The assessments are payable in two installments on February 28 and June 15 or in full on April 30. Subdistrict #1 assesses fees on lands irrigated by groundwater and the pumping and use of groundwater. Subdistricts #2 through #6 assess fees based on individual wells within the boundaries of the respective Subdistrict. Fees are as follows:

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- Subdistrict #1
  - Administrative Fee of \$3.00 per irrigable acre
  - Conservation Reserve Enhancement Program (CREP) Fee was suspended for 2022.
  - Variable Fee of \$150 per acre foot on the net of the surface water owned less the groundwater pumped
- Subdistrict #2
  - Administrative Fee of \$360.00 per active well and \$180.00 per inactive well
  - Pumping Fee of \$50.00 per acre foot sprinkler application, \$36.00 per acre foot flood application
- Subdistrict #3
  - Administrative Fee of \$330.00 per active well and \$165.00 per inactive well
  - Groundwater Withdrawal Fee of \$21.35 per acre foot sprinkler application, \$15.43 per acre foot flood application, and \$5.00 per acre foot of groundwater withdrawn
- Subdistrict #4
  - Administrative Fee of \$638.58 per active well and inactive well
  - Groundwater Withdrawal Fee of \$9.55 per acre foot stream impact fee and \$21.17 per acre foot sustainability fee
- Subdistrict #5
  - Administrative Fee of \$686.86 per active well and \$343.42 per inactive well
  - Pumping Fee of \$27.82 per acre foot sprinkler, \$20.11 per acre foot flood application
- Subdistrict #6
  - Administrative Fee of \$200.00 per active well and \$100.00 per inactive well
  - Groundwater Withdrawal Fee of \$24.35 per acre foot sprinkler application, \$17.60 per acre foot flood application

The aforementioned fees are based on several variables and are subject to an appeals process by the landowner. The appeal can cause an adjustment to revenue.

***Expenditures – Plan of Water Management***

Special Improvement District #1 expends funds to implement the following:

- A program of temporary fallowing to remove sufficient acreage from production to achieve reduction of water consumption.
- Economic incentives for the permanent removal of lands from irrigation.
- Replacement of stream depletions and/or increases in groundwater recharge.
- Infrastructure improvements to maximize the diversion and recharge of water.
- Purchase and retirement of irrigated lands and/or water rights.
- Education and research into water conservation, water use efficiency, improved water management and public education.
- Improvement and operation of ditches, headgates, and recharge facilities to make the best use of available water and to improve groundwater recharge.

Special Improvement Districts #2, #3, #4, #5, and #6 expend funds to implement the following:

- Calculation and replacement or remedy of injurious stream depletions.

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- Purchase, rent, lease and/or retire irrigated lands and/or purchase, rent and/or lease water rights and/or reservoir storage, either inside or outside the exterior boundaries of the Subdistrict.
- A program of temporary or permanent fallowing, including economic incentives, to remove acreage from production to achieve reduction in groundwater consumption.
- Economic incentives for the permanent removal of lands from irrigation.
- Economic incentives for Subdistrict members or non-Subdistrict members to provide replacement water, land, or facilities.
- Education and research into water conservation, water use efficiency, improved water management, and agricultural water use.
- Improvement and operation of ditches and headgates, to make the best use of available water.
- Data collection and analysis programs to improve RGDSS predictions, further refine the calculation of stream depletions caused by groundwater withdrawals.
- In cooperation with the USDA-NRCS and others to develop annual water supply forecasts based on SNOTEL and snow course data to include development of new improved technologies.
- Determine historical stream flow volumes based on paleo dendrochronology or other methods to correlate precipitation to rim inflows.

***Deferred Inflows***

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

***Encumbrances***

The District does not record purchase orders in the accounting system. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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***Fund Balance***

Fund balances are reported based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance*- are amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid insurance.
- *Restricted Fund Balance*- are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Directors, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Directors or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- are amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

***New Accounting Pronouncements***

During fiscal year 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, that establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under the statement, a lessee is required to recognize a lease liability and a tangible right to use asset, and a lesser is required to recognize a lease receivable, and a deferred inflows of resources. The beginning balance for lease asset was restated by \$11,407,621 the beginning balance for lease liability was restated by \$10,907,621, the beginning balance for accumulated amortization was restated by \$362,298, and the beginning net position was restated by \$137,702 as of December 31, 2021.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
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**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

Rio Grande Water Conservation District follows the procedures set forth in the Colorado Local Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopt supplemental appropriations during 2022. All budget amounts presented reflect the original budget and the final amended budget if applicable.

***Stewardship***

Expenditures in the General Fund exceeded appropriations during 2022 by \$2,596,028. This may be a violation of state statute.

**NOTE 3 CASH AND DEPOSITS**

***Cash and Deposits***

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 102% of the aggregate uninsured deposits. All deposits in 2022 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

***Custodial Credit Risk***

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, \$14,542,511 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
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**NOTE 4 STUDY ACCOUNT**

During 1995 the District was awarded a refund of certain costs and fees arising from its defense of water interests of the San Luis Valley. The amount awarded was \$1,802,133 from which \$136,906 was used to repay the remaining balance of money borrowed to finance its defense. The Board of Directors, by resolution, established the Rio Grande Water Conservation District Water Study Fund. Moneys from principal and future earnings can only be used for certain purposes. These purposes include the following:

- 1.) Studies of the water resources of the San Luis Valley.
- 2.) Technical services to assist in the defense of the use of water resources of the San Luis Valley.
- 3.) Legal services required in the defense of the water resources of the San Luis Valley.

The District has determined that the refund constitutes a damage award under Article X Section 20 of the Colorado Constitution and is exempt from revenue limitations.

At December 31, 2022, the remaining balances of the award are as follows:

Cash in Bank	\$	204,446
Certificate of Deposit		1,655,503
		\$ 1,859,949

During the year total interest earned on the account was \$5,472. There were no disbursements for the year ended December 31, 2022.

**NOTE 5 ASSESSMENTS RECEIVABLE, NET**

Subdistrict #1 assessed fees upon approximately 166,328 irrigable acres within its boundaries in Alamosa, Rio Grande, Saguache Counties, and on the Colorado State Land Board on December 1, 2021. Subdistrict #1 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable includes the 2022 assessments as follows:

SubDistrict #1		
Variable Fees	\$	8,104,774
Administrative Fees		495,500
CREP Fees		21,794
		\$ 8,622,068

Subdistrict #2 assessed fees upon approximately 265 wells within its boundaries in Alamosa and Rio Grande Counties on November 22, 2021. Subdistrict #2 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

SubDistrict #2		
Pumping Fees	\$	604,032
Administrative Fees		73,931
		\$ 677,963

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Subdistrict #3 assessed fees upon approximately 166 wells within its boundaries in Conejos County on November 19, 2021. Subdistrict #3 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

SubDistrict #3	
Previous year uncollected assessments	\$ 76,709
Ground Water Withdrawal Fees	446,469
Administrative Fees	45,584
Sustainability Fees	125,942
	<u>\$ 694,704</u>

Subdistrict #4 assessed fees upon approximately 158 wells within its boundaries in Saguache County on November 29, 2021. Subdistrict #4 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

SubDistrict #4	
Stream Impact Fees	\$ 93,534
Sustainability Fees	187,461
Administrative Fees	86,711
	<u>\$ 367,706</u>

Subdistrict #5 assessed fees upon approximately 232 wells within its boundaries in Saguache County on November 29, 2021. Subdistrict #5 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

SubDistrict #5	
Previous year uncollected assessments	\$ 100,186
Pumping Fee	536,920
Administrative Fees	134,355
Prepaid Fees	(24,968)
	<u>\$ 746,493</u>

Subdistrict #6 assessed fees upon approximately 532 wells within its boundaries in Alamosa and Rio Grande Counties on November 23, 2021. Subdistrict #6 is still refining the assessment computation and has estimated an uncollectible amount of \$0. Assessments receivable consist of the following fees:

SubDistrict #6	
Previous year uncollected assessments	\$ 80,986
Ground Water Withdrawal Fees	1,794,137
Administrative Fees	92,487
Prepaid Fees	(109,609)
	<u>\$ 1,858,001</u>

The total assessment receivable net of allowance for uncollectible accounts for all Subdistrict's totaled \$12,966,935. Previous year balances are being carried forward until collected, liens can potentially be put on the property if not collected. We have included the prepaid fees as well due to the income being for 2023.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
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**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between the District and Subdistrict. The balances result from time lags between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Improvement District #1	\$ 61,009
General Fund	Special Improvement District #2	116,015
General Fund	Special Improvement District #3	72,247
General Fund	Special Improvement District #4	264,787
General Fund	Special Improvement District #5	279,704
General Fund	Special Improvement District #6	59,891
Special Improvement District #1	Special Improvement District #3	37,149
Special Improvement District #6	Special Improvement District #3	30,146
Special Improvement District #6	General Fund	39,622
		<u>\$ 960,570</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
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**NOTE 7 CAPITAL ASSETS**

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

	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 6,294,600	\$ 2,800,000	\$ -	\$ 9,094,600
Total capital assets not being depreciated	<u>6,294,600</u>	<u>2,800,000</u>	<u>-</u>	<u>9,094,600</u>
Capital assets being depreciated				
Structures	2,331,014	-	-	2,331,014
Equipment and Vehicles	149,815	44,225	-	194,040
Office Furniture	129,045	-	-	129,045
Total capital assets being depreciated	<u>2,609,874</u>	<u>44,225</u>	<u>-</u>	<u>2,654,099</u>
Less accumulated depreciation for:				
Structures	467,152	42,333	-	509,485
Equipment and Vehicles	142,257	18,815	-	161,072
Office Furniture	102,212	10,917	-	113,129
Total accumulated depreciation	<u>711,621</u>	<u>72,065</u>	<u>-</u>	<u>783,686</u>
Total capital assets being depreciated, net	<u>1,898,253</u>	<u>(27,840)</u>	<u>-</u>	<u>1,870,413</u>
Lease assets being amortized				
Water Storage	11,407,621	-	-	11,407,621
Total lease assets being amortized	<u>11,407,621</u>	<u>-</u>	<u>-</u>	<u>11,407,621</u>
Less accumulated amortization for:				
Water Storage	362,298	380,254	-	742,552
Total accumulated amortization	<u>362,298</u>	<u>380,254</u>	<u>-</u>	<u>742,552</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL AND LEASE ASSETS, NET</b>	<u>\$ 19,238,176</u>	<u>\$ 2,391,906</u>	<u>\$ -</u>	<u>\$ 21,630,082</u>

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

Governmental activities:	
General Government	<u>\$ 72,065</u>
Total depreciation expense – governmental activities	<u>\$ 72,065</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 8 LONG-TERM DEBT**

***Changes in Long-Term Debt***

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Leases	\$ 10,907,621	\$ -	\$ 280,757	\$ 10,626,864	\$ 286,400
Compensated Absences	34,326	3,735	-	38,061	2,914
GOVERNMENTAL ACTIVITIES LONG-TERM DEBT	<u>\$ 10,941,947</u>	<u>\$ 3,735</u>	<u>\$ 280,757</u>	<u>\$ 10,664,925</u>	<u>\$ 289,314</u>

***Leases***

The District entered into a lease agreement with the San Luis Valley Irrigation District for water storage in the Rio Grande Reservoir on July 16, 2021. The lease is for 30 years with the option to renew for an additional 30 years at the end of the initial 30 year term. The payments are not subject to adjustment.

The future minimum payments are as follows:

	Principal	Interest	Total
2023	286,400	213,600	500,000
2024	292,157	207,843	500,000
2025	298,029	201,971	500,000
2026	304,019	195,981	500,000
2027	310,130	189,870	500,000
2028-2032	1,646,699	853,301	2,500,000
2033-2037	1,818,980	681,020	2,500,000
2038-2042	2,009,286	490,714	2,500,000
2043-2047	2,219,502	280,498	2,500,000
2048-2050	1,441,662	58,338	1,500,000
Total	<u>\$ 10,626,864</u>	<u>\$ 3,373,136</u>	<u>\$ 14,000,000</u>

The following summarizes the SubDistrict's long-term liability for the year ended December 31, 2022:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
Note Payable - SubDistrict #3	\$ 231,963	\$ -	\$ (18,911)	\$ 213,052	\$ 18,663
Note Payable - SubDistrict #5	-	2,550,000	(13,023)	2,536,977	7,207
BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT	<u>\$ 231,963</u>	<u>\$ 2,550,000</u>	<u>\$ (31,934)</u>	<u>\$ 2,750,029</u>	<u>\$ 25,870</u>

During the year ending December 31, 2021, SubDistrict #3 purchased a piece of land for \$392,500 on July 30, 2021. The land was transferred to the General Fund, but SubDistrict #3 holds the obligation of the related note. The agreement is between SubDistrict #3 and the seller of the land. A down payment of \$154,900 was made for the land bringing the total principal balance of the loan to \$237,500 with an interest rate of 7%. Payments are to be made monthly in the amount of \$2,758. Interest expense relating to the loan was \$6,847. Final payment is due in August 2031.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

The annual debt service for the loan is as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$	18,663	\$ 14,428	\$ 33,091
2024		20,012	13,079	33,091
2025		21,459	11,632	33,091
2026		23,010	10,081	33,091
2027		24,674	8,417	33,091
2028-2031		<u>105,234</u>	<u>14,593</u>	<u>119,827</u>
Total	\$	<u>213,052</u>	<u>\$ 72,230</u>	<u>\$ 285,282</u>

During the year ending December 31, 2022, SubDistricts #5 purchased the property for \$2,800,000, which was financed for \$2,550,000. The loan agreement terms were originally monthly payments of \$16,965.21 with interest of 7% adjusted monthly by the change in the Wall Street Journal prime rate and a balloon payment due July 31, 2025. During the year of 2023, the District paid the balance of this loan in 2023 utilizing loan proceeds from CWCB. The loan balance and future payments under the CWCB will not be finalized until substantial project completion. At the time, there is no payment schedule available.

**NOTE 9 COOPERATIVE AGREEMENT WITH BUREAU OF RECLAMATION**

Rio Grande Water Conservation District entered into a cooperative agreement with the United States Department of the Interior's Bureau of Reclamation on February 6, 1989. The agreement stipulates that the District is to assist the Bureau in the operation and maintenance of Closed Basin Division facilities and to participate with the Bureau in the planning, scheduling, and decision-making associated with the Closed Basin Division.

Under the provisions of the agreement, the Bureau will reimburse the District for costs incurred in the performance of the agreement. The Bureau advances moneys to the District based on pre-approved quarterly work schedules. As the District incurs Bureau approved costs, earned revenue is recognized. The portion of the moneys advanced by the Bureau that have not been recognized as earned are classified as unearned revenue.

Bureau of Reclamation Agreement Revenues as of December 31, 2022, are as follows:

(Receivable)/Unearned Revenue, beginning of year	\$ 26,190
Reimbursement and Advances	54,983
Interest Revenue	4
Earned Revenue	<u>(76,534)</u>
 (Receivable)/Unearned Revenue, end of year	 <u>\$ 4,644</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 10 PENSION**

***Defined Contribution Plan***

All eligible District employees, participate in the Nationwide Governmental 401(a) Plan, a defined contribution plan, authorized by state statute. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Employees are eligible to participate after one year of full-time permanent employment, and participation is mandatory. Employees are 100% vested after one year of service.

The District contributed the required 6% of the compensation of each employee for 2022. Employees are not allowed to make contributions to the plan. For the year ended December 31, 2022, the District's contributions were calculated using the base salary amount of \$798,145 and the District and the Special Improvement Districts recorded expenditures amounting to \$41,920 of which \$23,320 is recorded in the District, \$9,330, \$1,830, \$1,549, \$2,509, \$3,885, and \$2,007 are recorded in Special Improvements Districts #1, #2, #3, #4, #5, and #6, respectively, and the balance to the Bureau of Reclamation Contract.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. The Plan may be amended by resolution of the Board of Directors but it may not be amended beyond the limits established by state statute.

***Section 457 Plan Defined Contribution Plan***

The District also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457, administered by Nationwide Retirement Solutions.

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The District has no other liability other than to make the required monthly contributions.

**NOTE 11 RELATED PARTY TRANSACTIONS**

The SubDistricts responsibilities include the creation of a plan of water management and to work in conjunction with the Rio Grande Conservation District. The SubDistricts board of managers are made up of landowners or legal representatives of the landowners within their individual boundaries. As part of the plans of water management for the SubDistricts, they have implemented assessment fees to carry out the plan as well as various voluntary conservation programs to incentivize the reduction of irrigation water use and restore the critical balance between supply and demand. In the ordinary course of business, the SubDistrict's have and expect to continue to have transactions significant collection of assessment fees and significant payments for conservation program participation with its appointed board members. In the opinion of management, computation of assessments and conservation participation were on substantially the same terms as those prevailing at the time of comparable transactions with other persons and did not present any unfavorable features to the SubDistrict's.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 12 TABOR EMERGENCY RESERVE**

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

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

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3% of fiscal year spending. This Emergency Reserve has been presented as a reservation of fund balance in the General Fund where applicable. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**NOTE 13 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**NOTE 14 SUBSEQUENT EVENTS**

The SubDistricts #2 and #6 purchased 20% interest in water rights in July 2023 for \$1,400,000 with the cost to be split equally between the two SubDistricts. They are working to acquire the remaining 80% of the water rights. In 2023, SubDistrict #4 purchase property and water rights for \$2,600,000 and SubDistrict #3 purchase property and water rights for \$2,187,210. These purchases for SubDistricts #3 and #4 were covered by loans from the Colorado Water Conservation Board and payments towards the loans will not begin until substantial completion of these projects.

# **RIO GRANDE WATER CONSERVATION DISTRICT**

## **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund.

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 1,266,193	\$ 1,266,193	\$ 1,238,819	\$ (27,374)
Intergovernmental Revenue				
Bureau of Reclamation (BOR)	97,195	97,195	76,534	(20,661)
Interest Earned on BOR Funds	-	-	5	5
Charges for Water Storage	-	-	427,765	427,765
Miscellaneous Revenue				
Interest Revenue	-	-	9,643	9,643
Other Revenue	177,050	177,050	111,190	(65,860)
<b>TOTAL REVENUES</b>	<u>1,540,438</u>	<u>1,540,438</u>	<u>1,863,956</u>	<u>323,518</u>
<b>EXPENDITURES</b>				
General Government				
Salaries and Fringe	464,214	464,214	470,661	(6,447)
Travel	11,500	11,500	17,768	(6,268)
Supplies	118,443	118,443	84,719	33,724
Professional Services	899,000	899,000	303,952	595,048
Other General Government and Special Projects	76,000	76,000	272,290	(196,290)
Conservation of Natural Resources	165,040	165,040	569,041	(404,001)
Bureau of Reclamation Contract	97,175	97,175	79,744	17,431
Capital Outlay	215,000	215,000	2,844,225	(2,629,225)
TABOR Reserve	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,046,372</u>	<u>2,046,372</u>	<u>4,642,400</u>	<u>(2,596,028)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(505,934)</u>	<u>(505,934)</u>	<u>(2,778,444)</u>	<u>(2,272,510)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In (Out)	500,000	340,000	2,800,000	2,460,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>500,000</u>	<u>340,000</u>	<u>2,800,000</u>	<u>2,460,000</u>
Excess (Deficiency) of Revenues over Expenditures	(5,934)	(165,934)	21,556	187,490
<b>Fund Balance at Beginning of Year</b>	<u>4,120,172</u>	<u>4,120,172</u>	<u>4,720,104</u>	<u>599,932</u>
<b>Fund Balance at End of Year</b>	<u>\$ 4,114,238</u>	<u>\$ 3,954,238</u>	<u>\$ 4,741,660</u>	<u>\$ 787,422</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is measured on the GAAP basis.

**RIO GRANDE WATER CONSERVATION DISTRICT**

**SUPPLEMENTARY INFORMATION**

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**

**STATEMENT OF NET POSITION**

December 31, 2022

	SPECIAL IMPROVEMENT DISTRICT #1 FUND	SPECIAL IMPROVEMENT DISTRICT #2 FUND	SPECIAL IMPROVEMENT DISTRICT #3 FUND	SPECIAL IMPROVEMENT DISTRICT #4 FUND	SPECIAL IMPROVEMENT DISTRICT #5 FUND	SPECIAL IMPROVEMENT DISTRICT #6 FUND	TOTAL ENTERPRISE FUND
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash	\$ 3,944,665	\$ 740,299	\$ 1,615,917	\$ 60,278	\$ 95,813	\$ 2,501,258	\$ 8,958,230
CD - Estimated Future Obligation	3,698,661	-	-	-	-	-	3,698,661
Assessments Receivable, Net of Allowance Uncollectible Accounts	8,622,068	677,963	694,704	367,706	746,493	1,858,001	12,966,935
Interest Receivable	1,976	-	-	-	-	-	1,976
Prepaid Expenses	5,701	-	120,000	-	-	-	125,701
Due from Other Funds	37,149	-	-	-	-	30,146	67,295
<b>TOTAL ASSETS</b>	<b>\$ 16,310,220</b>	<b>\$ 1,418,262</b>	<b>\$ 2,430,621</b>	<b>\$ 427,984</b>	<b>\$ 842,306</b>	<b>\$ 4,389,405</b>	<b>\$ 25,818,798</b>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	\$ 740,652	\$ 147,962	\$ 45,969	\$ 2,613	\$ 6,576	\$ 88,900	\$ 1,032,672
Due to Other Funds	61,009	116,015	139,542	264,787	279,704	20,269	881,326
Unearned Revenue	-	4,233	19,622	-	-	122,762	146,617
Note Payable	-	-	18,663	-	7,207	-	25,870
<b>Total Current Liabilities</b>	<b>801,661</b>	<b>268,210</b>	<b>223,796</b>	<b>267,400</b>	<b>293,487</b>	<b>231,931</b>	<b>2,086,485</b>
<b>Long-Term Liabilities</b>							
Note Payable	-	-	194,389	-	2,529,770	-	2,724,159
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>194,389</b>	<b>-</b>	<b>2,529,770</b>	<b>-</b>	<b>2,724,159</b>
<b>TOTAL LIABILITIES</b>	<b>801,661</b>	<b>268,210</b>	<b>418,185</b>	<b>267,400</b>	<b>2,823,257</b>	<b>231,931</b>	<b>4,810,644</b>
<b>NET POSITION</b>							
Unrestricted	15,508,559	1,150,052	2,012,436	160,584	(1,980,951)	4,157,474	21,008,154
<b>TOTAL NET POSITION</b>	<b>15,508,559</b>	<b>1,150,052</b>	<b>2,012,436</b>	<b>160,584</b>	<b>(1,980,951)</b>	<b>4,157,474</b>	<b>21,008,154</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 16,310,220</b>	<b>\$ 1,418,262</b>	<b>\$ 2,430,621</b>	<b>\$ 427,984</b>	<b>\$ 842,306</b>	<b>\$ 4,389,405</b>	<b>\$ 25,818,798</b>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ENTERPRISE FUNDS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2022**

	SPECIAL IMPROVEMENT DISTRICT #1 FUND	SPECIAL IMPROVEMENT DISTRICT #2 FUND	SPECIAL IMPROVEMENT DISTRICT #3 FUND	SPECIAL IMPROVEMENT DISTRICT #4 FUND	SPECIAL IMPROVEMENT DISTRICT #5 FUND	SPECIAL IMPROVEMENT DISTRICT #6 FUND	TOTAL ENTERPRISE FUND
<b>OPERATING REVENUE</b>							
Variable Fees	\$ 8,339,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,339,768
Administration Fees	511,515	78,456	45,584	86,711	134,355	92,487	949,108
CREP Fees	-	-	-	-	-	-	-
Pumping Fees	-	613,604	-	-	-	-	613,604
Groundwater Withdrawal Fees	-	-	585,690	93,534	540,395	1,795,000	3,014,619
Sustainability Fees	-	-	-	190,437	-	-	190,437
Contract Inclusion Fees	24,500	2,000	300	1,000	1,000	2,100	30,900
Other Revenue	203,591	-	60,640	-	3	2,490	266,724
<b>Total operating revenue</b>	<b>9,079,374</b>	<b>694,060</b>	<b>692,214</b>	<b>371,682</b>	<b>675,753</b>	<b>1,892,077</b>	<b>13,405,160</b>
<b>OPERATING EXPENSES</b>							
Water Management Expenses							
Water Lease and Storage Expense	834,418	402,800	153,373	264,000	40,000	475,152	2,169,743
CREP	956,465	-	-	-	-	-	956,465
CREP - Incentive	-	-	-	-	-	-	-
Forbearance	-	37,075	60,606	-	-	175,041	272,722
Administration	606,795	51,907	45,076	103,840	126,567	71,170	1,005,355
Professional Fees	112,517	23,466	47,819	35,610	79,134	114,131	412,677
Well Purchase Program	4,972,439	-	-	-	-	-	4,972,439
Land Fallow Program	421,950	-	-	-	-	-	421,950
Special Projects	6,037	3,369	342	34,640	41,106	740	86,234
Other	25,076	-	-	-	-	-	25,076
<b>Total operating expenses</b>	<b>7,935,697</b>	<b>518,617</b>	<b>307,216</b>	<b>438,090</b>	<b>286,807</b>	<b>836,234</b>	<b>10,322,661</b>
Operating income (loss)	1,143,677	175,443	384,998	(66,408)	388,946	1,055,843	3,082,499
<b>NONOPERATING REVENUE</b>							
Interest Revenue	41,316	619	3,374	760	4,117	5,919	56,105
Interest Expense	-	-	(15,585)	-	(144,724)	-	(160,309)
<b>TOTAL NONOPERATING REVENUE</b>	<b>41,316</b>	<b>619</b>	<b>(12,211)</b>	<b>760</b>	<b>(140,607)</b>	<b>5,919</b>	<b>(104,204)</b>
<b>OPERATING TRANSFERS</b>							
Transfer to In(Out)	-	-	-	-	(2,800,000)	-	(2,800,000)
Change in Net Position	1,184,993	176,062	372,787	(65,648)	(2,551,661)	1,061,762	178,295
<b>Net Position at Beginning of Year</b>	<b>14,323,566</b>	<b>973,990</b>	<b>1,639,649</b>	<b>226,232</b>	<b>570,710</b>	<b>3,095,712</b>	<b>20,829,859</b>
<b>Net Position at End of Year</b>	<b>\$ 15,508,559</b>	<b>\$ 1,150,052</b>	<b>\$ 2,012,436</b>	<b>\$ 160,584</b>	<b>\$ (1,980,951)</b>	<b>\$ 4,157,474</b>	<b>\$ 21,008,154</b>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #1**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Variable Fees	\$ 6,816,586	\$ 6,816,586	\$ 8,339,768	\$ 1,523,182
Administration Fees	476,406	476,406	511,515	35,109
CREP Fees	2,023,626	2,023,626	-	(2,023,626)
Inclusion Contract Fees	5,000	5,000	24,500	19,500
Other Revenue	300,000	300,000	203,591	(96,409)
<b>Total operating revenue</b>	<u>9,621,618</u>	<u>9,621,618</u>	<u>9,079,374</u>	<u>(542,244)</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease	7,416,500	7,416,500	834,418	6,582,082
CREP	2,185,000	2,185,000	956,465	1,228,535
CREP - Incentive Fees	-	-	-	-
Administration	524,700	524,700	606,795	(82,095)
Professional Fees	-	-	112,517	(112,517)
Well Purchase Program	-	-	4,972,439	(4,972,439)
Land Fallow Program	-	-	421,950	(421,950)
Special Projects	-	-	6,037	(6,037)
Other	-	-	25,076	(25,076)
<b>Total operating expenses</b>	<u>10,126,200</u>	<u>10,126,200</u>	<u>7,935,697</u>	<u>2,190,503</u>
Operating income (loss)	<u>(504,582)</u>	<u>(504,582)</u>	<u>1,143,677</u>	<u>1,648,259</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	43,000	43,000	41,316	(1,684)
<b>Total nonoperating revenues</b>	<u>43,000</u>	<u>43,000</u>	<u>41,316</u>	<u>(1,684)</u>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	-	-	-
Transfer to General Fund	-	-	-	-
<b>Change in Net Position - Budget Basis</b>	<u>(461,582)</u>	<u>(461,582)</u>	<u>1,184,993</u>	<u>1,646,575</u>
<b>Net Position at Beginning of Year</b>	<u>4,508,003</u>	<u>4,508,003</u>	<u>14,323,566</u>	<u>9,815,563</u>
<b>Net Position at End of Year</b>	<u>\$ 4,046,421</u>	<u>\$ 4,046,421</u>	<u>\$ 15,508,559</u>	<u>\$ 11,462,138</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #2**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 74,200	\$ 74,200	\$ 78,456	\$ 4,256
Pumping Fees	543,000	543,000	613,604	70,604
Contract Inclusion Fees	500	500	2,000	1,500
Other Revenue	-	-	-	-
<b>Total operating revenue</b>	<u>617,700</u>	<u>617,700</u>	<u>694,060</u>	<u>76,360</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	802,000	802,000	402,800	399,200
Forbearance	-	-	37,075	(37,075)
Administration	66,600	66,600	51,907	14,693
Professional Fees	70,000	70,000	23,466	46,534
Special Projects	-	-	3,369	(3,369)
<b>Total operating expenses</b>	<u>938,600</u>	<u>938,600</u>	<u>518,617</u>	<u>419,983</u>
Operating income (loss)	<u>(320,900)</u>	<u>(320,900)</u>	<u>175,443</u>	<u>496,343</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	<u>1,000</u>	<u>1,000</u>	<u>619</u>	<u>(381)</u>
<b>Total nonoperating revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>619</u>	<u>(381)</u>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	<u>(12,500)</u>	<u>(12,500)</u>	<u>-</u>	<u>12,500</u>
<b>Change in Net Position - Budget Basis</b>	<u>(332,400)</u>	<u>(332,400)</u>	<u>176,062</u>	<u>508,462</u>
<b>Net Position at Beginning of Year</b>	<u>337,974</u>	<u>337,974</u>	<u>973,990</u>	<u>636,016</u>
<b>Net Position at End of Year</b>	<u>\$ 5,574</u>	<u>\$ 5,574</u>	<u>\$ 1,150,052</u>	<u>\$ 1,144,478</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #3**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 74,800	\$ 74,800	\$ 45,584	\$ (29,216)
Groundwater Withdrawal Fees	628,500	628,500	585,690	(42,810)
Contract Inclusion Fees	300	300	300	-
Other Revenue	-	-	60,640	60,640
<b>Total operating revenue</b>	<u>703,600</u>	<u>703,600</u>	<u>692,214</u>	<u>(11,386)</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	1,589,500	1,589,500	153,373	1,436,127
Forbearance	-	-	60,606	(60,606)
Administration	65,850	65,850	45,076	20,774
Professional Fees	75,000	75,000	47,819	27,181
Special Projects	-	-	342	(342)
<b>Total operating expenses</b>	<u>1,730,350</u>	<u>1,730,350</u>	<u>307,216</u>	<u>1,423,134</u>
Operating income (loss)	<u>(1,026,750)</u>	<u>(1,026,750)</u>	<u>384,998</u>	<u>1,411,748</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	2,500	2,500	3,374	874
Interest Expense	-	-	(15,585)	(15,585)
<b>Total nonoperating revenues</b>	<u>2,500</u>	<u>2,500</u>	<u>(12,211)</u>	<u>(14,711)</u>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	-	-	-
Transfer To General Fund	(5,000)	(5,000)	-	5,000
<b>Change in Net Position - Budget Basis</b>	<u>(1,029,250)</u>	<u>(1,029,250)</u>	<u>372,787</u>	<u>1,402,037</u>
<b>Net Position at Beginning of Year</b>	<u>1,044,842</u>	<u>1,044,842</u>	<u>1,639,649</u>	<u>594,807</u>
<b>Net Position at End of Year</b>	<u>\$ 15,592</u>	<u>\$ 15,592</u>	<u>\$ 2,012,436</u>	<u>\$ 1,996,844</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #4**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 56,535	\$ 59,700	\$ 86,711	\$ 27,011
Groundwater Withdrawal Fees	144,212	159,400	93,534	(65,866)
Contract Inclusion Fees	500	1,000	1,000	-
Sustainability Fee	-	-	190,437	190,437
<b>Total operating revenue</b>	<u>201,247</u>	<u>220,100</u>	<u>371,682</u>	<u>151,582</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	223,000	355,000	264,000	91,000
Forbearance	-	-	-	-
Administration	63,012	67,012	103,840	(36,828)
Professional Fees	42,000	42,000	35,610	6,390
Special Projects	-	-	34,640	(34,640)
<b>Total operating expenses</b>	<u>328,012</u>	<u>464,012</u>	<u>438,090</u>	<u>25,922</u>
Operating income (loss)	<u>(126,765)</u>	<u>(243,912)</u>	<u>(66,408)</u>	<u>177,504</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	-	-	760	760
<b>Total nonoperating revenues</b>	<u>-</u>	<u>-</u>	<u>760</u>	<u>760</u>
<b>OPERATING TRANSFERS</b>				
Transfer From General Fund	-	136,000	-	(136,000)
Transfer To General Fund	(13,000)	(13,000)	-	13,000
<b>Change in Net Position - Budget Basis</b>	<u>(139,765)</u>	<u>(120,912)</u>	<u>(65,648)</u>	<u>54,504</u>
<b>Net Position at Beginning of Year</b>	<u>152,756</u>	<u>135,295</u>	<u>226,232</u>	<u>90,937</u>
<b>Net Position at End of Year</b>	<u>\$ 12,991</u>	<u>\$ 14,383</u>	<u>\$ 160,584</u>	<u>\$ 146,201</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #5**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 111,331	\$ 115,446	\$ 134,355	\$ 18,909
Groundwater Withdrawal Fees	578,402	578,402	540,395	(38,007)
Contract Inclusion Fees	-	1,000	1,000	-
Other Revenue	-	-	3	3
<b>Total operating revenue</b>	<u>689,733</u>	<u>694,848</u>	<u>675,753</u>	<u>(19,095)</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	515,000	515,000	40,000	475,000
Forbearance	-	-	-	-
Administration	66,897	100,897	126,567	(25,670)
Professional Fees	70,000	60,000	79,134	(19,134)
Special Projects	-	-	41,106	(41,106)
<b>Total operating expenses</b>	<u>651,897</u>	<u>675,897</u>	<u>286,807</u>	<u>389,090</u>
Operating income (loss)	<u>37,836</u>	<u>18,951</u>	<u>388,946</u>	<u>369,995</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	-	-	4,117	4,117
Interest Expense	-	-	(144,724)	(144,724)
<b>Total nonoperating revenues</b>	<u>-</u>	<u>-</u>	<u>(140,607)</u>	<u>(140,607)</u>
<b>OPERATING TRANSFERS</b>				
Transfer In	-	24,000	-	(24,000)
Transfer Out	(19,552)	(19,552)	(2,800,000)	(2,780,448)
<b>Change in Net Position - Budget Basis</b>	<u>18,284</u>	<u>23,399</u>	<u>(2,551,661)</u>	<u>(2,434,453)</u>
<b>Net Position at Beginning of Year</b>	<u>-</u>	<u>103,842</u>	<u>570,710</u>	<u>466,868</u>
<b>Net Position at End of Year</b>	<u>\$ 18,284</u>	<u>\$ 127,241</u>	<u>\$ (1,980,951)</u>	<u>\$ (2,108,192)</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**SPECIAL IMPROVEMENT DISTRICT #6**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUE</b>				
Administration Fees	\$ 100,500	\$ 100,500	\$ 92,487	\$ (8,013)
Groundwater Withdrawal Fees	1,300,000	1,300,000	1,795,000	495,000
Contract Inclusion Fees	-	-	2,100	2,100
Other Revenue	-	-	2,490	2,490
<b>Total operating revenue</b>	<u>1,400,500</u>	<u>1,400,500</u>	<u>1,892,077</u>	<u>491,577</u>
<b>OPERATING EXPENSES</b>				
Water Management Expenses				
Water Lease and Storage	2,160,000	2,160,000	475,152	1,684,848
Forbearance	-	-	175,041	(175,041)
Administration	84,250	84,250	71,170	13,080
Professional Fees	165,000	165,000	114,131	50,869
Special Projects	-	-	740	(740)
<b>Total operating expenses</b>	<u>2,409,250</u>	<u>2,409,250</u>	<u>836,234</u>	<u>1,573,016</u>
Operating income (loss)	<u>(1,008,750)</u>	<u>(1,008,750)</u>	<u>1,055,843</u>	<u>2,064,593</u>
<b>NONOPERATING REVENUE</b>				
Interest Revenue	3,500	3,500	5,919	2,419
<b>Total nonoperating revenues</b>	<u>3,500</u>	<u>3,500</u>	<u>5,919</u>	<u>2,419</u>
<b>OPERATING TRANSFERS</b>				
Transfer In	-	-	-	-
Transfer Out	(10,000)	(10,000)	-	10,000
<b>Change in Net Position - Budget Basis</b>	<u>(1,015,250)</u>	<u>(1,015,250)</u>	<u>1,061,762</u>	<u>2,077,012</u>
<b>Net Position at Beginning of Year</b>	<u>1,063,390</u>	<u>1,063,390</u>	<u>3,095,712</u>	<u>2,032,322</u>
<b>Net Position at End of Year</b>	<u>\$ 48,140</u>	<u>\$ 48,140</u>	<u>\$ 4,157,474</u>	<u>\$ 4,109,334</u>

**RIO GRANDE WATER CONSERVATION DISTRICT**  
**ESTIMATED FUTURE OBLIGATIONS - UNAUDITED**  
**SPECIAL IMPROVEMENT DISTRICT #1**  
**For the Year Ended December 31, 2022**

Year	Estimated Future Obligation
2023	550,000
2024	550,000
2025	550,000
2026	550,000
2027	550,000
2028	550,000
2029	550,000
2030	393,000
2031	267,070
2032	231,830
2033	46,255
Total	\$ 4,788,155

Notes to the Supplementary Information

SubDistrict #1 implemented a conservation program which was available from 2014 through 2019. The program incentivized producers to recharge their surface water for \$50 per acre foot over 15 years. Each year the producer must recharge the water in order to satisfy the requirements of the contract. SubDistrict #1 will annually calculate the amount due to the producers based on the surface water that was actually recharged. The above estimated future obligations are estimates and are subject to change based on actual events.