

Upper Gunnison River Water Conservancy District  
Financial Statements  
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Upper Gunnison River Conservation District

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of Upper Gunnison River Conservation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Upper Gunnison River Conservation 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, the business-type activities, and the aggregate remaining fund information of Upper Gunnison River Conservation 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. 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 Upper Gunnison River Conservation 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 Upper Gunnison River Conservation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Certified Public Accountants

- 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 Upper Gunnison River Conservation 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 Upper Gunnison River Conservation 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 for major governmental funds 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 Upper Gunnison River Conservation District's basic financial statements. The budgetary comparison information for enterprise funds 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Blair and Associates, P.C.*

Cedaredge, Colorado  
June 9, 2023

Upper Gunnison River Water Conservancy District  
Management's Discussion and Analysis  
December 31, 2022

As management of the Upper Gunnison River Water Conservancy District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

General Background

The Upper Gunnison River Water Conservancy District was formed pursuant to the Colorado Water Conservancy Act, Sections 37-45-101 et seq., C.R.S. The original organizational decree was entered June 1, 1959, with reorganization decrees entered in October 1991 and November 2011. The District boundaries include all the Upper Gunnison River basin drainage, which is made up of the majority of Gunnison County and portions of Hinsdale and Saguache Counties. The Water Conservancy Act gives the District fairly broad powers. The District can appropriate water, litigate, enter into contracts, hold real property, operate projects, and perform other functions as needed to meet the present and future water needs of the District. The 2011 reorganization shifted a boundary line between Divisions 4 and 5 and added a second director to Division 5 based on the 2010 U.S. Census data. This resulted in a temporary increase from eleven to twelve directors. When a vacancy subsequently arose in Division 8, City of Gunnison, the number of directors in that division decreased from four to three and the total number of directors reverted to eleven.

The District's mission is to be an active leader in all issues affecting the water resources of the Upper Gunnison River Basin.

An eleven-member Board of Directors governs the District. Each member of the Board of Directors serves a four-year term. The terms are staggered with no more than four seats open in any given year. The Board utilizes committees to assist in resolving specific issues affecting the District. Regular meetings of the Board are generally held on the fourth Monday of each month. The Board also holds special meetings and work sessions, as necessary.

A staff of five, consisting of a general manager, office manager /senior water resource specialist, administrative assistant/communication specialist, water resource specialist/wet meadows program coordinator, and general counsel, along with contracted engineering consultants, and accounting/CPA firm, carries out the activities of the District as directed by the Board.

**FINANCIAL HIGHLIGHTS**

- The District's assets exceeded its liabilities by \$6,921,061 (i.e., net position) as of December 31, 2022, an increase of \$341,614 in comparison to the prior year.
- The District's Net Position for the General Fund was \$5,529,513, an increase of \$259,620 in comparison to the prior year.
- General property taxes totaled \$1,641,327 or 96% of general revenues.

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Management's Discussion and Analysis  
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**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner like a private-sector business.

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

The **statement of activities** presents information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g., uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the District include general government administration. The Business-type Activities of the District include the following water enterprise 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

**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 *short-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 a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the

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Management's Discussion and Analysis  
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*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 government's short-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*.

The District maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

**Proprietary Funds** – The District maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses a separate enterprise fund to account for its utility fund: Water Enterprise Fund.

***Notes to Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2022, the District's combined assets exceeded liabilities by \$6,921,061. Of this amount, \$5,239,2052 is unrestricted and available to meet the District's ongoing financial obligations.

A portion of Net Position is the investment in capital assets (net of accumulated depreciation) of \$1,618,599 (23% of Net Position). This amount reflects the investment in all capital assets (e.g., infrastructure, land, dams, reservoirs, and office equipment) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

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The following table summarizes the District's governmental and business-type Net Position for 2022 and 2021:

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 3,637,441	\$ 3,157,259	\$ 400,604	\$ 314,159	\$ 4,038,045	\$ 3,471,418
Capital assets	618,016	630,375	1,000,583	1,003,813	1,618,599	1,634,188
Long-term Investments	2,929,680	3,118,220	-	-	2,929,680	3,118,220
Total assets	<u>7,185,137</u>	<u>6,905,854</u>	<u>1,401,187</u>	<u>1,317,972</u>	<u>8,586,324</u>	<u>8,223,826</u>
Current Liabilities	47,468	83,787	9,639	8,418	57,107	92,205
Non-current liabilities						
Compensated absences	57,151	57,169	-	-	57,151	57,169
Total liabilities	<u>104,619</u>	<u>140,956</u>	<u>9,639</u>	<u>8,418</u>	<u>114,258</u>	<u>149,374</u>
Deferred Inflow of Resources						
Property taxes	<u>1,551,005</u>	<u>1,495,005</u>	<u>-</u>	<u>-</u>	<u>1,551,005</u>	<u>1,495,005</u>
Net Position						
Investment in capital assets, net of related debt	618,016	630,375	1,000,583	1,003,813	1,618,599	1,634,188
Restricted	63,257	63,257	-	-	63,257	63,257
Nonspendable	6,669	6,234	-	-	6,669	6,234
Unrestricted	4,841,571	4,570,028	390,965	305,741	5,232,536	4,875,768
Total net position	<u>\$ 5,529,513</u>	<u>\$ 5,269,894</u>	<u>\$ 1,391,548</u>	<u>\$ 1,309,554</u>	<u>\$ 6,921,061</u>	<u>\$ 6,579,447</u>

An additional portion of net position, \$63,257, represents resources that are subject to external restrictions on how they may be used, the nonspendable amount represents prepaid expenses and therefore is not available funds to spend. The remaining balance of unrestricted net position, \$5239,205 (76% of Net Position), may be used to meet the government's ongoing obligations to citizens and creditors.

**Change in Net Position**

Governmental and business-type activities increased the District's Net Position by \$341,614 in 2022.

Upper Gunnison River Water Conservancy District  
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	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 703,963	\$ 494,321	\$ 117,145	\$ 287,080	\$ 821,108	\$ 781,401
<b>General Revenues</b>						
Taxes	1,641,327	1,444,576	-	-	1,641,327	1,444,576
Miscellaneous	115,781	1,442	-	-	115,781	1,442
Interest income	(174,475)	(3,776)	6,310	47	(168,165)	(3,729)
Lake San Cristobal	-	-	-	-	-	-
<b>Totals</b>	<u>2,286,596</u>	<u>1,936,563</u>	<u>123,455</u>	<u>287,127</u>	<u>2,410,051</u>	<u>2,223,690</u>
<b>Expenses</b>						
Salaries & Benefits	716,974	563,874	31,860	27,144	748,834	591,018
Public Outreach	43,559	27,125	-	-	43,559	27,125
Legal & Accounting	11,117	6,033	530	293	11,647	6,326
Occupancy Expenses	15,145	14,053	1,146	505	16,291	14,558
Bonding & Insurance	12,745	8,586	1,165	1,038	13,910	9,624
Office Expense	83,591	154,087	1,668	3,114	85,259	157,201
Board of Directors Expenses	10,617	5,628	523	169	11,140	5,797
Board of Directors Fees	11,560	9,680	-	-	11,560	9,680
General & administrative	26,873	40,891	1,340	375	28,213	41,266
Membership & Dues	7,198	12,398	-	-	7,198	12,398
Computer Expense	22,938	-	-	-	22,938	-
Vehicle Expense	10,549	-	-	-	10,549	-
Taylor Park Project	41,526	7,436	-	-	41,526	7,436
Watershed Program	127,180	-	-	-	127,180	-
Fish Recovery Program	-	6,000	-	-	-	6,000
Water Quality Program	96,830	177,818	-	-	96,830	177,818
Wet Meadows Program	253,396	-	-	-	253,396	-
Water Supply & Improvements	342,287	637,344	-	-	342,287	637,344
Lake San Cristobal	13,464	13,464	-	-	13,464	13,464
Cloud Seeding Program	137,075	140,962	-	-	137,075	140,962
Repairs & Maintenance	-	-	-	66	-	66
Miscellaneous	3,500	-	-	-	3,500	-
Capital Outlays	-	-	-	-	-	-
Depreciation Expense	38,852	29,761	3,229	3,229	42,081	32,990
<b>Total Expenses</b>	<u>2,026,976</u>	<u>1,855,140</u>	<u>41,461</u>	<u>35,933</u>	<u>2,068,437</u>	<u>1,891,073</u>
<b>Increase in net assets</b>	259,620	81,423	81,994	251,194	341,614	332,617
<b>Beginning</b>	<u>5,269,893</u>	<u>5,188,470</u>	<u>1,309,554</u>	<u>1,058,360</u>	<u>6,579,447</u>	<u>6,246,830</u>
<b>Ending</b>	<u>\$ 5,529,513</u>	<u>\$ 5,269,893</u>	<u>\$ 1,391,548</u>	<u>\$ 1,309,554</u>	<u>\$ 6,921,061</u>	<u>\$ 6,579,447</u>

**Business-type Activities**

Business-type activities for the year resulted in an increase in Net Position of \$81,994. Charges for services accounted for 100% of total revenues.

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**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS**

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unreserved net position may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The District has one governmental fund, the General Fund, which is the primary operating fund for the District. At the end of 2022, unassigned net position of the General Fund was \$4,898,722 while the total fund balance was \$4,968,648. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned net position and total net position to total fund expenditures. The net position of the District's General Fund increased by \$271,960 during 2022.

**Proprietary funds.** The District's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The District has one enterprise fund: Water Enterprise Fund. At the end of 2022, the fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$ 390,965
Total net position	\$ 1,391,548
Increase in net position	\$ 81,994

The substantial increase in services charged was due to a large block of water (Units) being purchased by one entity.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District budgeted \$2,013,133 for 2022 expenditures. Actual expenditures were \$2,016,021. There was no amendment to the original budget for the General Fund or the Enterprise Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The District's investment in capital assets for its governmental and business-type activities as of December 31, 2022, was \$1,618,599.

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	Balance <u>12/31/2021</u>	Increase	Decrease	Balance <u>12/31/2022</u>
<u>Governmental Funds</u>				
Building and Land	\$ 759,424	\$ -	\$ -	\$ 759,424
Office Equipment	69,385	27,879	18,077	79,187
Vehicles	45,861	-	-	45,861
Less Accumulated Depreciation	<u>(244,296)</u>	<u>(38,852)</u>	<u>16,692</u>	<u>(266,456)</u>
Net Governmental Capital Assets	<u>\$ 630,374</u>	<u>\$ (10,973)</u>	<u>\$ 34,769</u>	<u>\$ 618,016</u>
<u>Business-type Activities</u>				
Asset not being depreciated	<u>\$ 942,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,457</u>
Asset being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	<u>(51,668)</u>	<u>(3,229)</u>	<u>-</u>	<u>(54,897)</u>
Net Depreciable Capital Assets	<u>61,356</u>	<u>(3,229)</u>	<u>-</u>	<u>58,127</u>
Total Business-type Capital Assets	<u>\$ 1,003,813</u>	<u>\$ (3,229)</u>	<u>\$ -</u>	<u>\$ 1,000,584</u>

**Economic Factors and Next Year's Budget**

Several areas of the economy of the region comprising the District, were impacted in 2022 by public health restrictions associated with the novel coronavirus pandemic and temporary business closures or restrictions. Local governments were anticipating lower tax revenue due to the virus' impact to our tourism-based economy. Contrary to thinking, the community saw higher tax revenue than previous non-pandemic years as we experienced a huge influx of visitors to the basin (especially in the summer tourist season) who were frequenting hotels and restaurants and who were staying in the basin to participate in perceived "safer" outdoor activities like camping, biking, hiking, fishing, boating, etc., within our community.

General fund revenues increased by approximately \$209,000 in 2022. We had only one active foreclosure and observed a reduction in available single-family homes on the market and an increase in the sales of vacant land/lots. Market prices also significantly increased.

With regard to 2022 District operations during the pandemic, we had all staff back in the office in late January when the County returned to BLUE and with all appropriate required safety precautions. The District also completed necessary and important upgrades to our audio-visual system capabilities in January which facilitated our ability to continue to conduct District business via remote meetings.

In 2023, we anticipate some increase in general fund revenues due to an increase in residential property assessment values in 2022.

As a final matter of note, the Lake San Cristobal Water Activity Enterprise Board (LSCWAE or Enterprise) requested that the District complete a financial audit of the Enterprises' financial statements.

As background, the Enterprise is supported jointly by the Upper Gunnison District, Hinsdale County, and the Town of Lake City. The purpose of the Enterprise is to provide water stored in Lake San Cristobal for use as replacement water to permit out-of-priority depletions by wells or other diversion structures that would otherwise be curtailed by downstream calls from senior water rights or senior instream flow water rights. The Enterprise is governed by a six-member board that includes two members from each of the three partner entities. The Enterprise had a clean financial audit.

Upper Gunnison River Water Conservancy District  
Management's Discussion and Analysis  
December 31, 2022

**Request for Information**

The financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to General Manager, Upper Gunnison River Water Conservancy District, 210 West Spencer Avenue, Suite B, Gunnison, CO. 81230 or 970-641-6065, 970-641-1162 (fax), [schavez@ugrwc.org](mailto:schavez@ugrwc.org)

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Government-Wide  
Statement of Net Position  
December 31, 2022

	Primary Government		Totals
	Governmental Activities	Business Type Activities	
<b>Assets</b>			
Current Assets:			
Cash & equivalents	\$ 169,442	\$ 29,657	\$ 199,099
Certificates of deposits	1,461,053	-	1,461,053
Investments-ColoTrust	256,404	370,947	627,351
Accounts receivable	175,285	-	175,285
Due from other Governments	8,323	-	8,323
Property taxes Receivable	1,551,005	-	1,551,005
Accrued Interest Receivable	9,260	-	9,260
Prepaid expenses	6,669	-	6,669
Total Current Assets	<u>3,637,441</u>	<u>400,604</u>	<u>4,038,045</u>
Long-term Investments:			
Bonds	<u>2,929,680</u>	<u>-</u>	<u>2,929,680</u>
Capital Assets:			
Office equipment	79,187	-	79,187
Office building & land	759,424	-	759,424
Vehicle	45,861	-	45,861
Dam rehabilitation	-	113,024	113,024
Meridian Lake Reservoir	-	942,457	942,457
Less accumulated depreciation	<u>(266,456)</u>	<u>(54,898)</u>	<u>(321,354)</u>
Net Capital Assets	<u>618,016</u>	<u>1,000,583</u>	<u>1,618,599</u>
<b>TOTAL ASSETS</b>	<u><b>7,185,137</b></u>	<u><b>1,401,187</b></u>	<u><b>8,586,324</b></u>
<b>Liabilities</b>			
Accounts payable	28,539	9,639	38,178
Accrued liabilities	<u>18,929</u>	<u>-</u>	<u>18,929</u>
Total Current Liabilities	<u>47,468</u>	<u>9,639</u>	<u>57,107</u>
Noncurrent Liabilities:			
Compensated absences	<u>57,151</u>	<u>-</u>	<u>57,151</u>
<b>TOTAL LIABILITIES</b>	<u><b>104,619</b></u>	<u><b>9,639</b></u>	<u><b>114,258</b></u>
<b>Deferred Inflow of Resources</b>			
Property taxes	<u>1,551,005</u>	<u>-</u>	<u>1,551,005</u>
<b>Net Position</b>			
Investment in capital assets	618,016	1,000,583	1,618,599
Restricted for TABOR reserve	63,257	-	63,257
Unrestricted	<u>4,848,240</u>	<u>390,965</u>	<u>5,239,205</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 5,529,513</b></u>	<u><b>\$ 1,391,548</b></u>	<u><b>\$ 6,921,061</b></u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Government-Wide  
Statement of Activities  
December 31, 2022

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
<b>Expenses Programs</b>			
Salaries & Benefits	\$ 716,974	\$ 31,860	\$ 748,834
Public Outreach	43,559	-	43,559
Legal & Accounting	11,117	530	11,647
Occupancy Expenses	15,145	1,146	16,291
Bonding & Insurance	12,745	1,165	13,910
Office Expense	83,591	1,668	85,259
Board of Directors Expenses	10,617	523	11,140
Board of Directors Fees	11,560	-	11,560
General & Administrative	26,873	1,340	28,213
Membership & Dues	7,198	-	7,198
Computer Expense	22,938	-	22,938
Vehicle Expense	10,549	-	10,549
Taylor Park Project	41,526	-	41,526
Aspinall Expense	19,429	-	19,429
Consulting & Engineering Expense	18,742	-	18,742
Regional Water Supply Improvement	304,116	-	304,116
Lake San Cristobal	13,464	-	13,464
Cloud seeding program costs	137,075	-	137,075
Watershed program costs	71,281	-	71,281
Wet Meadows program costs	251,599	-	251,599
Water Quality Monitoring program costs	86,830	-	86,830
Watershed Management General	55,899	-	55,899
Wet Meadows Meadows- General	1,797	-	1,797
Water Quality Monitoring-General	10,000	-	10,000
Miscellaneous	3,500	-	3,500
Depreciation	38,852	3,229	42,081
TOTAL PROGRAM EXPENSES	<u>2,026,976</u>	<u>41,461</u>	<u>2,068,437</u>
<b>Program Revenue</b>			
Basin wide Planning	592,156	-	592,156
Cloud Seeding Program	90,750	-	90,750
Charges for services	21,057	117,145	138,202
Total Program Revenue	<u>703,963</u>	<u>117,145</u>	<u>821,108</u>
NET PROGRAM REVENUE( EXPENSES)	<u>(1,323,013)</u>	<u>75,684</u>	<u>(1,247,329)</u>
<b>General Revenues</b>			
Property taxes	1,641,327	-	1,641,327
Interest on deposits and investments	(174,475)	6,310	(168,165)
Miscellaneous	115,781	-	115,781
TOTAL GENERAL REVENUES	<u>1,582,633</u>	<u>6,310</u>	<u>1,588,943</u>
<b>Change in Net Position</b>	259,620	81,994	341,614
Net Position - January 1	5,269,893	1,309,554	6,579,447
Net Position - December 31	<u>\$ 5,529,513</u>	<u>\$ 1,391,548</u>	<u>\$ 6,921,061</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Balance Sheet - General Fund  
December 31, 2022

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**Assets**

Current Assets:

Cash & equivalents	\$	169,442
Certificates of deposits		1,461,053
Investment-ColoTrust		256,404
Due from other Governments		8,323
Accounts receivable		175,285
Property taxes receivable		1,551,005
Accrued interest receivable		9,260
Prepaid expense		6,669
Total Current Assets		3,637,441

Long-term investments:

Investments		2,929,680
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<b>TOTAL ASSETS</b>	<b>\$</b>	<b>6,567,121</b>
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**Liabilities**

Accounts payable	\$	28,539
Accrued Liabilities		18,929
<b>TOTAL LIABILITIES</b>		<b>47,468</b>

**Deferred Inflow of Resources**

Property taxes		1,551,005
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**Net Position**

Restricted for TABOR reserve		63,257
Nonspendable		6,669
Unassigned		4,898,722
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>4,968,648</b>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Reconciliation of the Governmental Net Position to  
the Statement of Net Position  
December 31, 2022

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Total Governmental Net Position	\$	4,968,648
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the governmental funds.		618,016
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported as expenditures in the funds.		(57,151)
Net position of Governmental Activities.	<u>\$</u>	<u>5,529,513</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Statement of Revenues, Expenditures and Change in Net Position - General Fund  
For the Year Ended December 31, 2022

<b>Revenues</b>	
Taxes	\$ 1,641,327
Charges for services	21,057
Interest on deposits and investments	(174,475)
Watershed Management Income	199,687
Cloud seeding program	90,750
Wet Meadows Income	357,567
Water Quality Monitoring Income	34,902
Miscellaneous	117,166
TOTAL REVENUES	2,287,981
<b>Expenditures</b>	
Current:	
Salaries & Benefits	716,992
Public Outreach	43,559
Legal & Accounting	11,117
Occupancy Expenses	15,145
Bonding & Insurance	12,745
Office Expense	83,591
Board of Directors Expenses	10,617
Board of Directors Fees	11,560
General & Administrative	26,873
Membership & Dues	7,198
Computer Expense	22,938
Vehicle Expense	10,549
Taylor Park Project	41,526
Aspinall Expense	19,429
Consulting & Engineering Expense	18,742
Regional Water Supply Improvement	304,116
Lake San Cristobal	13,464
Cloud seeding program costs	137,075
Watershed program costs	71,281
Wet Meadows program costs	251,599
Water Quality Monitoring program costs	86,830
Watershed Management General	55,899
Wet Meadows Meadows- General	1,797
Water Quality Monitoring-General	10,000
Miscellaneous	3,500
Capital Outlay	27,879
TOTAL EXPENDITURES	2,016,021
NET CHANGE IN NET POSITION	271,960
Net Position January 1	4,696,688
Net Position December 31	\$ 4,968,648

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
 Reconciliation of the Governmental Net Position to  
 the Statement of Net Position  
 December 31, 2022

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Net Change in Net Position - Governmental Fund

Amounts reported for governmental activities in the statement of activities are different because:	\$	271,960
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount by which capital outlays exceeded depreciation in the current period.</p>		
Fixed assets added during year	\$ 27,879	
Loss on Disposal of Fixes Assets	(1,385)	
Depreciation	<u>(38,852)</u>	(12,358)
<p>Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds</p>		
		18
Change in Net Position of Governmental Activities	<u>\$</u>	<u><u>259,620</u></u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Statement of Net Position  
Enterprise Fund  
December 31, 2022

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	<u><b>Water Enterprise Fund</b></u>
<i>Assets</i>	
<i>Current Assets:</i>	
Cash & equivalents	\$ 29,657
Accounts Receivable	-
Investments-ColoTrust	370,947
Total Current Assets	<u>400,604</u>
 <i>Capital Assets:</i>	
Meridian Lake Reservoir	942,457
Dam Rehabilitation	113,024
Less Accumulated Depreciation	<u>(54,898)</u>
Net Capital Assets	<u>1,000,583</u>
Total Assets	<u><u>\$ 1,401,187</u></u>
 <i>Liabilities</i>	
<i>Current Liabilities</i>	
Accounts payable	<u>\$ 9,639</u>
Total Current Liabilities	<u>9,639</u>
 <i>Net Position</i>	
Invested in Capital Assets, Net of Related Debt	1,000,583
Unrestricted	<u>390,965</u>
Total Net Position	<u><u>\$ 1,391,548</u></u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Statement of Revenues, Expenses and Change in Net Position  
Enterprise Fund  
For The Year Ended December 31, 2022

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	<b>Water Enterprise Fund</b>
Operating Revenues:	
Charges for Services	\$ 117,145
Total Operating Revenue	117,145
Operating Expenses:	
Salaries & Benefits	31,860
Accounting & Legal	530
Occupancy Expenses	1,146
Bonding & Insurance	1,165
Office Expenses	1,668
General & Administrative	1,340
Board Expenses	523
Depreciation	3,229
Total Operating Expenses	41,461
Operating Income (Loss)	75,684
Non-Operating Revenues (Expenses)	
Interest Income	6,310
Total Non-Operating Revenues (Expense)	6,310
Income (Loss) Before Transfers	81,994
Total Net Position, January 1	1,309,554
Total Net Position, December 31	\$ 1,391,548

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Statement of Cash Flows  
Enterprise Fund  
For The Year Ended December 31, 2022

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	<b>Water Enterprise Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Cash Received from Charges for Services	\$ 117,175
Payments to and on behalf of employees	(31,860)
Cash Payments for Goods and Services	(5,151)
Net Cash Provided (Used) by Operating Activities	80,164
 Cash Flows From Investing Activities	
Increase in Investment	(81,310)
Interest on Investments	6,310
Net Cash Provided (Used) by Investing Activities	(75,000)
Net Increase (Decrease) in Cash & Cash Equivalents	5,164
Cash Balance, January 1	24,493
Cash Balance, December 31	\$ 29,657
 Reconciling of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 75,684
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	3,229
Assets (Increased) Decreased	
Accounts Receivable	30
Liabilities Increased (Decreased)	
Accounts Payable	1,221
Total Adjustments	4,480
Net Cash Provided (Used) by Operating Activities	\$ 80,164

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

**Upper Gunnison River Conservancy District**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Reporting Entity**

These financial statements present the financial position and results of operations of the District, a political subdivision of the State of Colorado created on June 1, 1959. The District is supported jointly by Gunnison, Hinsdale, and Saguache counties based upon a mill levy on real property located in the District. The purpose of the District is to represent the water interests of the residents of the Upper Gunnison River Watershed area. An eleven-member board governs the District.

These financial statements include only the District as there are no component units required to be included in accordance with GASB Statement No 14.

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of governmental net position and the statement of governmental activities) report information on all the nonfiduciary activities of the District. *Governmental activities*, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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

**Fund Financial Statements**

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

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the General *Fund*, which is the general operating fund of the District.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position. The District has presented the following major proprietary fund.

**Upper Gunnison River Conservancy District**  
**Notes to the Financial Statements**  
**December 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Water Enterprise Fund

Water Enterprise Fund is used to account for the provision of water services to the residents of the Upper Gunnison River Watershed and include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to customers.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

Use of Estimates

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

Property Taxes Receivable

Property taxes for the current year are levied and attached as a line on property on January 1 of the succeeding year. They are payable in full by April 30 or in two equal installments due on February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as receivable on December 31. However, since the property taxes are not available to pay current liabilities, the receivable is reported as deferred revenue.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of \$2,000 or greater. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

**Upper Gunnison River Conservancy District**  
**Notes to the Financial Statements**  
**December 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets – continued

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

Office equipment	5-10 years
Dam rehabilitation	35 years

The District started to depreciate the cost of the Meridian Lake Reservoir dam rehabilitation in 2006 when the asset was transferred to the enterprise fund.

Compensated Absences

Full-time employees, except for the manager and water attorney who are covered under separate contracts, earn paid time-off based upon the number of years of service. At the Board's discretion, part-time employees may earn paid time off on a pro-rata basis. The maximum amount of paid time-off that can be accumulated is 432 hours, after 15 years of service. All earned paid time-off is payable upon termination.

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

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

On November 3, 1998, the electors of the District approved the retention and spending of the District's non-tax revenues for the year beginning January 1, 1999, and subsequent years, without regard to the limitations imposed by the Amendment and to impose a maximum property tax rate not to exceed 2.0 mills. The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the general fund's fund balance is classified as restricted for emergencies as required by the Amendment. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

**Upper Gunnison River Conservancy District**  
**Notes to the Financial Statements**  
**December 31, 2022**

NOTE 4 – BUDGETS

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

- A. Budgets are required by state law for all governmental, proprietary, and trust funds.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. No changes were made to the originally adopted budget.
- F. Budget appropriations lapse at the end of each year.
- G. The District adopts budgets on a basis that is consistent with GAAP.

NOTE 5 - DEPOSITS AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of the uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations secured by first lien mortgages on real property located in the state. PDPA allows the institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

On December 31, 2022, the carrying amounts of the District’s deposits were \$1,670,075. Of the bank balances, 1,658,633 is covered by FDIC depository insurance. The remaining \$11,442 is covered under PDPA. Of the above bank balance, the General Fund’s share is \$1,640,418 and the Water Fund’s share is \$29,657.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain US government agency securities, certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's investment policy follows Colorado statutes. On December 31, 2022, the District's investments included certificates of deposit, funds held in COLOTRUST and long-term government bonds. The CD’s have maturity dates ranging from April 2023 to December 2024. The long-term Government maturities range from April 2023 to June 2027.

	Carrying Value	Cost	
Federal Farm Credit Banks (Level 2)	\$ 311,418	\$ 345,000	Moodys AAA; S&P AA+
Federal Home Loan Bank (Level 2)	1,559,482	1,710,000	Moodys AAA; S&P AA+
Federal Home Mortgage	482,748	500,000	Moodys AAA; S&P AA+
U.S. Treasury Notes (Level 2)	576,032	598,997	Moodys AAA
	<u>\$ 2,929,680</u>	<u>\$ 3,153,997</u>	

**Upper Gunnison River Conservancy District**  
**Notes to the Financial Statements**  
**December 31, 2022**

NOTE 5 - DEPOSITS AND INVESTMENTS – continued

The District Categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly, Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3: Unobservable inputs for an asset or liability.

Net Asset Value Investment

The District had invested \$627,351 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes, and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST' s funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. The General Funds share of the amount is \$256,404 and the Water fund's share is \$370,947. *These Investments are measured at Net Asset Value.*

**Upper Gunnison River Conservancy District**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 6 - CAPITAL ASSETS**

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

	Balance 12/31/2021	Increase	Decrease	Balance 12/31/2022
Governmental Funds				
Capital assets being depreciated				
Building and Land	\$ 759,424	\$ -	\$ -	\$ 759,424
Office Equipment	69,385	27,879	18,077	79,187
Vehicle	45,861	-	-	45,861
Less Accumulated Depreciation	(244,296)	(38,852)	16,692	(266,456)
Governmental Activities Capital Assets, Net.	<u>\$ 630,374</u>	<u>\$ (10,973)</u>	<u>\$ 1,385</u>	<u>\$ 618,016</u>
Business-type Activities				
Capital assets not being depreciation	\$ 942,457	\$ -	\$ -	\$ 942,457
Capital assets being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	(51,668)	(3,229)	-	(54,897)
Total Capital Assets Being Depreciated	<u>61,356</u>	<u>(3,229)</u>	<u>-</u>	<u>58,127</u>
Business-Type Activities Capital Assets, Net.	<u>\$ 1,003,813</u>	<u>\$ (3,229)</u>	<u>\$ -</u>	<u>\$ 1,000,584</u>

Total depreciation expense for the General Fund for the year ended December 31, 2022, was \$ 38,852, which was charged to the General and Administrative function. Water Enterprise Fund had depreciation expense of \$3,229.

**NOTE 7 - RETIREMENT PLANS**

The District participates in the Colorado Retirement Association (CRA) that provides retirement benefits through a defined contribution money purchase plan (the Plan) to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All employees must participate in the plan immediately after employment. The District has agreed to contribute 7% of employee compensation. The employee is required to contribute an amount equal to the District's contribution and may contribute up to 10% of the compensation. Employees are 100% vested once they are eligible to participate in the Plan. The covered payroll for the Plan was \$471,657 for the year ended December 31, 2022. The District and employees, each, contributed \$33,226, which is 7% of the covered payroll. The employer can authorize the term benefits and has the right to amend those terms.

The District's employees may participate in CRA's 457 deferred compensation plan if they choose. There is no District participation in this plan.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded commercial coverage in any of the past three years.

**Upper Gunnison River Conservancy District  
Notes to the Financial Statements  
December 31, 2022**

NOTE 9 - COMMITMENTS

In 2007, the District entered into an agreement with Hinsdale County and the Town of Lake City to commission a feasibility study for a controlled outlet structure for Lake San Cristobal and the District. That project was ongoing as of December 31, 2022.

NOTE 10 – LEASES

The District leases a copier. The lease term is 60 months at \$243 per month. Below is the remaining lease payment schedule on December 31, 2022.

2023-2024 / \$2,915 per year	\$ 5,830
2025	<u>972</u>
Total	<u>\$ 6,802</u>

NOTE 11 – FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

During 2022, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted funds constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision-making authority, in the District’s case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the District’s case that is the General Manager and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classifications in 2022.

It is the District’s policy to spend restricted funds first, then unrestricted funds, for the purpose for which the restriction dictates. Committed and assigned funds are spent first, when expenditure is incurred for which the commitment or assigned designation was established.

The District does have fund classifications as follows:

- Restricted which is dictated by Colorado State Law
- Nonspendable
- Unassigned.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Statement of Revenues, Expenditures and Change in Fund Balance - Budget & Actual  
General Fund  
For the Year Ended December 31, 2022

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Carryover from Prior Year	\$ 47,754	\$ -	\$ (47,754)
Taxes:			
Property	1,609,542	1,641,327	31,785
Total Taxes	1,609,542	1,641,327	31,785
Cloud Seeding Program	92,750	90,750	(2,000)
Watershed Management Program	381,500	199,687	(181,813)
Water Contract Sales	19,885	21,057	1,172
Water Quality Monitoring	35,570	34,902	(668)
Wet Meadows Program	288,066	357,567	69,501
Earnings on Deposits & Investments	(20,000)	(174,475)	(154,475)
Miscellaneous	43,676	117,166	73,490
Total Revenues	<u>2,498,743</u>	<u>2,287,981</u>	<u>(210,762)</u>
Expenditures			
Salaries & Benefits	621,993	716,992	(94,999)
Public Outreach	41,940	43,559	(1,619)
Legal & Accounting	7,500	11,117	(3,617)
Occupancy Expenses	32,626	15,145	17,481
Bonding & Insurance	12,003	12,745	(742)
Office Expense	76,637	83,591	(6,954)
Board of Directors Expenses	767	10,617	(9,850)
Board of Directors Fees	13,360	11,560	1,800
General & Administrative	1,003	26,873	(25,870)
Membership & Dues	5,222	7,198	(1,976)
Computer Expense	22,850	22,938	(88)
Vehicle Expense	4,525	10,549	(6,024)
Taylor Park Project	47,436	41,526	5,910
Aspinall Expense	23,550	19,429	4,121
Consulting & Engineering Expense	-	18,742	(18,742)
Regional Water Supply Improvement	250,000	304,116	(54,116)
Lake San Cristobal	13,464	13,464	-
Cloud seeding program costs	118,000	137,075	(19,075)
Watershed program costs	175,500	71,281	104,219
Wet Meadows program costs	369,636	251,599	118,037
Water Quality Monitoring program costs	-	86,830	(86,830)
Watershed Management General	75,000	55,899	19,101
Wet Meadows Meadows- General	-	1,797	(1,797)
Water Quality Monitoring-General	92,121	10,000	82,121
Capital Outlay	-	27,879	(27,879)
Miscellaneous	8,000	3,500	4,500
Total Expenditures	<u>2,013,133</u>	<u>2,016,021</u>	<u>(2,888)</u>
Excess of Revenues Over (Under) Expenditures	485,610	271,960	(207,874)
Fund Balance, January 1,	118,175	4,696,688	4,578,513
Fund Balance December 31,	<u>\$ 603,785</u>	<u>\$ 4,968,648</u>	<u>\$ 4,370,639</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT  
Schedule of Revenues, Expenses and Change in Available Resources - Budget & Actual  
**Water Enterprise Fund**  
For the Year Ended December 31, 2022

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Annual Meridian Dues	\$ 34,290	\$ 39,914	\$ 5,624
Other Income	-	77,231	77,231
Earnings on Deposits & Investments	47	6,310	6,263
Total Revenues	<u>34,337</u>	<u>123,455</u>	<u>89,118</u>
<b>Expenses</b>			
Salaries & Benefits	27,741	31,860	4,119
Accounting & Legal	335	530	195
Occupancy Expenses	1,209	1,146	(63)
Bonding & Insurance	1,098	1,165	67
Office Expenses	2,137	1,668	(469)
General & Administrative	1,003	1,340	337
Board Expenses	767	523	(244)
Repairs & Maintenance	-	-	-
Total Expenses	<u>34,290</u>	<u>38,232</u>	<u>3,942</u>
Excess of Revenues Over (Under) Expenses	47	85,223	85,176
<b>Reconciliation to Statement of Activities:</b>			
Depreciation	-	(3,229)	(3,229)
Available Resources, January 1	26,677	1,309,554	1,282,877
Available Resources, December 31	<u>\$ 26,724</u>	<u>\$ 1,391,548</u>	<u>\$ 1,364,824</u>

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