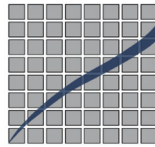


LONGMONT CONSERVATION DISTRICT
BOULDER, LARIMER, AND WELD COUNTIES, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2022

TABLE OF CONTENTS

Independent auditor's report	i
<hr/>	
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	1
Statement of activities	2
<hr/>	
Fund financial statements	
Balance sheets - governmental funds	3
Statements of revenues, expenditures, and changes in fund balances - governmental funds	4
Reconciliation of the statements of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	5
General fund - statement of revenues, expenditures, and changes in fund balance (budget and actual)	6
Notes to financial statements	7



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Longmont Conservation District
Boulder, Larimer, and Weld Counties, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Longmont Conservation District ("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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund 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 the 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 within one year after the date that the financial statements are available to be issued.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 27, 2023

LONGMONT CONSERVATION DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 220,056
Employee advances	994
Grants receivable	47,323
Lease receivable	130,164
Total assets	398,537
<u>LIABILITIES</u>	
Accounts payable and accrued liabilities	15,223
Total liabilities	15,223
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources from leases	127,674
Total deferred inflows of resources	127,674
<u>NET POSITION</u>	
Restricted for:	
Emergency reserve	26,400
Unrestricted	229,240
Total net position	\$ 255,640

The accompanying notes and independent auditor's report
should be read with these financial statements.

LONGMONT CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<u>FUNCTIONS / PROGRAMS</u>				
Primary government				
Government activities:				
General government	\$ 877,162	\$ 63,613	\$ 543,159	\$ (270,390)
Total government activities	<u>\$ 877,162</u>	<u>\$ 63,613</u>	<u>\$ 543,159</u>	<u>\$ (270,390)</u>
<u>GENERAL REVENUES</u>				
Insurance proceeds				25,624
Investment income				<u>3,638</u>
Total general revenues				<u>29,262</u>
Change in net position				(241,128)
Net position, beginning of year				496,768
Net position, end of year				<u>\$ 255,640</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

LONGMONT CONSERVATION DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 220,056	\$ 220,056
Employee advances	994	994
Grants receivable	47,323	47,323
Total assets	<u>\$ 268,373</u>	<u>\$ 268,373</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 15,223	\$ 15,223
Total liabilities	<u>15,223</u>	<u>15,223</u>
<u>FUND BALANCES</u>		
Unassigned: Unrestricted	<u>253,150</u>	<u>253,150</u>
Total fund balances	<u>253,150</u>	<u>253,150</u>
Total liabilities and fund balances	<u>\$ 268,373</u>	

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:

Lease receivable	130,164
Deferred inflows of resources from leases	<u>(127,674)</u>
Net position of governmental activities	<u>\$ 255,640</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

LONGMONT CONSERVATION DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2022

	General Fund	Total Governmental Funds
<u>REVENUES</u>		
Grant revenues	\$ 543,159	\$ 543,159
Rental revenues	50,216	50,216
Seedling sales	13,397	13,397
Investment income	1,148	1,148
Total revenues	607,920	607,920
<u>EXPENDITURES</u>		
Current:		
Cleaning	18,341	18,341
Donations	6,097	6,097
Dues and subscription	2,067	2,067
Insurance	15,660	15,660
Landscaping	21,065	21,065
Other expenses	18,720	18,720
Postage	1,504	1,504
Printing	4,378	4,378
Personnel	367,365	367,365
Professional fees	8,288	8,288
Program expense	53,297	53,297
Project expense	29,753	29,753
Property insurance	8,707	8,707
Repairs and maintenance	282,879	282,879
Supplies	5,035	5,035
Telephone	1,180	1,180
Training	5,504	5,504
Travel	3,618	3,618
Utilities	23,704	23,704
Total expenditures	877,162	877,162
Excess of revenues over expenditures	(269,242)	(269,242)
<u>OTHER FINANCING SOURCES AND USES</u>		
Insurance proceeds	25,624	25,624
Total other financing sources and uses	25,624	25,624
Net change in fund balances	(243,618)	(243,618)
Fund balances, beginning of year	496,768	496,768
Fund balances, end of year	\$ 253,150	\$ 253,150

The accompanying notes and independent auditor's report
should be read with these financial statements.

LONGMONT CONSERVATION DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022

Net change in fund balances \$ (243,618)

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

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

Interest income from lease 2,490

Change in net position \$ (241,128)

The accompanying notes and independent auditor's report
should be read with these financial statements.

LONGMONT CONSERVATION DISTRICT

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance
<u>REVENUES</u>			
Grant revenues	\$ 523,551	\$ 543,159	\$ 19,608
Rental revenues	47,664	50,216	2,552
Seedling sales	25,000	13,397	(11,603)
Investment income	4,520	1,148	(3,372)
Total revenues	600,735	607,920	7,185
<u>EXPENDITURES</u>			
Cleaning	10,800	18,341	(7,541)
Donations	10,000	6,097	3,903
Dues and subscription	2,700	2,067	633
Insurance	-	15,660	(15,660)
Landscaping	25,500	21,065	4,435
Other expenses	150	18,720	(18,570)
Personnel	420,892	367,365	53,527
Postage	1,000	1,504	(504)
Printing	4,500	4,378	122
Professional fees	9,000	8,288	712
Program expense	94,000	53,297	40,703
Project expense	10,000	29,753	(19,753)
Property insurance	6,200	8,707	(2,507)
Repairs and maintenance	308,000	282,879	25,121
Rent	2,000	-	2,000
Supplies	1,500	5,035	(3,535)
Telephone	-	1,180	(1,180)
Training	-	5,504	(5,504)
Travel	5,000	3,618	1,382
Utilities	13,510	23,704	(10,194)
Total expenditures	924,752	877,162	47,590
Excess of revenues over expenditures	(324,017)	(269,242)	54,775
<u>OTHER FINANCING SOURCES AND USES</u>			
Insurance proceeds	18,000	25,624	7,624
Total other financing sources and uses	18,000	25,624	7,624
Net change in fund balance	\$ (306,017)	(243,618)	\$ 62,399
Fund balance, beginning of year		496,768	
Fund balance, end of year		\$ 253,150	

The accompanying notes and independent auditor's report
should be read with these financial statements.

LONGMONT CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. DEFINITION OF REPORTING ENTITY

Longmont Conservation District ("District") is an independent governmental entity operating within Longmont, Larimer, and Weld Counties, Colorado. The District was organized on April 2, 1946, and is governed by a board of supervisors that is selected by an election of landowners within the District's legal boundaries. The District was organized to develop conservation plans which include grazing and cropping systems, irrigation water management, rangeland improvements, and forest health.

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's financial reporting. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable 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, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental fund:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

See independent auditor's report.

LONGMONT CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses level, and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Grants receivable

Grants receivable of the District consist of grants from local and other governmental entities. Grants receivable are unsecured and are stated at the amount the District expects to collect. As of December 31, 2022, grants receivable are considered fully collectable and no allowance for doubtful accounts has been recorded.

Capital assets

All development costs in excess of \$5,000 which have a useful life of greater than one year and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the lives of assets are capitalized. Capital assets are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from three to 40 years.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in change in net position.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. Accordingly, amounts receivable related to leases are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position and fund balances

Net position

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

Fund balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is the portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

See independent auditor's report.

LONGMONT CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

The *committed fund balance* is the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of supervisors. The constraint may be removed or changed only through formal action of the board of supervisors.

The *assigned fund balance* is the portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of supervisors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows as of December 31, 2022:

Cash and investments	<u>\$ 220,056</u>
----------------------	-------------------

The carrying amounts of cash and investments, which equal estimated fair value, are as follows as of December 31, 2022:

Deposits with financial institutions	\$ 131,055
Investments	<u>89,001</u>
	<u>\$ 220,056</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District had cash deposits with a bank balance of \$173,964 and a carrying balance of \$131,055.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

The Colorado Revised Statutes limit investment maturities to five years or less unless otherwise formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

See independent auditor's report.

LONGMONT CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Certificate of deposit

The District has a certificate of deposit with Adams Bank and Trust. The certificate of deposit has an interest rate of 1.49% and matures on April 23, 2024. The certificate of deposit totaled to \$89,001 as of December 31, 2022.

4. CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	01-01-22	Increases	Decreases	12-31-22
Capital assets, depreciable:				
Building	\$ 346,539	\$ -	\$ -	\$ 346,539
Equipment and furniture	10,872	-	-	10,872
Total	357,411	-	-	357,411
Less accumulated depreciation	(357,411)	-	-	(357,411)
Capital assets, net	\$ -	\$ -	\$ -	\$ -

On February 13, 2021, the District's office flooded, requiring extensive repairs. Costs to repair the damage totaled \$335,916, of which \$282,879 were incurred during the year ended December, 31, 2022. Insurance proceeds totaling \$133,186 were received, of which, \$25,624 were received during the year ended December 31, 2022.

5. LEASES

The District has entered into a lease agreement to lease office space and parking to the US Government which expires in June 2025. The lease entitles the District to monthly payments of \$4,397.

The District received the following inflow of resources for the year ended December 31, 2022, as follows:

Rental revenues	\$ 50,216
Interest income	2,490
Total inflows of resources from leases	<u>\$ 52,706</u>

6. EMPLOYEE BENEFIT PLAN

The District offers a Section 457 deferred compensation plan for which employees are eligible after a year of employment. The District contributes 3% or a percentage determined by the board of supervisors. All contributions made under the plan are fully vested and nonrefundable. The District contributed \$5,720 to the plan for the years ended December 31, 2022.

See independent auditor's report.

LONGMONT CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. NET POSITION

The District has net position consisting of restricted and unrestricted balances.

Restricted net position includes balances that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net assets as of December 31, 2022, as follows:

Restricted net position:

Emergency reserve (Note 11)	<u>\$ 26,400</u>
-----------------------------	------------------

The District's unrestricted net position totaled \$229,240 as of December 31, 2022.

8. INTERGOVERNMENTAL AGREEMENT

Boulder County Memorandum of Agreement

On November 13, 2019, the District entered into a Memorandum of Agreement with Boulder County under which the District received funding of \$75,000 per year increasing at a rate of 2% per year, to be used for the hiring and support of a district manager position. The District received \$78,030 under this agreement for the year ended December 31, 2022.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, certain board members received producer incentives and equipment grant funds under one of the District's conservation programs totaling \$42,642 for the year ended December 31, 2022.

10. RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

11. TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado.

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

See independent auditor's report.

LONGMONT CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

* * * * *

See independent auditor's report.