

**FOUNTAIN CREEK WATERSHED, FLOOD
CONTROL AND GREENWAY DISTRICT**

FINANCIAL STATEMENTS

December 31, 2022



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fountain Creek Watershed, Flood Control
and Greenway District
El Paso and Pueblo Counties, Colorado

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fountain Creek Watershed, Flood Control and Greenway District (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fountain Creek Watershed, Flood Control and Greenway District, and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 19 - 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Management has omitted the management's discussion and analysis that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
November 17, 2023

BASIC FINANCIAL STATEMENTS

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

STATEMENT OF NET POSITION
December 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 128,558	\$ 1,619,053	\$ 1,747,611
Investments	-	20,043,243	20,043,243
Accounts Receivable	52,913	-	52,913
Grants Receivable	137,500	-	137,500
TOTAL ASSETS	318,971	21,662,296	21,981,267
LIABILITIES			
Accounts and Retainage Payable	8,835	1,104,596	1,113,431
Accrued Salaries and Benefits	10,765	-	10,765
TOTAL LIABILITIES	19,600	1,104,596	1,124,196
NET POSITION			
Restricted for Emergencies	14,900	-	14,900
Unrestricted	284,471	20,557,700	20,842,171
TOTAL NET POSITION	\$ 299,371	\$ 20,557,700	\$ 20,857,071

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		TOTALS
		OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 123,682	\$ 13,250	\$ (110,432)	\$ -	\$ (110,432)
Public Outreach Project	312	-	(312)	-	(312)
Grant and Project Management	58,893	-	(58,893)	-	(58,893)
Corridor Greenway Master Plan	89,446	137,500	48,054	-	48,054
Total Governmental Activities	272,333	150,750	(121,583)	-	(121,583)
Business-Type Activities					
Water Activity Enterprise	2,447,770	10,927	-	(2,436,843)	(2,436,843)
Total Primary Government	\$ 2,720,103	\$ 161,677	(121,583)	(2,436,843)	(2,558,426)
GENERAL REVENUES					
Intergovernmental			309,796	-	309,796
Net Investment Income (Loss)			92	(824,735)	(824,643)
Miscellaneous			28,479	-	28,479
TOTAL GENERAL REVENUES			338,367	(824,735)	(486,368)
CHANGE IN NET POSITION			216,784	(3,261,578)	(3,044,794)
NET POSITION, Beginning			82,587	23,819,278	23,901,865
NET POSITION, Ending			\$ 299,371	\$ 20,557,700	\$ 20,857,071

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
December 31, 2022

ASSETS	
Cash	\$ 128,558
Accounts Receivable	52,913
Grants Receivable	<u>137,500</u>
TOTAL ASSETS	<u><u>\$ 318,971</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 8,835
Accrued Salaries and Benefits	<u>10,765</u>
TOTAL LIABILITIES	<u>19,600</u>
FUND BALANCES	
Restricted for Emergencies	14,900
Unassigned	<u>284,471</u>
TOTAL FUND BALANCES	<u>299,371</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 318,971</u></u>

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND - GENERAL FUND
Year Ended December 31, 2022

REVENUES	
Intergovernmental	\$ 309,796
Grants	137,500
Net Investment Income	92
Contributions and Donations	13,250
Miscellaneous	28,479
	<hr/>
TOTAL REVENUES	489,117
	<hr/>
EXPENDITURES	
General Government	123,682
Public Outreach Project	312
Grant and Project Management	58,893
Corridor Greenway Master Plan	89,446
	<hr/>
TOTAL EXPENDITURES	272,333
	<hr/>
NET CHANGE IN FUND BALANCES	216,784
	<hr/>
FUND BALANCES, Beginning	82,587
	<hr/>
FUND BALANCES, Ending	\$ 299,371
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The accompanying notes are an integral part of the financial statements.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - WATER ACTIVITY ENTERPRISE
December 31, 2022

ASSETS	
Current Assets	
Cash	\$ 1,619,053
Investments	<u>20,043,243</u>
TOTAL ASSETS	<u>21,662,296</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>1,104,596</u>
TOTAL LIABILITIES	<u>1,104,596</u>
NET POSITION	
Unreserved	<u>20,557,700</u>
TOTAL NET POSITION	<u><u>\$ 20,557,700</u></u>

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2022

OPERATING REVENUES	
Utility Enterprise Grants	
Monetary Mitigation Fund	\$ 10,927
	<u>10,927</u>
TOTAL OPERATING REVENUES	<u>10,927</u>
OPERATING EXPENSES	
Administrative and General	143,678
Projects	
Pueblo Channel Project	16,616
Pueblo Levee Dredging Project	652,132
Pueblo Levee Restoration Project	228,472
Pueblo Levee System Project	1,195,577
Eagle Ridge Project	134,831
Wood Valley Ditch Project	3,640
Frost Focus Area Project	4,470
	<u>4,470</u>
TOTAL OPERATING EXPENSES	<u>2,379,416</u>
NET OPERATING LOSS	(2,368,489)
NON-OPERATING REVENUE (EXPENSES)	
Net Investment Income (Loss)	(824,735)
Investment Fees	(68,354)
	<u>(68,354)</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(893,089)</u>
NET LOSS	(3,261,578)
NET POSITION, Beginning	<u>23,819,278</u>
NET POSITION, Ending	<u><u>\$ 20,557,700</u></u>

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2022
Increase (Decrease) in Cash

	<u>WATER ACTIVITY ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Others	\$ 10,927
Cash Paid to Suppliers for Goods and Services	(1,397,803)
Net Cash Provided(Used) by Operating Activities	<u>(1,386,876)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchase) and Sales of Investments, Net	899,921
Net Investment Income (Loss)	(831,568)
Investment Fees	(68,354)
Interest Income	6,833
Net Cash Provided(Used) by Investing Activities	<u>6,832</u>
Net Increase(Decrease) in Cash	(1,380,044)
CASH, Beginning	<u>2,999,097</u>
CASH, Ending	<u><u>\$ 1,619,053</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	
Operating Loss	<u>\$ (2,368,489)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided(Used) by Operating Activities	
Changes in Assets and Liabilities	
Accounts and Retainage Payable	<u>981,613</u>
Total Adjustments	<u>981,613</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,386,876)</u></u>

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fountain Creek Watershed, Flood Control and Greenway District (the "District") was formed on April 30, 2009 by an amendment to Title 32 of the Colorado Revised Statutes (C.R.S.) under the provisions of Colorado Senate Bill 09-141. The District area is all of El Paso and Pueblo Counties (C.R.S. 32.11.5-202). Included in the District is the 927 square miles in El Paso and Pueblo Counties (known as the Fountain Creek Watershed Management Area (C.R.S. 32-11.5-103(18)), extending south from Palmer Divide to the Arkansas River, and approximately twenty miles east of the City of Colorado Springs with Pikes Peak to the west.

The purpose of the District is to provide management, administration and funding for capital improvements in order to improve drainage, mitigate flooding, erosion and sedimentation issues; address water quality and quantity issues in the Fountain Creek Watershed. In addition, the District is authorized to fund the acquisition and protection of open space and develop public recreational opportunities including parks, trails and open space within its boundaries. The District will have land use authority in the 100 year floodplain in El Paso and Pueblo Counties between the City of Fountain and the City of Pueblo. In addition, the District can provide input to the local government entities on land use applications that may have direct or indirect impacts on the watershed. During 2015 the District established the Fountain Creek Watershed Water Activity Enterprise Fund for the purpose of providing watershed, flood control and greenway services including but not limited to construction, operation, repair and replacement of water projects and facilities as defined in C.R.S. Section 32-45.1-102(5).

The District is governed by a nine-member Board of Directors consisting of representatives from El Paso and Pueblo Counties; Cities of Colorado Springs, Fountain and Pueblo; small municipalities in El Paso and Pueblo Counties, the Lower Arkansas Valley Water Conservation District and the Citizens Advisory Group.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of including additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of this criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by grants and intergovernmental revenues, are reported separately from *business-type activities*, which rely to significant extent on fees, grants and charges for support

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

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

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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 and used. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Intergovernmental revenues, grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses,

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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.

The District reports the following major governmental fund in the fund financial statements:

General Fund is the District's primary operating fund that accounts for all financial resources of the District, except those required to be accounted for in another fund.

The District reports the following major proprietary fund in the fund financial statements:

Water Activity Enterprise Fund accounts for the activities of the District funded by local area utility enterprises for purposes of management, research, development and construction for the flood control project in the watershed area.

Assets, Liabilities and Net Position/Fund Balances

Accounts and Grants Receivable – Accounts and grants receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- Assigned – This classification includes amounts that are constrained by the District’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both restricted and unrestricted fund balances are available, the District uses restricted fund balance first followed by committed, assigned and unassigned.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2022 through November 17, 2023, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

At December 31, 2022, the District reported cash and investments as follows:

Cash	\$ 1,747,611
Investments	<u>20,043,243</u>
Total	<u>\$ 21,790,854</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2022, the District had bank deposits totaling \$1,745,611 of which \$376,558 were insured by FDIC, and \$1,369,053 were collateralized with securities held by the financial institution's agent but not in their name.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The District has not adopted a formal investment policy and therefore follows State statutes regarding investments.

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- Certain Corporate Obligations
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. Government securities explicitly or implicitly guaranteed by the U.S. Government are not considered to have credit risk exposure, including U.S. Treasury Bills, U.S. Treasury Notes, Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA).

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization ("NRSROs"). The Federated Treasury Obligations Fund (FTOF) invests exclusively in US Treasury Obligations and repurchase agreements fully collateralized by US Treasury Obligations. The FTOF records its investments at net asset value and the District records its investment in FTOF using the net asset value method.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAM by Standard and Poor's and Aaa-mf by Moody's.

As of December 31, 2022, the District had the following investments:

<u>Investment Type</u>	Standards & Poors Rating	<u>Maturities (in Years)</u>		
		<u>1 or Less</u>	<u>1 to 5</u>	<u>Total</u>
U.S. Treasury Notes	N/A	\$ 783,568	\$ 12,500,289	\$ 13,283,857
U.S. Agency Securities	AA+	582,528	1,464,846	2,047,374
Corporate Obligations	AA+	892,603	-	892,603
Corporate Obligations	AA-	993,820	1,865,130	2,858,950
Corporate Obligations	AA	943,857	-	943,857
Money Market Fund	AAAm	16,602	-	16,602
Totals		<u>\$ 4,212,978</u>	<u>\$ 15,830,265</u>	<u>\$ 20,043,243</u>

Interest Rate Risk – State statutes generally limit investments to an original maturity of five year unless the governing board authorizes the investment for a period in excess of five years. At the June 2017 Board meeting the Board of Directors approved investments in U.S. Government Instrumentalities with maturities greater than three (3) years.

Fair Value of Investments – 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 used to measure fair value: *Level 1*: Quoted (unadjusted) prices in active markets or an identical asset or liability at the measurement date; *Level 2*: The market approach technique is utilized using quoted prices of securities with similar characteristics or independent asset pricing services; *Level 3*: Unobservable inputs for an asset or liability.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

<u>Investment by Fair Value</u>	<u>Fair Value</u>	<u>Fair Value Measurements</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Notes	\$13,283,857	\$13,283,857	\$ -	\$ -
U.S. Agency Securities	2,047,374	-	2,047,374	-
Corporate Obligations	<u>4,695,410</u>	<u>-</u>	<u>4,695,410</u>	<u>-</u>
Totals	\$20,026,641	\$13,283,857	\$ 6,742,784	\$ -
 <u>Investment by Net Asset</u>				
<u>Value</u>				
Money Market Fund	<u>16,602</u>			
Total	<u>\$20,043,243</u>			

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the concentration of the District’s investment in a single issuer. State statutes do not limit the amount the District may invest in one issuer. At December 31, 2022, the District had the following investments in any one investment type greater than 5% of the District’s total investments:

<u>Investment Type</u>	<u>Percentage of Total Investments</u>
U.S. Treasury Notes	66%
U.S. Agency Securities	10%
Corporate Obligations	23%

NOTE 4: RISK MANAGEMENT

Public Entity Risk Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The District plans to provide for or restore the economic damages of those losses through risk transfer. The District participates in the Colorado Special Districts Property and Liability Pool (the “Pool”).

The purposes of the Pool are to provide members defined liability and property coverages and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, and their officers.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4: RISK MANAGEMENT (Continued)

Public Entity Risk Pool (Continued)

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs.

All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool.

NOTE 5: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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 government. The Amendment is complex and subject to judicial interpretation.

At the District's creation, the Colorado Senate Bill 09-141 (SB 09-141) authorized the District to levy property taxes up to 5 mills for the purpose funding reserves, repayment of bonds issued, maintenance, operations and improvement of facilities, subject to election requirements and limitations as defined in SB 09-141.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District has made certain interpretations of the Amendment's language in order to determine compliance. The District's management believes the Water Activity Enterprise's operations qualify for the "enterprise" exclusion allowed by the Amendment. The District believes it is in compliance with the requirements of the Amendment.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2022, the emergency reserve of \$14,900 was reported as a restriction of net position/fund balance in the Governmental Activities/General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2022
(With Comparative Actual Total for the Year Ended December 31, 2021)

	2022		VARIANCE Positive (Negative)	2021
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Intergovernmental	\$ 306,500	\$ 309,796	\$ 3,296	\$ 253,250
Grants	60,000	137,500	77,500	-
Net Investment Income	-	92	92	95
Contributions and Donations	-	13,250	13,250	2,000
Water Activity Enterprise Reimbursement	155,448	-	(155,448)	-
Miscellaneous	-	28,479	28,479	-
TOTAL REVENUES	521,948	489,117	(32,831)	255,345
EXPENDITURES				
General Government				
Advertising and Posting	150	1,740	(1,590)	70
Accounting and Audit	21,800	4,846	16,954	3,368
Administrative Support	-	90	(90)	200
Board Meetings	300	-	300	-
Conference	500	583	(83)	-
District Management	84,000	32,961	51,039	16,800
Dues and Subscriptions	2,500	90	2,410	344
Engineering	50,000	-	50,000	327
Insurance	3,000	456	2,544	-
Land Use Review	3,500	22,393	(18,893)	4,377
Legal	21,000	16,282	4,718	16,115
Office Supplies	3,325	876	2,449	108
Office Assitant	10,500	-	10,500	75,010
Outreach Coordinator	75,000	40,008	34,992	75,010
Travel	2,000	835	1,165	392
Telephone	260	-	260	-
Miscellaneous	500	2,522	(2,022)	252
Total General Government	278,335	123,682	154,653	117,363
Public Outreach Project	200,000	312	199,688	81,623
Grant and Project Management	-	58,893	(58,893)	81,623
Corridor Greenway Master Plan	44,000	89,446	(45,446)	91,038
TOTAL EXPENDITURES	522,335	272,333	250,002	290,024
NET CHANGE IN FUND BALANCE	(387)	216,784	217,171	(34,679)
FUND BALANCE, Beginning	119,659	82,587	(37,072)	117,266
FUND BALANCE, Ending	<u>\$ 119,272</u>	<u>\$ 299,371</u>	<u>\$ 180,099</u>	<u>\$ 82,587</u>

See the accompanying Independent Auditor's Report.

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2022

NOTE 1: BUDGETARY INFORMATION

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September, District management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

SUPPLEMENTARY INFORMATION

FOUNTAIN CREEK WATERSHED, FLOOD CONTROL,
AND GREENWAY DISTRICT

BUDGETARY COMPARISON SCHEDULE
WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2022
(With Comparative Actual Total for the Year Ended December 31, 2021)

	2022		VARIANCE Positive (Negative)	2021
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Grants and Contributions				
Monetary Mitigation Fund	\$ 10,300	\$ 10,927	\$ 627	\$ 10,609
Net Investment Income	2,500	402,705	400,205	334,427
TOTAL REVENUES	12,800	413,632	400,832	345,036
EXPENDITURES				
Administration and General	110,448	1,439,472	(1,329,024)	685,761
Engineering	45,000	-	45,000	2,944
Projects	4,840,000	-	4,840,000	-
Pueblo Channel Project	-	16,616	(16,616)	1,553,975
Pueblo Levee Dredging Project	-	652,132	(652,132)	1,553,975
Pueblo Levee Restoration Project	-	228,472	(228,472)	1,553,975
Pueblo Levee System Project	-	1,195,577	(1,195,577)	278,059
Eagle Ridge Project	-	134,831	(134,831)	-
Wood Valley Ditch Project	-	3,640	(3,640)	-
Frost Focus Area Project	-	4,470	(4,470)	-
TOTAL EXPENDITURES	4,995,448	3,675,210	1,320,238	2,520,739
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,982,648)	(3,261,578)	1,721,070	(2,175,703)
FUNDS AVAILABLE, Beginning	24,060,949	23,819,278	(241,671)	25,994,981
FUNDS AVAILABLE, Ending	\$ 19,078,301	\$ 20,557,700	\$ 1,479,399	\$ 23,819,278
Funds Available is Computed as Follows:				
Current Assets		\$ 21,662,296		\$ 23,942,261
Current Liabilities		(1,104,596)		(122,983)
		<u>\$ 20,557,700</u>		<u>\$ 23,819,278</u>

See the accompanying Independent Auditors' Report.