

GRAND VALLEY DRAINAGE DISTRICT

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Valley Drainage District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grand Valley Drainage District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Grand Valley Drainage 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, each major fund, and the aggregate remaining fund information of the Grand Valley Drainage District, as of December 31, 2023, 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 the Grand Valley Drainage 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 Grand Valley Drainage 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 the Grand Valley Drainage 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 Grand Valley Drainage District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Valley Drainage District's basic financial statements. The budgetary comparison information for the enterprise fund is 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
March 15, 2024

GRAND VALLEY DRAINAGE DISTRICT

Management's Discussion and Analysis

The Grand Valley Drainage District Board of Directors and management offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023.

FINANCIAL AND OPERATIONAL

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Grand Valley Drainage 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 reported as *net position*. Over time, 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 over the past year. All changes in net position are reported as soon as an "event" causing a change occurs, regardless of when related cash flows actually take place. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future financial periods; for example, vacation leave which has been earned but not yet used.

During 2023, the District continued its two activities: 1) the maintenance, repair, and construction of the District's historic drainage system (a governmental activity, and District general fund); and 2) The District's Urban Storm Water Enterprise that was created specifically to deal with "regulated water," that is, storm water which is defined by federal law as being a pollutant (a business-type activity).

Reconciling "schedules" are used in the financial statements to reconcile the "government-wide" financial statements to the "fund" financial statements. These schedules show reconciling amounts caused by the differences in measurement focus and basis of accounting between the two types of financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or purposes. Grand Valley Drainage District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the District's funds can be categorized into one fund type, governmental, for both the General Fund, and for the Enterprise Fund.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, governmental fund financial statements focus on near-term flows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is helpful in evaluating the District's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, as readers may better understand the impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. Proprietary (Enterprise) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District is authorized by § 37-45.1-101, et seq., C.R.S., to perform water activities, including management of regulated water, and to declare such activities to be a water activity enterprise, and to manage, fund and account for such activities as a water activity enterprise. The Urban Storm water Enterprise Fund accounts for service fees charged by the District for services provided to entities and individuals. These activities are intended to be self-supporting.

Grand Valley Drainage District has one governmental fund and one proprietary fund. Both the *General Fund* and the *Enterprise Fund* are considered to be major funds by the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34.

The District has begun the process of sunsetting the Enterprise Fund. The purpose of the Enterprise Fund is no longer applicable to the District.

Budgetary Comparisons. Grand Valley Drainage District adopts an annual appropriated budget for all its funds. Budget to actual comparisons for each fund are provided elsewhere in this report.

Notes to the Financial Statements. These notes provide additional information that is necessary in gaining a full understanding of the data provided in the government-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position. Net position may serve over time as a useful indicator of a government’s financial position. As of December 31, 2023, assets exceeded liabilities by \$7,764,454.

The following table provides condensed government-wide financial data for the years ended December 31, 2023, and 2022.

	2023		2022	
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities
Assets:				
Current Assets	\$ 3,788,219	\$ -	\$ 3,201,876	\$ 82,723
Capital Assets (net)	6,922,537	-	6,655,796	-
Total Assets	10,710,756	-	9,857,672	82,723
Liabilities:				
Current Liabilities	25,535	-	33,400	-
Long-term Liabilities	240,723	-	346,872	-
Total Liabilities	266,258	-	380,272	-
Deferred Inflows:				
Property Taxes	2,680,044	-	2,615,894	-
Net Position:				
Invested in Capital Assets	6,754,862	-	6,385,439	-
Restricted for Tabor	90,150	-	81,592	-
Unrestricted	919,442	-	394,475	82,723
Total Net Position	\$ 7,764,454	\$ -	\$ 6,861,506	\$ 82,723

Grand Valley Drainage District’s total liabilities and deferred inflows were 27.5% of the Districts total assets on December 31, 2023. Total current liabilities were .67% of the District’s total assets. The amount of the long-term liabilities included compensated absences payable, capital lease payments due within one year and capital leases payable.

CHANGES IN NET POSITION

The net position of all the District activities increased by \$820,225 in 2023 from 2022. The major reason for the change in net position was due to the purchase of equipment and the sunsetting of the Business Type activity.

The following table indicates the changes in net position for governmental activities for 2023 and 2022.

2023	Governmental Activities	Business-Type Activities	Total
Revenues:			
Charges for Services	\$ -	\$ -	\$ -
Contributions	-	-	-
Property Taxes	2,648,894	-	2,648,894
Specific Ownership Tax	344,548	-	344,548
Grant Income	3,996	-	3,996
Interest Income	6,250	187	6,437
Miscellaneous Income	7,801	-	7,801
Total Revenue	3,011,489	187	3,011,676
Expenses:			
Operating Expense	1,623,928	12,890	1,636,818
General & Administrative	200,208	-	200,208
Interest Expense	5,241	-	5,241
Depreciation	349,182	-	349,182
Total Expenses	2,178,559	12,890	2,191,449
Change in Net Position	832,930	(12,703)	820,227
Net Position, January 1,	6,861,506	82,723	6,944,229
Equity Transfer	70,020	(70,020)	-
Net Position, December 31,	\$ 7,764,456	\$ -	\$ 7,764,456
2022	Governmental Activities	Business-Type Activities	Total
Revenues:			
Charges for Services	\$ -	\$ 500	\$ 500
Contributions	-	-	-
Property Taxes	2,473,218	-	2,473,218
Specific Ownership Tax	320,885	-	320,885
Grant Income	-	54,858	54,858
Interest Income	5,000	181	5,181
Miscellaneous Income	202	-	202
Total Revenue	2,799,305	55,539	2,854,844
Expenses:			
Operating Expense	1,350,703	114,290	1,464,993
General & Administrative	189,546	7,954	197,500
Interest Expense	-	99	99
Depreciation	339,507	-	339,507
Total Expenses	1,879,756	122,343	2,002,099
Change in Net Position:	919,549	(66,804)	852,745
Net Position, January 1,	6,903,046	(811,562)	6,091,484
Equity Transfer	(961,089)	961,089	-
Net Position, December 31,	\$ 6,861,506	\$ 82,723	\$ 6,944,229

The major general revenues for governmental activities were as follows:
Property taxes of \$2,648,894 and specific ownership taxes of \$344,548.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's capital assets on December 31, 2023, and 2022 are presented below.

	Capital Assets (Net of Depreciation)	
	Governmental Activities	
	2023	2022
Land	\$ 420,051	\$ 420,051
Infrastructure	4,427,180	4,208,550
Building & Improvements	367,266	370,110
Vehicles	549,213	451,633
Equipment	1,153,793	1,199,199
Office Furniture & Equipment	5,034	6,253
Total	\$ 6,922,537	\$ 6,655,796

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As mentioned earlier, Grand Valley Drainage District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund - The focus of the District's governmental fund 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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Proprietary Fund - The District's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Major Activity for 2023

Governmental Fund

- Receipt of \$2,648,8934 of total tax revenues
- Expenditures of \$2,178,559 for operations
- Fixed Asset Capitalized \$615,925

Proprietary Fund

- Receipt of \$187 in interest income.
- Expenditures of \$12,890 for operations.

BUDGETARY COMPARISON HIGHLIGHTS

The estimated Budget compared to actual expenditure reflects a large number of unexpended allowances for Reserves. Some of those funds are restricted by the State statute for emergency reserves of 3% of the annual budget.

- The District's budget is prepared and approved according to Colorado statutes.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR 2023

Overview of the Financial Statements

The storm water fee charged by the District was determined to be a tax, and the full \$8.25 M debt has now been fully repaid as ordered by the courts. We are now able to focus our revenues on standard operation and maintenance along with participating in capital improvement projects in conjunction with other governmental entities in order to keep the system in line with rapid local growth.

The District remains solvent and able to complete our statutory mission.

The District continues to maintain over 250 miles of open and piped conveyance systems with an annual mill levy which generated \$2.7M in 2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Grand Valley Drainage District's finances for all those with an interest in this local government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Grand Valley Drainage District, 722 23 Road, Grand Junction, CO 81505, or to the District's Manager on 242-4343.

Basic Financial Statements

GRAND VALLEY DRAINAGE DISTRICT
Statement of Net Position
December 31, 2023

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Equivalents	\$ 1,047,903	\$ -	\$ 1,047,903
Investments	27,167	-	27,167
Accounts Receivable	40	-	40
Due From Other Governments	25,845	-	25,845
Property Taxes Receivable	2,680,044	-	2,680,044
Prepaid Expenses	7,220	-	7,220
Capital Assets, Net	6,922,537	-	6,922,537
Total Assets	<u>\$ 10,710,756</u>	<u>\$ -</u>	<u>\$ 10,710,756</u>
LIABILITIES			
Accounts Payable	\$ 6,819	\$ -	\$ 6,819
Accrued Expenses	18,716	-	18,716
Capital Lease Payments due in one year	105,069	-	105,069
Noncurrent Liabilities			
Compensated Absences Payable	73,048	-	73,048
Capital Lease Payable	62,606	-	62,606
Total Liabilities	<u>266,258</u>	<u>-</u>	<u>266,258</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivable	<u>2,680,044</u>	<u>-</u>	<u>2,680,044</u>
NET POSITION			
Net Investment in Capital Assets	6,754,862	-	6,754,862
Restricted for Emergencies	90,150	-	90,150
Unrestricted	919,442	-	919,442
TOTAL NET POSITION	<u>7,764,454</u>	<u>-</u>	<u>7,764,454</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 10,710,756</u>	<u>\$ -</u>	<u>\$ 10,710,756</u>

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

GRAND VALLEY DRAINAGE DISTRICT
Statement of Activities
December 31, 2023

	Expenses	Program Revenues		Net Expense/Revenue and Changes in Net Position		Total
		Charges For Services & Fees	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	
Functions/Programs						
Governmental Activities:						
Drainage System Operation	\$ (2,173,317)	\$ -	\$ -	\$ (2,173,317)	\$ -	\$ (2,173,317)
Total Governmental Activities	<u>(2,173,317)</u>	<u>-</u>	<u>-</u>	<u>(2,173,317)</u>	<u>-</u>	<u>(2,173,317)</u>
Business Type Activities:						
Enterprise Fund	(12,890)	-	-	-	(12,890)	(12,890)
Total Business Type Activities	<u>(12,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,890)</u>	<u>(12,890)</u>
Total Primary Government	<u><u>(2,186,207)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(2,173,317)</u></u>	<u><u>(12,890)</u></u>	<u><u>(2,186,207)</u></u>
General Revenues:						
Property Taxes				2,648,894	-	2,648,894
Specific Ownership Taxes				344,548	-	344,548
Interest Income				6,250	187	6,437
Grant Income				3,996	-	3,996
Miscellaneous Income				7,801	-	7,801
Total General Revenues				<u>3,011,489</u>	<u>187</u>	<u>3,011,676</u>
Other Expense:						
Interest Expense				(5,242)	-	(5,242)
Change in Net Position				832,930	(12,703)	820,227
Net Position January 1,				6,861,506	82,723	6,944,229
Fund Transfer				70,020	(70,020)	-
Net Position December, 31				<u>\$ 7,764,456</u>	<u>\$ -</u>	<u>\$ 7,764,456</u>

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

Fund Financial Statements

GRAND VALLEY DRAINAGE DISTRICT
Balance Sheet - Governmental Fund
December 31, 2023

	General Fund
ASSETS	
Cash and Equivalents	\$ 1,047,903
Investments	27,167
Due from other Governments	25,845
Other receivables	40
Prepaid Expenses	7,220
Property Taxes Receivable	2,680,044
Total Assets	\$ 3,788,219
 LIABILITIES	
Accounts Payable	\$ 6,819
Accrued Expenses	18,716
Total Liabilities	25,535
 RESTRICTED INFLOWS OF RESOURCES	
Property Taxes Receivable	2,680,044
 NET POSITION	
Restricted for Emergencies	90,150
Unspendable	7,220
Unassigned	985,270
Net Position	1,082,640
Total Liabilities and Net Position	\$ 3,788,219

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

GRAND VALLEY DRAINAGE DISTRICT
Reconciliation of Total Governmental Funds
December 31, 2023

Total Governmental Fund Balance	\$ 1,082,640
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,922,537
Long-term liabilities, including compensated absences are not due and payable in the current period and are therefore not reported in the funds.	
Compensated Absences	(73,048)
Capital Leases	(167,675)
	<u>\$ 7,764,454</u>

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

GRAND VALLEY DRAINAGE DISTRICT
Statement of Revenue, Expenses and Changes in Fund Balance-Governmental Funds
For The Year Ended December 31, 2023

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Revenues			
	Taxes	\$	2,993,442
	Interest Income		6,250
	Grant Income		3,996
	Miscellaneous		7,801
	Total Revenue		3,011,489
Expenditures			
	Current		
	General and Administrative		200,208
	Drainage Operations		1,627,393
	Lease Payments		107,924
	Capital Outlays		615,924
	Total Expenditures		2,551,449
			460,040
Net Position January 1			552,582
	Transfer from Enterprise Fund		70,020
Net Position December 31,		\$	1,082,642

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

GRAND VALLEY DRAINAGE DISTRICT
 Reconciliation of the Statement of Revenue, Expenses and Changes
 In Fund Balance of Governmental Fund to Statement of Activities
 For The Year Ended December 31, 2023

Net Change in Fund Balance-Governmental Fund	<u>\$ 460,040</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities and cost of those assets in allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays and capitalized labor and other expenses in the current period.</p>	
Fixed Assets Current Additions (Capitalized)	615,924
Depreciation Expense	<u>(349,182)</u>
	<u>266,742</u>
<p>Long-term liabilities, including the net change compensated absences are not due and payable in current period and are therefore not reported in the funds</p>	3,466
Governmental funds report repayment of debt as an expenditure	<u>102,682</u>
	<u>\$ 832,930</u>

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

GRAND VALLEY DRAINAGE DISTRICT
Statement of Net Position - Proprietary Fund
December 31, 2023

ASSETS			
Cash and Equivalents		\$	-
Accounts Receivable			-
Prepaid Expense			-
Office Equipment-Net of Accumulated Depreciation			-
	Total Assets		-
LIABILITIES			
Interest Payable-Customers			-
Due Customers-Payback			-
LONG-TERM LIABILITIES			
Due Customers-Payback			-
	Total Liabilities		-
Net Position			
Invested in Capital Assets			-
Unrestricted			-
	Net Position	\$	-

As per Resolution 2023-102 "SUNSETTING THE URBAN STORMWATER ENTERPRISE ESTABLISHED TO BE ACCOUNTED FOR AND FOR THE ADMINISTRATION AS A WATER ACTIVITY ENTERPRISE FOR THE GRAND VALLEY DRAINAGE DISTRICT'S 'URBAN STORMWATER ENTERPRISE'," all accounts related have been reconciled and closed as shown above.

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

GRAND VALLEY DRAINAGE DISTRICT
Statement of Revenues, Expenses & Change in Net Position - Proprietary Fund
For The Year Ended December 31, 2023

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Revenues			\$ -
	Service Fees		187
	Interest		<u>187</u>
		Total Revenues	<u>187</u>
Expenses			
	Operating Expense		12,634
	Office Expense		<u>256</u>
		Total Expenses	<u>12,890</u>
		Excess Expenses over Revenue	<u>(12,703)</u>
		Change in Net Position	(12,703)
Net Position January 1,			82,723
	Transfer-to from General Fund		<u>(70,020)</u>
Net Position December 31,			<u><u>\$ -</u></u>

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

GRAND VALLEY DRAINAGE DISTRICT
Statement of Cash Flows - Proprietary Fund
For The Year Ended December 31, 2023

Increase (Decrease) in Cash & Cash Equivalents

Cash Flows from Operations	
Cash Received for Services	\$ -
Interest Received	187
Cash Paid to Suppliers	<u>(12,890)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(12,703)</u></u>

Cash Flows from Capital & Related Financing Activities:

Customer Payable-Storm Water Fees	-
Transfer to General Fund	<u>(70,020)</u>
Net Cash Provided (Used) by Capital & Related Financing Activities	<u><u>(70,020)</u></u>

INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	<u><u>(82,723)</u></u>
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Cash & Cash Equivalents January 1,	<u>82,723</u>
Cash & Cash Equivalents December 31,	<u><u>\$ -</u></u>

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	<u>\$ (12,703)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amounts not requiring cash:	
Depreciation	-
(Increase) Decrease in Accounts Receivable	-
Increase (Decrease) in Accounts Payable	<u>-</u>
Total Adjustments	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (12,703)</u></u>

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

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Grand Valley Drainage District (the District) was organized in September 1915. The District was created, formed, and is governed by Colorado State Statute. The purpose of the District is the management of seep waters, waste irrigation waters and storm waters within its boundaries.

The District is governed by a publicly elected three-member board of directors, is a legally separate entity and is fiscally independent. The District is the primary government. It is not included in any other governmental reporting entity, nor is the District financially accountable for any other organizations and does not include any component units.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District has no *component units*.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segments 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. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met. When the District has the option to use either restricted or unrestricted Net Position to finance a program it is the District's policy to first apply restricted resources.

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. The District considers revenues to be available if they are collectible within 180 days except for property taxes which are considered available if they are collectible within 60 days after year-end. Property taxes and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation-continued

The government reports the following major governmental fund:

The *General Fund* is the District's operating fund. It accounts for all financial resources of the government except for those required to be reported in another fund.

The government reports the following major proprietary fund:

The *Urban Storm Water Enterprise Fund* accounts for service fees charged by the District for services provided to entities and individuals. These activities are intended to be self-supporting.

Generally, the effect of inter-fund activity has been eliminated from government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District is in the process of sunsetting the Enterprise Fund.

4. Estimates

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

5. Risk Management

The District is exposed to various risks of loss related to property and casualty losses. The District has joined together with other governments in the State of Colorado to form the Colorado Special District's Property and Liability Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member districts. The Pool provides the District with general property, vehicle comprehensive and collision, and various liability insurance coverage. The District pays an annual contribution to the Pool for its property and casualty insurance coverage. During 2023, the District paid contributions of \$70,389. The intergovernmental agreement of formation of the Pool provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. There were no significant reductions in insurance coverage from the previous year by major categories of risk, and there have been no settlements that exceed the District's insurance coverage during the past three years.

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Cash and Cash Equivalents

For the purposes of statement of cash flows, the District considers all highly liquid investments. (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

7. Capital Assets

Capital assets, which include property, plant and equipment are defined by the District as assets with an initial, individual cost of at least \$1,000, (\$5,000 for infrastructure), and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with the requirements of the Governmental Accounting Standards Board (GASB) the District began recording infrastructure assets for the year ended December 31, 2004.

Depreciation is provided on the straight-line method over the assets estimated useful lives, as follows:

Infrastructure	50 years
Building	100 years
Vehicles	10 – 40 years
Equipment	10 – 50 years
Office furniture and equipment	4 – 50 years

8. Fund Balance

The District has approved the following Fund Balance policies:

Committed fund balances are approved by the District’s Board via a majority vote. The District does not use the assigned fund balance designation.

As stated in Note A3, the District considers restricted amount to have been spent for purposes for which both restricted and unrestricted fund balance is available. The District also considers. committed amounts to have been spent for purposes which any unrestricted fund balance. classifications could have been used.

9. Net Position

In the entity-wide financial statements, net position represents the difference between assets and liabilities. Amounts shown as invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Balances are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

10. Budgets

The annual budget is prepared and approved by the Board of Directors in accordance with the State of Colorado Financial Management Manual. The budget is prepared on the modified accrual basis of accounting. It is submitted to the District Board of Directors by October 15th. The mill levy is certified to the Mesa County Board of County Commissioners by December 15th. The commissioners certify the property taxes are levied and mill levy by December 22nd. The Board of Directors may amend the appropriation resolution at any time during the year if warranted by circumstances. The 2023 budget was amended for both funds.

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

NOTE B – CASH AND INVESTMENTS

Cash

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 PDPA. PDPA allows the institution 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed by the GASB. At year-end, the bank balance of the District’s deposits in the General Fund was \$1,059,518 of this balance \$267,639 was insured by FDIC and \$791,879 was collateralized under PDPA.

On December 31, 2023, the deposits of the governmental activities consisted of the following:

Cash on hand	\$ 850
Cash in checking	<u>1,047,053</u>
Total	<u>\$ 1,047,903</u>

At year-end, the District’s Enterprise fund had invested \$27,167 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. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor’s, an AAR/V1+ from Fitch’s and an Aaa from Moody’s rating services.

Summary of Investments Held by the District:

ColoTrust (Measured at Net Asset Value)	<u>\$ 27,167</u>
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Fair Value

The County categorized 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.

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE B – CASH AND INVESTMENTS-Continued

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 assets or liabilities.

Level 3: Unobservable inputs for an asset or liability.

NOTE C – PROPERTY TAXES

Property taxes for 2022, collectible in 2023, were certified by the Mesa County Commissioners in December 2022. Property taxes attach as an enforceable lien on January 1, 2023, are due in total April 30, 2023, or in equal installments February 28, 2023, and June 15, 2023, at the option of the taxpayer.

Property taxes for 2023, collectible in 2024, are shown as property taxes receivable and deferred revenue on the balance sheet in the amount of the assessed taxes. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

NOTE C – PROPERTY TAXES -continued

Revenue recognized in 2023.

Local property taxes levied for 2022 and collected in 2023 are recognized as revenue in these financial statements as shown below:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes Levied</u>	<u>Collected</u>	<u>Percent Collected</u>
2022	\$ 1,354,976,121	1.957	\$ 2,651,688	\$ 2,648,166	99.87%

NOTE D – DEFERRED COMPENSATION PLAN

The District provides a 401a plan for all its full-time employees through the Colorado Retirement Association. Employees participate in the plan after completing one year of service. Both the District and employees are required to contribute 6% of the employee’s gross wages. In addition, employees may voluntarily contribute up to another 10% of gross wages. Participants may make lump sum contributions to the plan to provide for past service benefits. Employees vest their interest in the District’s contribution at the rate of 10% per year. The District’s covered payroll for 2023 was \$891,814 and the District’s contribution to the plan was \$53,509. This was equal to the required contribution for the year. Employees contributed \$53,509 to the plan during 2023.

The District provides a 457-retirement plan for its employees. The District does not contribute to this plan.

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE E – TAX, SPENDING AND DEBT LIMITATIONS

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. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

NOTE F – RESTRICTED NET POSITION

Restricted Net Position consists of a 3% emergency reserve of \$90,150.

NOTE G – LINE Of CREDIT

The District has a \$100,000 line of credit with a local financial institution. The line has not been drawn upon as of the date of the audit report.

NOTE H – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit report.

NOTE I – CAPITAL ASSETS

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
General Fund				
Land	\$ 420,051	\$ -	\$ -	\$ 420,051
Infrastructure (Drainage System)	6,001,775	342,087	-	6,343,862
Building & Improvements	591,198	4,957	-	596,155
Vehicles	1,360,140	185,229	(19,180)	1,526,189
Equipment	2,386,541	83,651	-	2,470,192
Office Furniture & Equipment	55,872	-	-	55,872
Totals	10,815,577	615,924	(19,180)	11,412,321
Less Accumulated Depreciation:				
Infrastructure (Drainage System)	(1,793,225)	(123,457)	-	(1,916,682)
Building & Improvements	(221,088)	(7,801)	-	(228,889)
Vehicles	(908,507)	(87,649)	19,180	(976,976)
Equipment	(1,187,343)	(129,055)	-	(1,316,398)
Office Furniture & Equipment	(49,619)	(1,220)	-	(50,839)
Total Accumulated Depreciation	(4,159,782)	(349,182)	19,180	(4,489,784)
Governmental activities capital assets, net	\$ 6,655,795	\$ 266,742	\$ -	\$ 6,922,537
Enterprise Fund				
Office Furniture & Equipment	\$ 5,994	\$ -	\$ -	\$ 5,994
Total	5,994	-	-	5,994
Less Accumulated Depreciation	(5,994)	-	-	(5,994)
Net	-	-	-	-
Construction in Progress-Infrastructure	-	-	-	-
Enterprise activities capital assets, net	\$ -	\$ -	\$ -	\$ -

GRAND VALLEY DRAINAGE DISTRICT
Notes to Financial Statements
December 31, 2023

NOTE J – LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 76,515	\$ -	\$ 3,467	\$ 73,048
Leases Payable	\$ 270,358	\$ -	\$ 102,682	\$ 167,676

Capitalized Lease Obligations

The District has entered into several lease agreements for equipment. The leases payments must be appropriated every year.

In August 2015, the District entered into a lease agreement for an excavator. A down payment was made at closing in August 2015 and payments on the lease began September 2015 and will continue through July 2024.

In February 2018, the District entered into a lease agreement for a motor grader. Payments on the lease will begin March 2018 and continue to be made annually through February 2024.

In April 2022, the District entered into a lease agreement for two Excavators. Payments began in May 2022 of \$5,902, principal and interest. The interest rate is 2.89%. The payments are for 60 months. Payments will end in April 2026.

The assets acquired thru capital leases are as follows:

	Governmental Activities
Equipment	\$ 602,420
Less Depreciation	(122,414)
	\$ 480,006

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023, were as follows:

	2024	\$ 105,069
	2025	50,299
	2026	12,307
Present value of net minimum lease payments	\$	167,675

**REQUIRED
SUPPLEMENTARY INFORMATION**

GRAND VALLEY DRAINAGE DISTRICT
Schedule of Revenues, Expenditures and Changes in Net Position
Budget & Actual - General Fund
For The Year Ended December 31, 2023

		Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
	Taxes	\$ 2,953,696	\$ 2,993,442	\$ 39,746
	Interest Income	5,000	6,250	1,250
	Grant Income	-	3,996	3,996
	Miscellaneous	2,535	7,801	5,266
	Total Revenues	<u>2,961,231</u>	<u>3,011,489</u>	<u>50,258</u>
Expenditures				
	Drainage Operations	1,347,588	1,627,393	(279,805)
	General and Administrative	271,302	200,208	71,094
	Capital Outlay	960,000	615,924	344,076
	Lease Payments	108,000	107,924	76
	Contingencies and Reserves	25,000	-	25,000
	Total Expenditures	<u>2,711,890</u>	<u>2,551,449</u>	<u>160,441</u>
Excess of Revenues Over				
	(Under) Expenditures	249,341	460,040	210,699
Net Position, January 1,				
		444,269	552,582	108,313
	Transfer-in from Enterprise Fund	-	70,020	70,020
Net Position, December 31,				
		<u>\$ 693,610</u>	<u>\$ 1,082,642</u>	<u>\$ 389,032</u>

SUPPLEMENTARY INFORMATION

GRAND VALLEY DRAINAGE DISTRICT
Schedule of Revenues, Expenditures and Changes in Net Position
Budget & Actual - Proprietary Fund
For The Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Available Funds at beginning of year	\$ 217,383	\$ -	\$ 217,383
Revenue			
Other fees	500	-	(500)
Grant Income	-	-	-
Interest	101	186	85
Total Revenue	<u>601</u>	<u>186</u>	<u>(415)</u>
Expenses			
Operating Expense	20,000	12,633	7,367
Engineering	-	-	-
Legal	-	-	-
Office Expense	5,000	256	4,744
Total Expenses	<u>25,000</u>	<u>12,889</u>	<u>12,111</u>
Other income / (Expense)			
Interest Expense	<u>(177,055)</u>	<u>-</u>	<u>(177,055)</u>
Excess of Revenues Over (Under) Expenses	15,929	(12,703)	27,802
Net Position, January 1,	-	82,723	82,723
Transfer to General Fund	-	(70,020)	70,020
Net Position, December 31,	<u>\$ 15,929</u>	<u>\$ -</u>	<u>\$ 180,545</u>