

**ANIMAS-LA PLATA
WATER CONSERVANCY DISTRICT**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023





Table of Contents

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	I-II
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	III
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Activities	2
Governmental Fund Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Governmental Fund Revenues, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in the Fund Balances of Governmental Funds to the statement of Activities	5
Notes to Basic Financial Statements	6-16
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule—General Fund	17



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Report of Independent Certified Public Accountants

To the Board of Directors
Animas-La Plata Water Conservancy District

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of Animas-La Plata Water Conservancy District (the District) as of and for the year ended December 31, 2023 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 the major fund of Animas-La Plata Water Conservancy District, as of December 31, 2023 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 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Animas-La Plata Water Conservancy 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 opinion. 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, including omissions, 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.

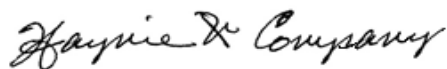
In performing an audit in accordance with generally accepted auditing standards, we:

- 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.
- 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 Animas-La Plata Water Conservancy 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 Animas-La Plata Water Conservancy 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 management's discussion and analysis and the budgetary comparison for the general fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.



Littleton, Colorado
July 16, 2024

Animas-La Plata Water Conservancy District Management's Discussion and Analysis (Unaudited) December 31, 2023

As management of the Animas-La Plata Water Conservancy District, we 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.

This discussion and analysis is intended to be an easily readable analysis of the Animas-La Plata Water Conservancy District's financial activities based on currently known facts, decisions and conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

Besides this Management's Discussion and Analysis (MD&A), the report consists of financial statements, the notes to the financial statements, and other supplementary information. Animas-La Plata Water Conservancy District is a proprietary fund entity whose primary function for several years was to plan for and oversee the development of the Animas La Plata Project. This project has been completed. It is now coordinating the sale of project water allocations and providing financial assistance to various water projects in its District. The financial statements of Animas-La Plata Water Conservancy District consist of two primary statements: the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

The Statement of Net Position reflects the cumulative financial condition of the District on December 31, 2023. Net position reflects the sum total of earnings and contributions to the District over its lifetime, net of any losses incurred.

The Statement of Revenues, Expenses and Changes in Net Position shows the change in financial condition from operations and other activities during the calendar year ending December 31, 2023.

This MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior year. Significant changes from the prior year are explained following the reports.

Budgetary Highlights

The budgetary comparison schedule for the District is included in other Supplementary information.

Statement of Net Position:

	2023	2022	Change
Assets			
Cash and Cash Equivalents	\$ 610,204	\$ 440,006	\$ 170,198
Investments	385,571	240,170	145,401
Other Assets	48,218	47,426	792
Accounts Receivable	3,118	2,324	794
Property Taxes Receivable	361,675	332,797	28,878
Capital Assets	<u>1,711,749</u>	<u>1,786,749</u>	<u>(75,000)</u>
Total Assets	<u><u>3,120,535</u></u>	<u><u>2,849,472</u></u>	<u><u>271,063</u></u>
Liabilities			
Accounts Payable	<u>13,444</u>	<u>14,098</u>	<u>(654)</u>
Total Liabilities	<u>13,444</u>	<u>14,098</u>	<u>(654)</u>
Deferred Inflow of Resources			
Property Tax Revenue	<u>361,675</u>	<u>332,797</u>	<u>28,878</u>
Total Deferred Inflow of Resources	<u>361,675</u>	<u>332,797</u>	<u>28,878</u>
Net Position			
Net Investment in Capital Assets	1,711,749	1,786,749	(75,000)
Restricted for Emergency Reserves	5,155	7,322	(2,167)
Unrestricted	<u>1,028,512</u>	<u>708,506</u>	<u>320,006</u>
Total Net Position	<u>2,745,416</u>	<u>2,502,577</u>	<u>242,839</u>
Total Liabilities, Deferred Inflow of Resources & Net Position	<u><u>\$ 3,120,535</u></u>	<u><u>\$ 2,849,472</u></u>	<u><u>\$ 271,063</u></u>

During the year ended December 31, 2023, total assets increased by \$271,063. This increase resulted primarily from additional cash generated from positive operating results and the sale of additional water allocations of \$75,000, offset by a reduction in Capital Assets

The District invests in a certificate of deposit ladder to diversity risk and enhance interest income. The certificates of deposit with maturities in excess of 30 days are classified as investments in the Statement of Net Position. All certificates of deposit are FDIC insured.

Statement of Activities:

Revenues	2023	2022	Change
Taxes			
Property Taxes	\$ 332,534	\$ 318,646	\$ 13,888
Specific Ownership Taxes	34,304	35,439	(1,135)
Interest & Penalties	707	543	164
Interest Income	34,102	7,022	27,080
Administrative Fees from Sale of Water Allocations	2,524	2,494	30
Gain on Sale of Water Allocations	9,119	8,126	993
Unrealized Gain on Investments	1,290	205	1,085
Other Local Sources	100	138	(38)
Total Revenues	<u>414,680</u>	<u>372,613</u>	<u>42,067</u>
Expenses			
General Government			
Board Expenses	9,575	8,800	775
Administration			
Other Services	18,625	11,857	6,768
County Treasurer Fees	9,857	9,274	583
Rent	5,770	5,595	175
Dues & Memberships	4,656	2,098	2,558
Professional & Technical Services	93,114	102,622	(9,508)
Supplies	339	1,302	(963)
Share of Animas-La Plata Project Operating Costs	18,965	18,806	159
Water Conservation and Assistance Activities	10,940	83,700	(72,760)
Total Expenditures	<u>171,841</u>	<u>244,054</u>	<u>(72,213)</u>
Excess of Revenues Over Expenditures	<u>\$ 242,839</u>	<u>\$ 128,559</u>	<u>\$ 114,280</u>

For the year ended December 31, 2023, revenue increased because of the increase in the District's valuation for property tax. In addition, interest income increased due to more excess cash available for investment and higher interest rates.

Operating expenses decreased approximately 30% for 2023 due primarily from a reduction in water conservation and assistance activities. These activities vary from year to year depending on the number of grants and other water projects approved and undertaken by the District each year.

Financial Contact

The District's financial statements are designed to present citizens with a general overview of the District's finances and demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact Secretary-Treasurer, Gene Bradley, 954 E. 2nd Avenue, Suite 102, Durango, Colorado 81301 or 970-247-2659.

Basic Financial Statements

Animas-La Plata Water Conservancy District
Statement of Net Position
December 31, 2023

Assets	Governmental Activities
Cash and cash equivalents	\$ 610,204
Investments	385,571
Accounts receivable	3,118
Other assets	48,218
Property taxes receivable	361,675
Capital assets, net	1,711,749
Total assets	<u>\$ 3,120,535</u>
Liabilities	
Accounts payable	<u>\$ 13,444</u>
Deferred Inflow of Resources	
Property tax revenue	<u>361,675</u>
Total deferred inflow of resources	<u>361,675</u>
Net Position	
Net investment in capital assets	1,711,749
Restricted - emergency reserves	5,155
Unrestricted	<u>1,028,512</u>
Total Net Position	<u>2,745,416</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 3,120,535</u>

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

Animas-La Plata Water Conservancy District
Statement of Activities
For the Year Ended December 31, 2023

<u>Functions/Program Activities</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Governmental Activities</u>
Governmental activities:		
General government	\$ 9,575	\$ (9,575)
Administration	132,361	(132,361)
Animas-La Plata Project	18,965	(18,965)
Water conservation and assistance activities	10,940	(10,940)
Total governmental activities	171,841	(171,841)
 General revenues:		
Taxes:		
Property taxes		332,534
Specific ownership taxes		34,304
Interest and penalties		707
Interest income		34,102
Administrative fee from sale of water allocations		2,524
Gain on sale of water allocations		9,119
Unrealized gain on investments		1,290
Other local sources		100
Total general revenues		414,680
Change in net position		242,839
Net position - beginning of year		2,502,577
Net position - end of year		\$ 2,745,416

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

Animas-La Plata Water Conservancy District
Governmental Fund Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2023

	<u>Total Governmental Funds</u>
Assets	
Cash and cash equivalents	\$ 610,204
Investments	385,571
Accounts receivable	3,118
Prepaid expense	17,758
Property taxes receivable	361,675
Loan receivable	30,000
Other assets	460
Total assets	<u>\$ 1,408,786</u>
Liabilities	
Accounts payable	\$ 13,444
Total liabilities	<u>13,444</u>
Deferred Inflow of Resources	
Property tax revenue	<u>361,675</u>
Total deferred inflow of resources	<u>361,675</u>
Fund Balances	
Restricted for emergency reserves	5,155
Assigned - subsequent year's expenditures	1,028,512
Total Fund Balances	<u>1,033,667</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 1,408,786</u>
 Reconciliation of Fund Balance to Net Position	
Fund Balances - Total Governmental Funds	\$ 1,033,667
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:	
Capital assets used in governmental activities are not financial resources and are excluded from the funds.	
Governmental capital assets	<u>1,711,749</u>
Net position of governmental activities	<u>\$ 2,745,416</u>

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

Animas-La Plata Water Conservancy District
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2023

	Total
Revenues	
Taxes:	
Property taxes	\$ 332,534
Specific ownership taxes	34,304
Interest and penalties	707
Interest income	34,102
Sale of project water allocations	75,000
Administrative fee from sale of water allocations	2,524
Gain on sale of water allocations	9,119
Unrealized gain on investments	1,290
Other local sources	100
Total Revenues	489,680
Expenses	
General government	
Board expenses	9,575
Administration:	
Other services	18,625
County treasurer's fees	9,857
Rent	5,770
Dues and subscriptions	4,656
Professional and technical services	93,114
Supplies	339
District's share of Animas - La Plata Project operating costs	18,965
Water conservation and assistance activities	10,940
Total Expenditures	171,841
Excess of Revenues over Expenditures	317,839
Fund balances:	
Beginning of the year	715,828
End of the year	\$ 1,033,667

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

Animas-La Plata Water Conservancy District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balance—total governmental funds \$ 317,839

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

Governmental funds report capital outlays, such as purchases of water depletions, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives. Additionally, governmental funds report capital sales, such as sales of water depletions, as revenues. However, in the statement of activities, sales of water depletion are recorded as a reduction to the corresponding asset sold with a resulting gain or loss.

Sale of project water allocations	(75,000)
-----------------------------------	----------

Change in net position of governmental activities	\$ 242,839
--	-------------------

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

Animas-La Plata Water Conservancy District

Notes to Financial Statements

December 31, 2023

1. Definition of Reporting Entity

Animas-La Plata Water Conservancy District (the District), operates under the statutes governing conservancy districts of the State of Colorado. The District was organized in 1981 to acquire and appropriate water of the Animas and La Plata rivers and their tributaries by means of “works” as defined in the “Water Conservancy Act” and to divert, store, transport, conserve and stabilize all of these supplies of water for beneficial uses within and for the District. The District operates under a Board of Directors, which is appointed by the Water Court Judge.

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 legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, the District's ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Animas-La Plata Water Conservancy 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

This summary of the Animas-La Plata Water Conservancy District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Animas-La Plata Water Conservancy District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and liabilities are included on the balance sheet, and the fund balance includes only spendable resources. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both "measurable and available." Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when a liability is incurred as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

The District has one governmental fund:

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

On or before October 15, the District staff submits to the Board a proposed budget for the next fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. State law requires that the District adopt a budget prior to the certification of its mill levy to the county and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer withholding future property tax revenues pending compliance by the District. The District filed the certified copy of its budget timely for 2023.

Animas-La Plata Water Conservancy District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and investments

The District considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The District's investment in COLOTRUST PLUS + is recorded at net asset value based on fair value as determined by COLOTRUST. The investments in certificates of deposit are recorded at market value which approximates cost.

Capital Assets

Capital assets, which include water allocation, equipment, and land, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives, as applicable. The District uses the straight line depreciation method over the calculated useful life of applicable assets. Due to the nature of the capital assets currently recorded as non-depreciating assets, the District has not recorded any depreciation expense in the current year.

The District has implemented GASB 51, which changes the way intangible assets are treated and amortized on the financial statements. The District's intangible assets are water allocations (depletions). Based on GASB 51, intangible assets with an indefinite life should not be amortized unless their useful life is subsequently determined to be no longer indefinite due to a change in circumstances. The District has determined that its water allocations (depletions) have an indefinite life and will not be amortized.

Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been provided because the District's receivables are property taxes, and the County Treasurer is empowered to file liens on properties where delinquencies exist. Accordingly, the District believes any delinquencies will eventually be paid.

Animas-La Plata Water Conservancy District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Reserves

The District records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use. The following is a list of reserves used by the District and a description of each:

Reserved for Emergencies - An account used to reflect equity of the District which is restricted for emergency purposes by the Tabor Amendment of the State of Colorado Constitution. "Emergency" excludes economic conditions, revenue shortfalls, or District salary and fringe benefit increases.

Revenue Recognition - Property Taxes

In the governmental fund financial statements property tax revenue is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. This receivable represents taxes certified by the District to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year in which the taxes are collected.

The District's property taxes, levied by December 15, on assessed valuation as of the preceding January 1, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30, 2) one-half on or before February 28, and the remaining one-half on or before June 15. All unpaid taxes levied for the preceding year become delinquent June 16.

Estimates

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

Animas-La Plata Water Conservancy District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Fund Equity

Fund balance for governmental funds should be 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: nonspendable, restricted, committed, assigned, and unassigned. 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.

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – 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.
- *Committed fund balance* – 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 Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – 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 Directors 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.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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.

Subsequent Events

The District evaluated all events or transactions that occurred after December 31, 2023 through the date the financial statements were available to be issued.

Animas-La Plata Water Conservancy District

Notes to Financial Statements (continued)

December 31, 2023

3. Cash, Cash Equivalents and Investments

As of December 31, 2023, the District's cash and cash equivalents consisted of the following:

TBK Bank	\$	77,517
COLOTRUST account		462,458
Edward Jones account:		
Money market account		68,438
Cash		1,791
Total		\$ 610,204

At December 31, 2023, the District's TBK bank account carried a balance of \$77,517. The TBK account and the certificate of deposit, which is carried at market value and held in the District's Edward Jones account, is fully FDIC insured.

The District utilizes the Colorado Local government Liquid Asset Trust (COLOTRUST or the Trust), a local government investment pool, to invest excess funds to enhance interest income. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, and the District invests in the COLOTRUST PLUS +. This portfolio invests in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury obligations, certain U.S. government agency obligations, highest rated commercial paper and repurchase agreements collateralized by certain U.S. Government agencies. The COLORUST PLUS+ portfolio is rated AAAM by Standard and Poor's.

As of December 31, 2023, the District's investments consisted of bank certificates of deposit maturing in more than three months which are FDIC insured and are held in its Edward Jones account as follows:

	Rate	Maturity Date		Fair Market Value at December 31, 2023
Morgan Stanley, Salt	5.00%	4/5/2024	\$	99,887
Wells Fargo, Sioux Falls	4.60%	7/1/2024		59,872
Morgan Stanley, Natl	5.00%	10/7/2024		49,955
Morgan Stanley, Salt	5.20%	12/31/2024		60,055
Wells Fargo, Sioux Falls	5.50%	4/2/2025		60,319
Wells Fargo, Sioux Falls	5.35%	10/24/2024		55,483
Total			\$	385,571

Animas-La Plata Water Conservancy District

Notes to Financial Statements (continued)

December 31, 2023

3. Cash, Cash Equivalents and Investments (continued)

Concentration of Credit Risk - It is the intent of the District to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Investments in time certificates of deposit are allowed with maturities not exceeding five years from the trade date. The District's total portfolio was within these limits for the years ended December 31, 2023 and 2022.

During the year ended December 31, 2022, the District adopted a formal investment policy which established guidelines for management of the District's cash assets. Primary objectives in order of priority are (1) safety of principal, (2) maintenance of sufficient liquidity to meet current operating requirements, and (3) attainment of a market rate of return using allowable market products. The District is required to comply with state and Federal laws governing investment of public funds.

The District generally limits its concentration of investments to those noted, 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.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- Local government investment pool

Animas-La Plata Water Conservancy District
Notes to Financial Statements (continued)
December 31, 2023

4. Capital Assets

	December 31, 2022	Additions	Sales	December 31, 2023
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Equipment (not in use)	15,351	-	-	15,351
Water allocations	1,271,398	-	(75,000)	1,196,398
Capital assets, net	\$ 1,936,749	\$ -	\$ (75,000)	\$ 1,711,749

There was no depreciation expense for the year ended December 31, 2023. See note 2 above.

5. Related Party Transactions

In 2008, the District and La Plata Water Conservancy District were sponsors in establishing La Plata West Water Authority (LPWWA) which is a governmental entity formed to develop a domestic water system in Southwest La Plata County. In accordance with the establishment document, three members of the LPWWA board are appointed by the District for three year terms.

From time to time, the District has provided financial assistance to LPWWA for development of the water system. In November 2021, the District's Board approved a \$60,000 financing package to LPWWA to assist with cash flow requirements that was funded in February 2022. The package included a cash grant of \$30,000 and cash of \$30,000 in exchange for a two- year, non-interest bearing promissory note. The note was paid off in March 2024.

6. 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 governments. The amendment is complex and subject to judicial interpretation. The District has made certain interpretations of the amendment's language in order to determine its compliance.

The District has established an emergency reserve of 3% of its 2023 fiscal spending in accordance with the provisions of the Amendment. Restricted net assets and fund balances consist of amounts restricted for emergency purposes by the Tabor Amendment in the amount of \$5,155.

Animas-La Plata Water Conservancy District

Notes to Financial Statements (continued)

December 31, 2023

7. Lease Agreement

Effective August 1, 2022, the District entered into a lease agreement for office space for 12 months that expired July 31, 2023. Monthly rent under the lease is \$475, or \$5,700 annually. The District had the option to extend the lease for additional terms. This lease was extended on August 1, 2023, for an additional 12 months. Total rent expense under this agreement in 2023 was \$5,770. This lease is considered short term and does not qualify under GASB statement No. 87.

Future commitments are as follows:

Year Ended December 31,	
2024	\$ 3,423
Thereafter	-
	<u>\$ 3,325</u>

8. 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. Commercial insurance is purchased by the District to cover losses or claims arising from such matters. It is not possible to estimate any losses which would not be covered by the commercial insurance; however, settled claims have not exceeded this commercial coverage in any of the three preceding years.

9. Commitments and Water Allocation (Depletion)

The District entered into a cost sharing agreement for the Animas-La Plata Project in 1988. That agreement required the District to pay \$75,000 toward cost sharing of the project with payments of \$5,000 per year, commencing the first year the United States Secretary of the Interior expends funds for the project. As part of the Colorado Ute Indian Water Rights Settlement Act Amendment of 2000, the District was allocated 2,600 acre feet of water depletions from the project in exchange for payment of a portion of the construction costs for the project. The amount of payment required to be paid by the District to the United States in 2000 was \$7,256,750.

The District contracted with the Colorado Water Resources and Power Development Authority to pay the required amount to the United States, and the District assigned its rights to the 2,600 acre feet of water depletions to the Authority.

Animas-La Plata Water Conservancy District
Notes to Financial Statements (continued)
December 31, 2023

9. Commitments and Water Allocation (Depletion) (continued)

In April 2005, the District contracted with the Authority to purchase back 700 acre feet of water depletions for their estimated purchase price of \$1,800,000. The District made a down payment of \$90,453, with the balance to be due at closing, when water was available from the project. In December 2012, the District renegotiated its contract and purchased 105 acre feet of water depletions from the Authority in the amount of \$269,126 of which \$112,935 of that amount was the initial down payment and \$156,191 was an additional cash payment. In September 2020, the District purchased an additional 151-acre feet of water depletions which completed its contractual obligation to purchase 700-acre feet of water from the Authority.

Including and subsequent to this water allocation purchase contract, the District purchased and sold water depletions as follows:

Description	Year	Acre feet of depletions	Value
Allocation contract	2012	105	\$ 269,126
Purchase of water depletions	2013	32	103,662
Purchase of water depletions	2014	35	114,996
Purchase of water depletions	2015	36	111,976
Purchase of water depletions	2016	36	116,017
Water depletions sold	2017	(50)	(150,000)
Purchase of water depletions	2017	101	280,832
Water depletions sold	2018	(25)	(75,000)
Purchase of water depletions	2018	71	198,903
Water depletions sold	2019	(25)	(75,000)
Purchase of water depletions	2019	72	197,930
Water depletions sold	2019	(50)	(150,000)
Purchase of water depletions	2019	61	166,147
Water depletions sold	2020	(25)	(75,000)
Purchase of water depletions	2020	151	386,809
Water depletions sold	2021	(25)	(75,000)
Water depletions sold	2022	(25)	(75,000)
Water depletions sold	2023	(25)	(75,000)
		<u>450</u>	<u>\$ 1,196,398</u>

Animas-La Plata Water Conservancy District
Notes to Financial Statements (continued)
December 31, 2023

9. Commitments and Water Allocation (Depletion) (continued)

The Animas-La Plata Project began operations in 2013, and the District is responsible for its portion of the costs to operate and maintain the project. The District's portion is based on the amount of acre feet of water depletions that the District has purchased, net of sales. The amount of these costs is determined on an annual basis and was \$18,806 in 2023.

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 (the 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.

Required Supplementary Information

Animas-La Plata Water Conservancy District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
Property taxes	\$ 332,798	\$ 332,534	\$ (264)
Specific ownership taxes	33,000	34,304	1,304
Interest and penalties	700	707	7
Total tax revenue	<u>366,498</u>	<u>367,545</u>	<u>1,047</u>
Other revenue			
Interest earned	7,400	34,102	26,702
Sale of water allocations	225,000	75,000	(150,000)
Administrative fee for sale of water allocations	7,500	2,524	(4,976)
Gain on sale of water allocations	27,300	9,119	(18,181)
Unrealized gain on investments	-	1,290	1,290
Miscellaneous	200	100	(100)
Total other revenue	<u>267,400</u>	<u>122,135</u>	<u>(145,265)</u>
Total revenue	<u>633,898</u>	<u>489,680</u>	<u>(144,218)</u>
Expenditures:			
General government			
Board expenses	12,300	9,575	2,725
Administration			
Other services and expenses	17,900	18,625	(725)
County treasurers' fees	9,984	9,857	127
Rent	5,700	5,770	(70)
Dues and subscriptions	5,000	4,656	344
Professional and technical services	100,500	93,114	7,386
Supplies	600	339	261
District's share of Animas-La Plata Project operating expenses	19,500	18,965	535
Water conservation and assistance activities	<u>164,500</u>	<u>10,940</u>	<u>153,560</u>
Total operating expenditures	<u>335,984</u>	<u>171,841</u>	<u>164,143</u>
Other Expenditures			
Water infrastructure	50,000	-	50,000
Contingency	30,000	-	30,000
Emergency reserves	11,580	-	11,580
Total other expenditures	<u>91,580</u>	<u>-</u>	<u>91,580</u>
Total expenditures	<u>427,564</u>	<u>171,841</u>	<u>255,723</u>
Excess Revenue Over (Under) Expenditures	<u>206,334</u>	<u>317,839</u>	<u>111,505</u>
Net change	206,334	317,839	111,505
Fund Balance—Beginning of year	<u>667,416</u>	<u>715,828</u>	<u>48,412</u>
Fund Balance—End of Year	<u>\$ 873,750</u>	<u>\$ 1,033,667</u>	<u>\$ 159,917</u>