

**CENTER OF COLORADO WATER  
CONSERVANCY DISTRICT**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

Year Ended December 31, 2023

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2023**

	Page
Independent Auditors' Report	<i>ii</i>
Management Discussion and Analysis	<i>v</i>
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Change in Fund Balance	5
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balance to the Statement of Activities	6
Notes to the Financial Statements	7
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual—General Fund	16
Supplementary Information:	
Schedule of General Government Expenditures – General Fund	17



## **INDEPENDENT AUDITORS' REPORT**

To Management and the Board of Directors  
Center of Colorado Water Conservancy District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Center of Colorado Water Conservancy District, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Center of Colorado Water Conservancy District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Center of Colorado Water Conservancy District, as of December 31, 2023 and the respective changes in financial position 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 Center of Colorado Water Conservancy 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 Center of Colorado Water Conservancy 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.
- 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 Center of Colorado 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 the Center of Colorado 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 the management's discussion and analysis and required supplementary information as listed in the table of contents 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 Center of Colorado Water Conservancy District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic

financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
July 3, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CENTER OF COLORADO WATER CONSERVANCY DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

As management of Center of Colorado Water Conservancy District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

#### Financial Highlights

- The District's *net position* has increased in 2023 by 5.57%, increasing \$488,256 from \$8,760,709 to \$9,248,965.
- Unrestricted net position increased \$366,482 or 24.94% from \$1,469,429 to \$1,835,911 at the end of 2023. The unrestricted component is used to finance subsequent year's operations.
- Total Assets increased 8.50% from \$9,551,137 to \$10,362,513 at year end 2023.
- Total Liabilities decreased 0.63% from \$12,793 to \$12,713 at year end 2023.
- Total Revenues increased in 2023 by \$83,261.
- General government total revenues increased \$83,192 compared to 2022, charges for services increased \$69.
- Program expenses increased \$21,997; general government expenses increased by \$19,588, and water conservation expenses increased by \$2,409.
- Change in *Net Position* (our profitability) was \$488,256, an increase from 2022.
- Our governmental fund balance reported an increase in fund balance in the amount of \$368,582.

While differing in their focus and measurement methods, these financial presentations reflect our commitment to conserving and defending the water resources of Park County.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## CENTER OF COLORADO WATER CONSERVANCY DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

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

The statement of net position presents information on all of the District's assets, liabilities and deferred inflows of resources, with the difference 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. However, you should consider other "nonfinancial" factors in assessing the impact of the changes in net position on the District's financial health, i.e., changes in the assessed valuations for the District and the condition of its water rights, related storage facilities and equipment.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements identify functions of the District that are principally to be supported by taxes (governmental activities). The governmental activities of the District include providing administrative services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District has only one type of fund—a governmental fund which is titled "General Fund" and which accounts for all of the District's activities. The District's governmental fund-general fund financial information is presented separately on pages 3-6 of this report as the governmental fund balance sheet-General Fund and in the governmental fund statement of revenues, expenditures, and changes in fund balance-General Fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with the budget.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**For the Year Ended December 31, 2023**

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-16 of this report.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information. The supplemental information is located after the basic financial statements on page 18 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities and deferred inflows of resources by \$9,248,965 at the close of the most recent fiscal year.

	Net Position			
	2023	2022	Dollar Change	Percentage Change
<b>Assets:</b>				
Current and Other Assets	\$ 2,973,659	\$ 2,281,957	\$ 691,702	30.31%
Capital Assets	7,388,854	7,269,180	119,674	1.65%
<b>Total Assets</b>	10,362,513	9,551,137	811,376	8.50%
<b>Liabilities:</b>				
Current and Other Liabilities	12,713	12,793	(80)	(0.63)%
<b>Total Liabilities</b>	12,713	12,793	(80)	(0.63)%
<b>Deferred Inflows of Resources</b>	1,100,835	777,635	323,200	41.56%
<b>Net Position:</b>				
Investment in Capital Assets	7,388,854	7,269,180	119,674	1.65%
Restricted for -				
Emergency Reserves (TABOR)	24,200	22,100	2,100	9.50%
Unrestricted	1,835,911	1,469,429	366,482	24.94%
<b>Total Net Position</b>	\$ 9,248,965	\$ 8,760,709	\$ 488,256	5.57%

The increase in current and other assets in 2023 is mainly due to increased cash investments and property taxes receivable.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023**

	Changes in Net Position			
	2023	2022	Dollar Change	Percentage Change
<b>Program Revenues:</b>				
Charges for services	\$ 14,362	\$ 14,293	\$ 69	0.48%
General Government:				
Property Taxes	534,699	537,844	(3,145)	(0.58)%
Specific Ownership Taxes	61,405	62,036	(631)	(1.02)%
Interest Earnings	112,087	48,695	63,392	130.18%
Other Income	33,600	10,024	23,576	235.20%
Sub-Total	741,791	658,599	83,192	12.63%
<b>Total Revenues</b>	756,153	672,892	83,261	12.37%
<b>Expenses:</b>				
General Government	163,754	144,166	19,588	13.59%
Water Conservation	104,143	101,734	2,409	2.37%
<b>Total Expenses</b>	267,897	245,900	21,997	8.95%
<b>Increase (Decrease) in</b>				
Net Position	488,256	426,992	61,264	14.35%
Net Position- Beginning	8,760,709	8,333,717	426,992	5.12%
Net Position- Ending	\$ 9,248,965	\$ 8,760,709	\$ 488,256	5.57%

The District's total revenue in 2023 increased \$83,261 from the prior year. The increase was due mainly to more interest earnings.

**Financial Analysis of the Governmental Fund**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's General 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended December 31, 2023**

The General Fund is the sole operating fund of the District. As of the end of the current fiscal year, the District's General Fund reported ending fund balance of \$1,860,111. \$1,835,911 constitutes unassigned fund balances, which are available for spending at the government's discretion within the parameters established and restricted balances constitute the remainder. Restricted balance is composed of \$24,200 restricted for TABOR.

**Budgetary Highlights**

The District's total General Fund expenditures for 2023 did exceed appropriations. Actual expenditures were more than the final budget by \$19,641 which is primarily attributable to more capital expenses than anticipated.

**Capital Assets**

The District had \$7,388,854 in capital assets (net of accumulated depreciation) as of December 31, 2023. These capital assets include storage facilities, water shares/rights, building, site improvements, building improvements and equipment, as summarized below:

	<u>Balance</u>	<u>Additions/</u>		<u>Balance</u>
	<u>12/31/2022</u>	<u>Transfers</u>	<u>Deletions</u>	<u>12/31/2023</u>
<b>Capital assets not being depreciated:</b>				
Water Rights under development	\$3,075,490	\$ -	\$ -	\$3,075,490
Chatfield Reservoir	1,400,933	-	-	1,400,933
Jointly Owned Water Shares/Rights	247,865	-	-	247,865
James R. Tingle Reservoir	613,375	-	-	613,375
Smelter Pipeline Reservoir	942,673	-	-	942,673
Land: Guffey, Front St	161,289	-	-	161,289
Other water storage	32,295	-	-	32,295
<b>Total capital assets not being depreciated</b>	<b>6,473,920</b>	<b>-</b>	<b>-</b>	<b>6,473,920</b>
<b>Capital assets being depreciated:</b>				
Building	574,083	-	-	574,083
Improvements	279,515	133,232	-	412,747
Equipment	19,211	10,675	-	29,886
<b>Total capital assets being depreciated</b>	<b>872,809</b>	<b>143,907</b>	<b>-</b>	<b>1,016,716</b>
Less accumulated depreciation	(77,549)	(24,233)	-	(101,782)
<b>Capital assets being depreciated, net</b>	<b>795,260</b>	<b>119,674</b>	<b>-</b>	<b>914,934</b>
<b>Capital assets, net</b>	<b>\$7,269,180</b>	<b>\$ 119,674</b>	<b>\$ -</b>	<b>\$7,388,854</b>

## CENTER OF COLORADO WATER CONSERVANCY DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

#### Debt

For the current year ended, the District's outstanding long-term debt is in the amount of \$0.

#### Next Year's Budgets and Rates

We considered the following economic factors in developing the 2024 calendar year budget:

- The assessed value of real property within the District increased from \$536,082,758 to \$815,804,961. As a result of the increase in assessed real property, the District's 2024 property tax revenue is projected to increase from \$534,699 to \$815,805. There is no increase in the District's mill levy for 2024 nor is there any intention of seeking a mill levy increase.
- Interest rates are expected to remain at high levels throughout calendar year 2024. As a result, the District expects interest investment income for 2024 in projected amount of \$92,000.

As a result of these factors and continuing operations, the District projects 2024 budgeted revenues of \$1,018,140 which is an increase of \$261,987 over actual 2023 revenues.

On the expenditure side, we increased total 2024 expenditures to \$492,614 which is an increase of \$105,043 from 2023 actual expenditures of \$387,571.

- In general, our general government expenditures are expected to remain stable relative to actual 2023 expenditures, while capital expenditures are projected to decrease considerably compared to actual 2023 amounts.
- Included in the 2024 budget are expenditures for scholarships in the amount of \$10,000 for qualified District candidates, and water conservation grants and capital expenditures that total a combined \$250,000.

Based upon our projected 2024 budget for revenues and expenditures, we expect our General Fund balance to increase \$525,526.

#### Requests for Information

This financial report is designed to provide a general overview of Center of Colorado Water Conservancy District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Center of Colorado Water Conservancy District

P.O. Box 1747

Fairplay, CO 80440

719-836-2120

## **BASIC FINANCIAL STATEMENTS**

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

**ASSETS**

Cash and cash equivalents	\$ 1,868,678
Cash with County Treasurer	4,146
Property taxes receivable	815,805
Leases receivable	285,030
Capital assets not being depreciated	6,473,920
Capital assets, net of depreciation	<u>914,934</u>
Total assets	<u>10,362,513</u>

**LIABILITIES**

Accounts payable	<u>12,713</u>
Total liabilities	<u>12,713</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred property tax revenue	815,805
Deferred lease revenue	<u>285,030</u>
Total deferred inflow of resources	<u>1,100,835</u>

**NET POSITION**

Investment in capital assets	7,388,854
Restricted for emergency reserves (TABOR)	24,200
Unrestricted	<u>1,835,911</u>
Total net position	<u><u>\$ 9,248,965</u></u>

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

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 163,754	\$ -	\$ -	\$ (163,754)
Water conservation	104,143	14,362	-	(89,781)
Total governmental activities	<u>\$ 267,897</u>	<u>\$ 14,362</u>	<u>\$ -</u>	<u>(253,535)</u>
General revenues:				
Property taxes				534,699
Specific ownership taxes				61,405
Investment earnings				112,087
Other income				<u>33,600</u>
Total general revenues				<u>741,791</u>
Change in net position				488,256
Net position - beginning				<u>8,760,709</u>
Net position - ending				<u>\$ 9,248,965</u>

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

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND - GENERAL FUND  
DECEMBER 31, 2023**

**ASSETS**

Cash and cash equivalents	\$ 1,868,678
Cash with County Treasurer	4,146
Property taxes receivable	815,805
Leases receivable	<u>285,030</u>
Total assets	<u><u>\$ 2,973,659</u></u>

**LIABILITIES**

Accounts payable	<u>\$ 12,713</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred property tax revenue	815,805
Deferred lease revenue	<u>285,030</u>
Total deferred inflows of resources	<u>1,100,835</u>

**FUND BALANCE**

Restricted for emergency reserves (TABOR)	24,200
Unassigned	<u>1,835,911</u>
Total fund balance	<u>1,860,111</u>

Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 2,973,659</u></u>
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The accompanying notes are an integral part of these financial statements.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

Total fund balance - governmental funds	\$ 1,860,111
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in governmental funds. However in the statement of net position, the cost of these assets are capitalized and the costs of those tangible assets with determinable lives are recovered through annual depreciation charges to program expenses.

Capital assets	7,490,636
Accumulated depreciation	<u>(101,782)</u>

Net position of governmental activities	<u><u>\$ 9,248,965</u></u>
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The accompanying notes are an integral part of these financial statements.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>REVENUES</b>	
Property taxes	\$ 534,699
Specific ownership taxes	61,405
Net water revenues	14,362
Interest	112,087
Miscellaneous	<u>33,600</u>
Total revenues	<u>756,153</u>
<b>EXPENDITURES</b>	
Current:	
General government	163,108
Water conservation	80,556
Capital outlay	<u>143,907</u>
Total expenditures	<u>387,571</u>
Net change in fund balance	368,582
Fund balance - beginning	<u>1,491,529</u>
Fund balance - ending	<u><u>\$ 1,860,111</u></u>

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

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Total change in fund balance - governmental funds	\$	368,582
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays		143,907
Depreciation		<u>(24,233)</u>

Change in net position of governmental activities	\$	<u><u>488,256</u></u>
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The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

The Center of Colorado Water Conservancy District (the “District”) is a municipal Corporation formed under Colorado Statutes on November 20, 1997, for the purpose of conserving and defending the water resources of Park County and to exercise any and all powers allowed by the Colorado Water Conservancy Act. The District does not provide treated water or process sewage.

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as applied to local governments. A summary of the significant accounting policies used in the preparation of these financial statements follows.

*A. REPORTING ENTITY*

The District is considered a “special-purpose” government that is engaged in providing single program services, i.e. water conservation activities. The District operates under the control of an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

*B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following governmental fund:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE*

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

*Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Capital Assets*

Capital assets, which include water rights, water storage rights, building, equipment, and improvements, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an economic useful life equal to or greater than one year. Such assets are recorded at historical cost or estimated historical 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.

Water rights and water storage rights are not depreciated. Equipment and improvements are depreciated using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Building	39
Equipment	5 - 10
Improvements	15 - 50

*Long-term Liabilities*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Leases*

Lessor: The District is a lessor for noncancellable leases. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time.

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*Fund balance classification*

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

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

*Program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

*Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The county treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied. The tax rate for the year ended December 31, 2023 was 1.000 mills. The District’s assessed valuation for 2023 was \$536,082,758.

*G. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

1. In the fall, the District submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the budget must be approved by the Board by passage of a resolution.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or amended by the Board.

*Excess of expenditures over appropriations*

For the year ended December 31, 2023, expenditures exceeded appropriations by \$19,641. The excess of expenditures over appropriations were funded by additional revenues.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2023 is as follows:

Deposits	\$ 60,703
Investments	<u>1,807,975</u>
Total	<u>\$ 1,868,678</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	\$ <u>1,868,678</u>
Total	<u>\$ 1,868,678</u>

*Cash deposits with financial institutions*

*Custodial credit risk—deposits.* 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2023, the carrying amount of the District's deposits was \$60,703 and the bank balances were \$68,708. All of the bank balances were covered by FDIC insurance.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments*

The District is authorized by Colorado State Statutes to invest in the following:

- Bonds and other interest-bearing obligations of the United States government.
- Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- Bonds which are a direct obligation of the State of Colorado or of any city, county, or school district therein.
- Notes or bonds issued pursuant to the “National Housing Act”.
- Repurchase agreements.
- Local government investment pools.

*Credit Risk.* State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2023 all of the District’s investments were rated AAAM by Standard & Poor’s.

*Interest Rate Risk.* State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices.

At December 31, 2023 the District’s investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
COLOTRUST	Less than 60 days	<u>\$ 1,807,975</u>

COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function 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. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments and COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 161,289	\$ -	\$ -	\$ 161,289
Water rights	3,075,490	-	-	3,075,490
Jointly owned water shares/rights	247,865	-	-	247,865
Water storage rights	<u>2,989,276</u>	<u>-</u>	<u>-</u>	<u>2,989,276</u>
Total capital assets not being depreciated	<u>6,473,920</u>	<u>-</u>	<u>-</u>	<u>6,473,920</u>
Capital assets being depreciated:				
Building	574,083	-	-	574,083
Improvements	279,515	133,232	-	412,747
Equipment	<u>19,211</u>	<u>10,675</u>	<u>-</u>	<u>29,886</u>
Total capital assets being depreciated	<u>872,809</u>	<u>143,907</u>	<u>-</u>	<u>1,016,716</u>
Less accumulated depreciation for:				
Building	(613)	(14,720)	-	(15,333)
Improvements	(61,519)	(8,317)	-	(69,836)
Equipment	<u>(15,417)</u>	<u>(1,196)</u>	<u>-</u>	<u>(16,613)</u>
Total accumulated depreciation	<u>(77,549)</u>	<u>(24,233)</u>	<u>-</u>	<u>(101,782)</u>
Capital assets being depreciated, net	<u>795,260</u>	<u>119,674</u>	<u>-</u>	<u>914,934</u>
Total capital assets	<u>\$ 7,269,180</u>	<u>\$ 119,674</u>	<u>\$ -</u>	<u>\$ 7,388,854</u>

Water Rights Developed and Leased:

Under terms of the lease with Centennial Water & Sanitation District (CW&SD), the District has granted a 50 year water lease with an option for an additional 50 years, for leasing 500 a/f of water per annum. The annual water lease revenue is \$10,000 plus any adjustment every five years resulting from changes in the consumer price index (CPI).

Depreciation expense was charged to functions/programs as follows:

General government	\$ 646
Water conservation	<u>23,587</u>
Total	<u>\$ 24,233</u>

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 – RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during any of the last three fiscal years.

**NOTE 6 - AMENDMENT TO COLORADO CONSTITUTION**

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.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On January 1, 1998, District voters elected to exempt the District from the revenue limits of the Amendment.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**GENERAL FUND**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 536,083	\$ 536,083	\$ 534,699	\$ (1,384)
Specific ownership taxes	55,991	55,991	61,405	5,414
Water sales and lease	27,971	27,971	14,362	(13,609)
Interest	43,150	43,150	112,087	68,937
Miscellaneous	21,000	21,000	33,600	12,600
Total revenues	684,195	684,195	756,153	71,958
<b>EXPENDITURES</b>				
Current:				
General government	180,595	180,595	163,108	17,487
Water conservation	87,335	87,335	80,556	6,779
Capital outlay	100,000	100,000	143,907	(43,907)
Total expenditures	367,930	367,930	387,571	(19,641)
Net change in fund balance	316,265	316,265	368,582	52,317
Fund balance - beginning	1,438,238	1,438,238	1,491,529	53,291
Fund balance - ending	\$ 1,754,503	\$ 1,754,503	\$ 1,860,111	\$ 105,608

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

## **SUPPLEMENTARY INFORMATION**

**CENTER OF COLORADO WATER CONSERVANCY DISTRICT  
SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Accounting and auditing fees	\$	42,608
Advertising and printing		5,779
Director's fees		10,800
Education and training		500
Legal		40,125
Liability insurance		4,883
Mileage reimbursement - directors		3,272
Office Utilities - 548 Front St.		11,114
Property Management - 548 Front St.		4,800
Rent Expenses - 548 Front St.		4,314
Office Repairs - 548 Front St.		7,451
Other		702
Subscriptions and dues		3,000
Supplies and postage		1,882
Telephone		2,160
Treasurer's fees		15,845
Website and publications		3,873
		<hr/>
	\$	<u>163,108</u>

See accompanying independent auditors' report