

LOWER ARKANSAS VALLEY  
WATER CONSERVANCY DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

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# HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS  
601 SOUTH EIGHTH STREET  
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lower Arkansas Valley Water Conservancy District

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Lower Arkansas Valley Water Conservancy District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lower Arkansas Valley 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, the business-type activities and each major fund of the Lower Arkansas Valley Water Conservancy District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lower Arkansas Valley 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 Lower Arkansas Valley 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 Lower Arkansas Valley 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 Lower Arkansas Valley 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 the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Arkansas Valley Water Conservancy District's basic financial statements. The individual fund financial statements and budget schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and budget schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
HANCOCK FROESE & COMPANY LLC

Rocky Ford, Colorado  
May 24, 2024

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

Our discussion and analysis of the Lower Arkansas Valley Water Conservancy District's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2023. This information is presented in conjunction with the audited financial statements that follow this section.

### Overview of the Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34.

### District-Wide Financial Statements

The district-wide statement consists of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets, deferred inflows of resources and liabilities and activities of the District in a manner similar to private sector businesses. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities: governmental activities and business-type activities.

**Governmental Activities** - The activity of the District's general fund is reported here. Property taxes, specific ownership taxes, and interest income make up the majority of the revenues and general and administration expenditures are the major activities of this fund.

**Business-Type Activities** - The District manages two enterprise activity funds. The Water Activity Enterprise Fund develops and operates the District's water right assets and the Lower Ark Valley Engineering Services Enterprise Fund develops and operates the District's engineering services. The activities of the Water Activity Enterprise Fund and Lower Ark Valley Engineering Services Enterprise Fund are supported by engineering services, leasing activities and reimbursements.

### 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 special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are segregated into two categories: governmental funds and proprietary funds.

**Governmental Fund** - The District's basic services are reported in the governmental fund, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects.

**Proprietary Fund** - The District maintains two proprietary funds – the Water Activity Enterprise Fund and the Lower Ark Valley Engineering Services Enterprise Fund. Both funds are reported using the accrual basis of accounting. Both enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information. The District uses the enterprise funds to account for the District's water management operations and engineering services.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to basic financial statements can be found following the financial statements.

### District-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$30,681,643 at the end of the current year.

### Financial Highlights

The total net position of the District exceeded its liabilities and deferred inflows of resources by \$30,681,643. Of this amount \$25,169,459 (unrestricted net position) less intangible assets of \$18,588,836 may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's net position increased by \$1,684,673 during the current year. The net position of our governmental activities increased by \$1,157,478 and net position of our business-type activities increased by \$527,195.
- As of the close of the current year, the District's governmental activities reported combined ending fund balance of \$5,452,252 an increase of \$1,157,478 in comparison with the prior year balances of \$4,294,774.
- At the end of the current year, unrestricted net position for the governmental activities was \$5,290,713.

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for 2023 and 2022.

**Statement of Net Position**

**2023**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Assets:</b>			
Total Current Assets	\$ 8,909,555	\$ 2,679,152	\$ 11,588,707
Total Non-Current Assets	-	58,254	58,254
Total Capital Assets	110,639	7,290,734	7,401,373
Total Intangible Assets	-	18,588,836	18,588,836
<b>TOTAL ASSETS</b>	<b>\$ 9,020,194</b>	<b>\$ 28,616,976</b>	<b>\$ 37,637,170</b>
<b>Liabilities:</b>			
Current Liabilities	\$ 452,442	\$ 1,255,119	\$ 1,707,561
Non-Current Liabilities	-	2,076,954	2,076,954
Total Liabilities	452,442	3,332,073	3,784,515
Deferred Inflows of Resources	3,115,500	55,512	3,171,012
<b>Net Position:</b>			
Net investment in Capital Assets	110,639	5,053,489	5,164,128
Restricted	50,900	297,156	348,056
Unrestricted	5,290,713	19,878,746	25,169,459
Total Net Position	5,452,252	25,229,391	30,681,643
<b>TOTAL LIABILITIES, DEFERRED INFLOWS NET POSITION</b>	<b>\$ 9,020,194</b>	<b>\$ 28,616,976</b>	<b>\$ 37,637,170</b>

**2022**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Assets:</b>			
Total Current Assets	\$ 6,816,201	\$ 2,543,445	\$ 9,359,646
Total Non-Current Assets	-	61,097	61,097
Total Capital Assets	117,644	7,191,256	7,308,900
Total Intangible Assets	-	18,588,836	18,588,836
<b>TOTAL ASSETS</b>	<b>\$ 6,933,845</b>	<b>\$ 28,384,634</b>	<b>\$ 35,318,479</b>
<b>Liabilities:</b>			
Current Liabilities	\$ 99,271	\$ 1,348,566	\$ 1,447,837
Non-Current Liabilities	-	2,273,828	2,273,828
Total Liabilities	99,271	3,622,394	3,721,665
Deferred Inflows of Resources	2,539,800	60,044	2,599,844
<b>Net Position:</b>			
Net investment in Capital Assets	117,644	4,914,428	5,035,072
Restricted	52,300	281,038	333,338
Unrestricted	4,124,830	19,503,730	23,628,560
Total Net Position	4,294,774	24,702,196	28,996,970
<b>TOTAL LIABILITIES, DEFERRED INFLOWS NET POSITION</b>	<b>\$ 6,933,845</b>	<b>\$ 28,384,634</b>	<b>\$ 35,318,479</b>

**Statement of Activities**

The change in net position for the governmental activities was \$1,157,478 for the year ended December 31, 2023 and 1,173,560 for the year ended December 31, 2022. The change in net position for the business-type activities was \$527,195 for the year ended December 31, 2023 and \$331,225 for the year ended December 31, 2022. The perspective of the statement of activities is of the District as a whole.

The following tables reflect the change in net position for the years 2023 and 2022:

2023	Functions	Expenses	Charges for Services	Capital and Operating Reimbursements & Contributions	CHANGES IN NET POSITION		
					Governmental Activities	Business Type Activities	Total
	TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,700,781	\$ -	\$ 40,004	\$ (1,660,777)	\$ -	\$ (1,660,777)
	TOTAL BUSINESS-TYPE ACTIVITIES	1,270,560	1,057,538	698,889	-	485,867	485,867
	TOTAL PRIMARY GOVERNMENT	<u>\$ 2,971,341</u>	<u>\$ 1,057,538</u>	<u>\$ 738,893</u>	(1,660,777)	485,867	(1,174,910)
	TOTAL GENERAL REVENUES				2,818,255	41,328	2,859,583
	CHANGE IN NET POSITION				1,157,478	527,195	1,684,673
	NET POSITION JANUARY 1				4,294,774	24,702,196	28,996,970
	NET POSITION DECEMBER 31				<u>\$ 5,452,252</u>	<u>\$ 25,229,391</u>	<u>\$ 30,681,643</u>

2022	Functions	Expenses	Charges for Services	Capital and Operating Reimbursements & Contributions	CHANGES IN NET POSITION		
					Governmental Activities	Business Type Activities	Total
	TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,727,556	\$ -	\$ 5,532	\$ (1,722,024)	\$ -	\$ (1,722,024)
	TOTAL BUSINESS-TYPE ACTIVITIES	784,972	917,464	191,593	-	324,085	324,085
	TOTAL PRIMARY GOVERNMENT	<u>\$ 2,512,528</u>	<u>\$ 917,464</u>	<u>\$ 197,125</u>	(1,722,024)	324,085	(1,397,939)
	TOTAL GENERAL REVENUES				2,895,584	7,140	2,902,724
	CHANGE IN NET POSITION				1,173,560	331,225	1,504,785
	NET POSITION JANUARY 1				3,121,214	24,370,971	27,492,185
	NET POSITION DECEMBER 31				<u>\$ 4,294,774</u>	<u>\$ 24,702,196</u>	<u>\$ 28,996,970</u>

**GENERAL FUND**

**REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON GENERAL FUND**

Revenues and expenditures budget comparison for year ended December 31, 2023:

2023	Final Budget	Actual
Total Revenues	\$ 2,724,000	\$ 2,858,259
Total Expenditures	3,859,400	1,693,776
Transfers Out	-	-
Revenues over (under) Expenditures and other sources	(\$1,135,400)	1,164,483
Fund Balance January 1	4,177,130	4,177,130
Fund Balance December 31	3,041,730	5,341,613

**Revenues:** Changes between actual revenues and budgeted amounts were mainly due to an increase in property and specific ownership tax receipts when compared to the budgeted amount as well as the reimbursement received in 2023.

**Expenditures:** Changes between actual expenditures and budgeted amounts were due to general government expenditures being less than the budgeted amount.

**WATER ACTIVITY ENTERPRISE FUND**

**REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON WATER ACTIVITY ENTERPRISE FUND**

**Revenues:** Budget comparison for year ended December 31, 2023:

**2023**

<b>Revenues:</b>	<b>Final Budget</b>	<b>Actual</b>
Water Leasing	\$ 5,000	\$ 5,000
Fees	25,000	24,277
Management Fees	1,450,000	685,844
Reimbursements and Other	25,000	66,642
Interest	100	1,278
<b>Total Revenues</b>	<b>\$ 1,505,100</b>	<b>\$ 783,041</b>

Changes between actual revenue and budgeted amounts were primarily due to operational changes resulting from water leasing revenue, reimbursements, and management fees.

**Expenditures:** Budget comparison for year ended December 31, 2023:

**2023**

<b>Expenditures:</b>	<b>Final Budget</b>	<b>Actual</b>
Water Leases	\$ 40,000	\$ -
Water Storage Fees	125,000	96,311
Arkansas Irrigation Rules	4,000	9,841
Deficit Irrigation	-	-
Dry up and Revegetation	33,000	16,145
Super Ditch	150,000	25,584
Catlin Canal Pilot Project	-	-
Flood Mitigation	-	-
Depreciation	-	3,440
General and Administrative	230,200	188,167
Water Assessments and Costs	69,600	79,899
Water Conservation Services	-	-
Interest	33,000	34,272
Water and Capital Acquisitions	250,000	-
Debt Service	161,000	36,583
Conservation Easement	65,000	47,691
Contingency	150,600	-
<b>Total Expenditures</b>	<b>\$1,311,400</b>	<b>\$ 537,933</b>

Changes between actual expenditures and budgeted amounts were primarily due to operational changes, and lower general and administration, and conservation easement expenditures than anticipated.

**LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND**

**REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON LAV ENGINEERING SERVICES ENTERPRISE FUND**

**Revenues:** Budget comparison for year ended December 31, 2023:

**2023**

<b>Revenues:</b>	<b>Final Budget</b>	<b>Actual</b>
Lease Income	\$ 7,600	\$ 7,282
Fees	15,000	13,748
Management Fees	700,000	321,387
Reimbursements and Other	355,000	659,342
Other	500	12,955
<b>Total Revenues</b>	<b>\$ 1,078,100</b>	<b>\$ 1,014,714</b>

Changes between actual revenue and budgeted amounts were primarily due to lower reimbursement and management revenue received than was anticipated.

**Expenditures:** Budget comparison for year ended December 31, 2023:

**2023**

<b>Expenditures:</b>	<b>Final Budget</b>	<b>Actual</b>
Water Quality Projects	\$ 77,000	\$ 4,516
Depreciation	-	12,543
General and Administrative	212,700	128,561
Soil Quality Projects	8,000	-
Pond Study	10,000	8,001
Property Taxes	1,000	463
Repairs & Maintenance	30,000	20,683
Other	1,000	20,218
Water Conservation Services	600,000	574,225
Capital Outlay	40,000	57,774
Contingency	107,900	-
<b>Total Expenditures</b>	<b>\$ 1,087,600</b>	<b>\$ 826,984</b>

Changes between actual expenditures and budgeted amounts were primarily due to lower general and administrative, soil quality projects expenditures and water conservation services expenditures than anticipated.

**Capital Activity**

The District's mission is to participate in water-related projects that will embody thoughtful conservation, responsible growth, and beneficial water usage within the Lower Arkansas Valley. One attempt in keeping water in the valley is to purchase water/land with the end result that the water will remain in the valley.

\$57,687 in water rights and \$57,774 in building improvements were purchased by the District in 2023.

**Long-Term Liabilities**

Long Term Liabilities include loans with Colorado Water Conservation Board and Eleanor Schiro for the purchase of water stock in the Colorado Canal Company, Lake Henry Reservoir Company, and Lake Meredith Reservoir.

**Contacting the District's Financial Management**

The District's financial statements are designed to present users (water users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability.

If you have any question regarding this report or need additional information, please contact:

**Lower Arkansas Valley Water Conservancy District**  
**801 Swink Ave**  
**Rocky Ford, CO 81067**  
**(719) 254-5115 phone (719) 254-5150 fax**

## **BASIC FINANCIAL STATEMENTS**

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 5,717,691	\$ 720,190	\$ 6,437,881
RESTRICTED CASH	-	1,188,810	1,188,810
RECEIVABLES (NET)			
REIMBURSEMENT RECEIVABLES	-	81,533	81,533
ACCRUED INTEREST RECEIVABLE	2,039	-	2,039
LEASE RECEIVABLE	-	2,844	2,844
TAXES RECEIVABLE	3,115,500	-	3,115,500
WATER INVENTORY	-	76,503	76,503
DEPOSITS	41,376	-	41,376
PREPAIDS	-	125,550	125,550
DUE FROM OTHER FUNDS	-	467,428	467,428
DUE FROM OTHER ENTITIES	32,949	16,294	49,243
<b>NONCURRENT ASSETS</b>			
LEASE RECEIVABLE	-	58,254	58,254
<b>CAPITAL ASSETS</b>			
BUILDINGS AND OTHER - NET	94,904	310,328	405,232
LAND	15,735	20,143	35,878
WATER STOCK	-	6,960,263	6,960,263
<b>INTANGIBLE ASSETS</b>			
CONSERVATION EASEMENTS	-	18,588,836	18,588,836
<b>TOTAL ASSETS</b>	<b>\$ 9,020,194</b>	<b>\$ 28,616,976</b>	<b>\$ 37,637,170</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 15,101	\$ 24,193	\$ 39,294
ACCRUED EXPENSES	83,914	55,959	139,873
UNEARNED REVENUE	-	900,675	900,675
DUE TO OTHER FUNDS	353,427	114,001	467,428
<b>NONCURRENT LIABILITIES:</b>			
DUE WITHIN ONE YEAR	-	160,291	160,291
DUE IN MORE THAN ONE YEAR	-	2,076,954	2,076,954
<b>TOTAL LIABILITIES</b>	<b>452,442</b>	<b>3,332,073</b>	<b>3,784,515</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
DEFERRED REVENUES - PROPERTY TAXES	3,115,500	-	3,115,500
DEFERRED REVENUES - LEASE	-	55,512	55,512
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>3,115,500</b>	<b>55,512</b>	<b>3,171,012</b>
<b>NET POSITION</b>			
NET INVESTMENT IN CAPITAL ASSETS	110,639	5,053,489	5,164,128
RESTRICTED FOR			
EMERGENCIES - TABOR	50,900	-	50,900
STEWARDSHIP COSTS	-	178,440	178,440
DEBT RETIREMENT	-	118,716	118,716
UNRESTRICTED	5,290,713	19,878,746	25,169,459
<b>NET POSITION</b>	<b>5,452,252</b>	<b>25,229,391</b>	<b>30,681,643</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS     AND NET POSITION</b>	<b>\$ 9,020,194</b>	<b>\$ 28,616,976</b>	<b>\$ 37,637,170</b>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

FUNCTIONS	PROGRAM REVENUES				CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING REIMBURSEMENTS & CONTRIBUTIONS	CAPITAL REIMBURSEMENTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 1,700,781	\$ -	\$ 40,004	\$ -	\$ (1,660,777)	\$ -	\$ (1,660,777)
TOTAL GOVERNMENTAL ACTIVITIES	1,700,781	-	40,004	-	(1,660,777)	-	(1,660,777)
BUSINESS-TYPE ACTIVITIES							
WATER CONSERVATION	1,270,560	1,057,538	698,889	-	-	485,867	485,867
TOTAL BUSINESS-TYPE ACTIVITIES	1,270,560	1,057,538	698,889	-	-	485,867	485,867
TOTAL PRIMARY GOVERNMENT	\$ 2,971,341	\$ 1,057,538	\$ 738,893	\$ -	(1,660,777)	485,867	(1,174,910)
GENERAL REVENUES:							
					2,516,707	-	2,516,707
					261,031	-	261,031
					40,517	41,328	81,845
					2,818,255	41,328	2,859,583
					1,157,478	527,195	1,684,673
					4,294,774	24,702,196	28,996,970
					\$ 5,452,252	\$ 25,229,391	\$ 30,681,643

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2023

ASSETS	
CASH IN BANKS	\$ 5,717,691
ACCRUED INTEREST RECEIVABLE	2,039
TAXES RECEIVABLE	3,115,500
DEPOSITS	41,376
DUE FROM OTHER FUNDS	-
DUE FROM OTHER ENTITIES	32,949
	<hr/>
TOTAL ASSETS	<u>\$ 8,909,555</u>
LIABILITIES	
ACCOUNTS PAYABLE	\$ 15,101
ACCRUED EXPENSES	83,914
DUE TO OTHER FUNDS	353,427
	<hr/>
TOTAL LIABILITIES	<u>452,442</u>
DEFERRED INFLOWS OF RESOURCES	
DEFERRED REVENUE - PROPERTY TAX	3,115,500
	<hr/>
FUND BALANCE	
RESTRICTED FOR EMERGENCIES - TABOR	50,900
ASSIGNED FOR FUTURE YEARS EXPENDITURES	436,000
UNASSIGNED	4,854,713
	<hr/>
TOTAL FUND BALANCE	<u>5,341,613</u>
	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 8,909,555</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 5,341,613
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.	
THE COST OF THE CAPITAL ASSET IS	150,603
ACCUMULATED DEPRECIATION IS	<u>(39,964)</u>
	<u>110,639</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 5,452,252</u></u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2023

REVENUES	
TAXES	\$ 2,777,738
REIMBURSEMENTS	40,004
MISCELLANEOUS	<u>40,517</u>
TOTAL REVENUES	<u>2,858,259</u>
EXPENDITURES	
GENERAL GOVERNMENT	1,693,776
CAPITAL OUTLAY	<u>-</u>
TOTAL REVENUES	<u>1,693,776</u>
REVENUES OVER (UNDER) EXPENDITURES	1,164,483
FUND BALANCE JANUARY 1	<u>4,177,130</u>
FUND BALANCE DECEMBER 31	<u>\$ 5,341,613</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE  
 STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE	\$ 1,164,483
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS ARE ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAYS DIFFER FROM DEPRECIATION IN THE CURRENT PERIOD.	
CAPITAL OUTLAY	-
DEPRECIATION EXPENSE	(7,005)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,157,478

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER ACTIVITY	ENGINEERING	TOTAL
<b>CURRENT ASSETS</b>			
CASH	\$ 112,432	\$ 607,758	\$ 720,190
REIMBURSEMENT RECEIVABLES	7,519	74,014	81,533
LEASE RECEIVABLE	-	2,844	2,844
WATER INVENTORY	76,503	-	76,503
PREPAIDS	125,050	500	125,550
DUE FROM OTHER FUNDS	430,332	37,096	467,428
DUE FROM OTHER ENTITIES	16,294	-	16,294
<b>TOTAL CURRENT ASSETS</b>	<b>768,130</b>	<b>722,212</b>	<b>1,490,342</b>
<b>RESTRICTED ASSETS</b>			
RESTRICTED CASH	297,156	891,654	1,188,810
<b>NONCURRENT ASSETS</b>			
LEASE RECEIVABLE	-	58,254	58,254
<b>CAPITAL ASSETS</b>			
BUILDINGS AND OTHER - NET	72,606	237,722	310,328
LAND	20,143	-	20,143
WATER STOCK	6,960,263	-	6,960,263
<b>NET CAPITAL ASSETS</b>	<b>7,053,012</b>	<b>237,722</b>	<b>7,290,734</b>
<b>INTANGIBLE ASSETS</b>			
CONSERVATION EASEMENTS	18,588,836	-	18,588,836
<b>TOTAL ASSETS</b>	<b>\$ 26,707,134</b>	<b>\$ 1,909,842</b>	<b>\$ 28,616,976</b>
<b>CURRENT LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 18,915	\$ 5,278	\$ 24,193
ACCRUED EXPENSES	39,692	16,267	55,959
DUE TO OTHER FUNDS	-	114,001	114,001
UNEARNED REVENUE	-	900,675	900,675
NOTES PAYABLE - CURRENT	160,291	-	160,291
<b>TOTAL CURRENT LIABILITIES</b>	<b>218,898</b>	<b>1,036,221</b>	<b>1,255,119</b>
<b>NONCURRENT LIABILITIES</b>			
NOTES PAYABLE	2,076,954	-	2,076,954
<b>TOTAL LIABILITIES</b>	<b>2,295,852</b>	<b>1,036,221</b>	<b>3,332,073</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
LEASE	-	55,512	55,512
<b>NET POSITION</b>			
NET INVESTMENT IN CAPITAL ASSETS	4,815,767	237,722	5,053,489
RESTRICTED FOR STEWARDSHIP COSTS	178,440	-	178,440
RESTRICTED FOR DEBT RETIREMENT	118,716	-	118,716
UNRESTRICTED	19,298,359	580,387	19,878,746
<b>TOTAL NET POSITION</b>	<b>24,411,282</b>	<b>818,109</b>	<b>25,229,391</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>\$ 26,707,134</b>	<b>\$ 1,909,842</b>	<b>\$ 28,616,976</b>

SEE NOTES TO FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER ACTIVITY	ENGINEERING	TOTAL
OPERATING REVENUES			
LEASE INCOME	\$ 5,000	\$ 7,282	\$ 12,282
FEE INCOME	24,277	13,748	38,025
MANAGEMENT FEES AND REIMBURSEMENTS	685,844	321,387	1,007,231
TOTAL OPERATING REVENUES	715,121	342,417	1,057,538
OPERATING EXPENSES			
DRY UP AND REVEGETATION	16,145	-	16,145
SUPER DITCH	25,584	-	25,584
EASEMENTS	47,691	-	47,691
NEPA STORAGE	6,294	-	6,294
WATER QUALITY PROJECTS	-	4,516	4,516
POND STUDY	9,841	8,001	17,842
DEPRECIATION	3,440	12,543	15,983
STORAGE FEES	90,017	-	90,017
PERSONNEL	166,158	128,561	294,719
WATER ASSESSMENTS	79,899	-	79,899
PROPERTY TAXES	4,157	463	4,620
REPAIRS AND MAINTENANCE	-	20,683	20,683
OTHER	17,852	20,218	38,070
TOTAL OPERATING EXPENSES	467,078	194,985	662,063
OPERATING INCOME	248,043	147,432	395,475
NONOPERATING REVENUES (EXPENSES)			
INTEREST AND OTHER INCOME	28,373	12,955	41,328
INTEREST EXPENSE	(34,272)	-	(34,272)
WATER CONSERVATION SERVICES	-	(574,225)	(574,225)
REIMBURSEMENT FOR SERVICES	39,547	659,342	698,889
TOTAL NONOPERATING REVENUES (EXPENSES)	33,648	98,072	131,720
CHANGE IN NET POSITION	281,691	245,504	527,195
NET POSITION JANUARY 1	24,129,591	572,605	24,702,196
NET POSITION DECEMBER 31	\$ 24,411,282	\$ 818,109	\$ 25,229,391

SEE NOTES TO FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER ACTIVITY	ENGINEERING	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIVED FROM CUSTOMERS	\$ 20,926	\$ 19,152	\$ 40,078
RECEIVED FROM INTERFUND ACTIVITIES	157,539	275,851	433,390
PAYMENTS FOR SUPPLIES, GOODS AND SERVICES	(328,701)	(52,256)	(380,957)
PAYMENTS TO EMPLOYEES	(162,295)	(120,210)	(282,505)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	(312,531)	122,537	(189,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
REIMBURSEMENT FOR SERVICES	39,547	557,012	596,559
PAYMENTS FOR WATER CONSERVATION SERVICES	-	(574,225)	(574,225)
NET CASH PROVIDED (USED) IN NONCAPITAL FINANCING ACTIVITIES	39,547	(17,213)	22,334
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
ACQUISITION OF CAPITAL ASSETS & WATER STOCK	(57,687)	(57,774)	(115,461)
LOAN PAYMENTS	(36,583)	-	(36,583)
INTEREST PAID	(9,255)	-	(9,255)
NET CASH PROVIDED (USED) IN CAPITAL & RELATED FINANCING ACTIVITIES	(103,525)	(57,774)	(161,299)
CASH FLOWS FROM INVESTING ACTIVITIES			
INTEREST RECEIVED AND OTHER	28,373	12,955	41,328
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	28,373	12,955	41,328
NET CHANGE IN CASH AND RESTRICTED CASH	(348,136)	60,505	(287,631)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	757,724	1,438,907	2,196,631
CASH AND RESTRICTED CASH - END OF YEAR	\$ 409,588	\$ 1,499,412	\$ 1,909,000
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES			
OPERATING INCOME	\$ 227,775	\$ 167,700	\$ 395,475
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES			
DEPRECIATION	3,440	12,543	15,983
CHANGES IN ASSETS AND LIABILITIES			
RECEIVABLES AND PREPAIDS	(8,925)	2,654	(6,271)
WATER INVENTORY	(27,722)	-	(27,722)
DUE FROM/TO OTHER FUNDS	(508,037)	(65,804)	(573,841)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	9,289	9,976	19,265
DUE FROM/TO OTHER ENTITIES	(8,351)	-	(8,351)
DEFERRED INFLOW OF RESOURCES	-	(4,532)	(4,532)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (312,531)	\$ 122,537	\$ (189,994)

SEE NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lower Arkansas Valley Water Conservancy District (the "District") was formed pursuant to Colorado Revised Statutes and as decreed by the District Court in and for Pueblo County, in 2002. The Court appoints a seven-member Board of Directors to act as the governing authority. The mission of the District is to acquire, retain, and conserve native water flowing in the Arkansas River and its tributaries in the five counties comprising the District. The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The District's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*" amended by GASB Statement No. 39, describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

The District is not included in any other governmental "reporting entity" as defined in GASB Statement No. 14. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District (the primary government) and its component units, if applicable. Currently no component units have been included in the District's reporting entity because of a lack of significant operational or financial relationship with the District.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, "*The Financial Reporting Entity: Omnibus*" which amended GASB Statement No. 14 to clarify the reporting of equity interests in legally separate organizations. If a government owns a majority of the equity interest in a legally separate organization (for example, through acquisition of its voting stock) and the government's intent for owning the equity interest is not directly to enhance its ability to provide governmental services it should report the equity interest as an investment. The District's investment is water stock that has been purchased. As of December 31, 2023, the Lower Arkansas Valley Water Conservancy District owned 14,872.525 shares or approximately 80% of Larkspur Inc. The Larkspur Inc. is a mutual irrigation company that provides for the storage and distribution of irrigation water for the mutual benefit of its stockholders.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental and proprietary funds.

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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property and specific ownership taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and entitlement awards are recorded as revenue when earned. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

The District reports the following major governmental funds:

*General Fund* - The general fund is the general operation fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major proprietary funds:

*Water Activity Enterprise Fund* – Accounts for the activities of water acquisition, retainage, and conservation within the Lower Arkansas River region.

*Lower Ark Valley Engineering Services Enterprise Fund* – Accounts for the activities of engineering services provided by the District.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are composed of water and water stock sales, leasing activities, management fees, engineering services and reimbursements. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The enterprise funds account for transactions that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through charges.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because at the present time it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Budgets and Budgetary Accounting

The District adheres to the following procedures in establishing budgeting data reflected in the financial statements:

Public hearings are held to obtain taxpayer comment

Prior to December 31, the budget is adopted by formal resolution.

Revisions that alter the total expenditures of any fund generally must be approved by the Board of Directors.

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year.

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2023, there were no funds of the District in violation.

Cash and Cash Equivalents

The District’s cash and cash equivalents are represented by cash on hand as well as demand deposits and certificate of deposits held in banks. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net positions of the proprietary funds that sum to the total of the same such amounts shown in the statement of cash flows:

	Water Activity Enterprise Fund	Lower Ark Valley Engineering Services Enterprise Fund	Total Proprietary Funds
Cash and Cash Equivalents	\$ 112,432	\$ 607,758	\$ 720,190
Restricted Assets	<u>297,156</u>	<u>891,654</u>	<u>1,188,810</u>
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statement of Cash Flows	<u>\$ 409,588</u>	<u>\$ 1,499,412</u>	<u>\$ 1,909,000</u>

Restricted Cash / Assets

Restricted cash in the proprietary funds represent payments received for stewardship fees on conservation easements, cash set aside for debt retirement per loan covenants and cash received for pollution prevention and water conservation as described in the Supplemental Environmental Projects (SEP) Agreement.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash / Assets (Continued)

Restricted cash balances at December 31, 2023 are restricted as follows:

	Water Activity Enterprise Fund	Lower Ark Valley Engineering Services Enterprise Fund
Cash Restricted for Stewardship Costs	\$ 178,440	\$ -
Cash Restricted for Debt Retirement	118,716	-
Cash Restricted for SEP Agreement	-	891,654
Total Restricted Cash / Assets	\$ 297,156	\$ 891,654

Water Inventory

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage.

Reimbursement Receivables

Reimbursement receivables consist primarily of noninterest-bearing amounts due for District operations related to water activity, engineering services and other projects. The District determines the allowance for uncollectable reimbursement receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Reimbursement receivables are written off when deemed uncollectable. At December 31, 2023, no allowance was noted. The full reimbursement outstanding balance for all funds is deemed current, collectable within a year.

Lease Receivable

Leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the District at or before the commencement of the lease term, less any lease incentives received from the District at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Leases entered into by the District had an agreement that conveyed the right to use the asset, whether it be a building, land, vehicle, or equipment. The lease agreement was analyzed to determine the recognition of GASB statement No. 87 "Leases". Leases that met the guidelines of the lease standard were at least over a 12-month period and were over the District's defined threshold of \$5,000. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure the lease receivable.

The lease receivable balance was \$61,098 for the year ended December 31, 2023. The deferred inflow of resources balance as of December 31, 2023 was \$55,512. See Note 4 – Lease Receivable for further details.

Due To / From Other Funds and Entities

Outstanding balances between funds and other entities are reported as "due to/from other funds" or "due to/from other entities". For "due to/from other funds", any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Capital Assets

Capital assets, which include water stocks, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The monetary threshold for capitalization of assets is \$5,000. The District's depreciable capital assets currently consist of assets being depreciated over 5 - 40 years.

Water Stocks

Water stocks represent an investment in stocks that the District has purchased in canal and reservoir companies in the area served by the District. The water stocks are recorded at cost. Based on the fact that the water stocks have a perpetual life and a decrease in value is remote, depreciation is not recognized.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets represent conservation easements that were donated by the landowners or purchased by the District. Under GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", easements are capitalized if donated by the landowners or purchased by the District. The District recognizes contribution easement revenue from donated conservation easements as the difference between the appraised value before the donated conservation easement and the appraised value after the donated conservation easement. The District records the easements using an indefinite useful life since there is no legal, contractual, regulatory, technological, or other factors that limit the useful life of the easements. Due to the indefinite useful life of the easements recorded, they are not amortized.

Water Leases

The right to use water from certain canal companies and reservoirs in the area is leased from the stockholders of these entities for a period designated in the leases. The District in turn rents the right to the water to individuals or entities that wish to use the water for a fee. The lease is amortized into expense over the term of the lease, usually one year. The revenue from the use of the water is recognized as earned based on the terms of the lease.

Accrued Compensated Absences

The District recognizes the accrual in the general fund in that it is expected that the liability will be liquidated with expendable available financial resources.

Property Tax Revenues Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied December 15 and are due and payable in full by April 30 or in two equal installments due February 28 and June 15 of the ensuing year to the County Treasurers and are recorded as revenue in the year for which they are levied. Accordingly, the taxes receivable is for the next year and are recorded as deferred revenue.

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 of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category.

*Deferred Revenue - Property Taxes:* The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

*Deferred Revenue – Leases:* Lease related amounts are recognized at the inception of leases in which the District is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Unearned Revenue

In proprietary funds, unearned revenues represent payments received from other governmental entities for services that have not yet been provided and have not yet been earned.

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

*Net investment in capital assets* – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

*Restricted net position* – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

*Unrestricted net position* – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position"

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position / Fund Balance (Continued)

GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

*Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

*Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

*Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

*Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

*Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

Restricted Fund Balances

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A portion of the fund balance has been restricted in compliance with this requirement.

The net position of the proprietary fund has been restricted for 1.) cash that is held in a restricted account which the cash may only be used to pay for stewardship costs incurred in complying with easement requirements, and 2.) cash that has been set aside for debt retirement per the loan covenants.

Retirement Plan

The District participates in a defined contribution plan that is administered by Vanguard Group, Inc. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. The plan is a Simple IRA and participation in the plan is available to both full and part time employees who work at least 1,000 hours per year and are 21 years of age after one year of full-time service. The District matches 100% of an employee's contribution up to 3% of their annual salary into the plan. If the employee makes no contributions, the District contributes 2% of eligible employee's annual salary into the plan. The expense was \$16,618 for the year ended December 31, 2023.

Estimates

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

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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.

Custodial credit risk in that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The following shows the custodial risk of the District.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND TEMPORARY CASH INVESTMENTS (Continued)

Deposits at December 31, 2023 had a bank balance of \$7,611,326 and a corresponding carrying balance as follows:

Insured Deposits	\$ 1,136,155
Covered by Public Deposit Protection Act	<u>6,490,536</u>
	<u>\$ 7,626,691</u>

Cash is reported as follows:

Cash and Cash Equivalents	\$ 6,437,881
Restricted Assets	<u>1,188,810</u>
	<u>\$ 7,626,691</u>

NOTE 3 – PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Taxes receivable represents 2023 property tax assessments, which are due in 2024. Deferred revenue in the same amount has also been recognized.

NOTE 4 – LEASE RECEIVABLE

The District, as a lessor, has entered into long-term lease agreement for retail space and facilities, which expires March 31, 2036 and includes two 5-year options to renew. During the year ended December 31, 2023, the District recognized \$2,655 and \$3,425 in lease revenue and interest revenue, respectively, pursuant to that contract. The future minimum lease receipts to be received from the aforementioned lease is as follows:

<u>Year Ending</u>	<u>Principal / Receivable</u>	<u>Interest</u>
2024	\$ 2,844	\$ 3,236
2025	3,043	3,037
2026	3,710	2,826
2027	4,085	2,603
2028	4,321	2,367
2029 – 2033	27,485	7,794
2034 – 2036	<u>15,610</u>	<u>944</u>
Total	<u>\$ 61,098</u>	<u>\$ 22,807</u>

NOTE 5 – CAPITAL ASSETS

Primary Government:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 15,735	\$ -	\$ -	\$ 15,735
Capital Assets Being Depreciated:				
Building and Other	134,868	-	-	134,868
Accumulated Depreciation	<u>(32,959)</u>	<u>(7,005)</u>	<u>-</u>	<u>(39,964)</u>
	<u>101,909</u>	<u>(7,005)</u>	<u>-</u>	<u>94,904</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 117,644</u>	<u>\$ (7,005)</u>	<u>\$ -</u>	<u>\$ 110,639</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (Continued)

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Water Stock	\$ 6,902,576	\$ 57,687	\$ -	\$ 6,960,263
Land	<u>20,143</u>	<u>-</u>	<u>-</u>	<u>20,143</u>
	<u>6,922,719</u>	<u>57,687</u>	<u>-</u>	<u>6,980,406</u>
Capital Assets Being Depreciated:				
Building and Other	442,001	57,774	-	499,775
Accumulated Depreciation	<u>(173,464)</u>	<u>(15,983)</u>	<u>-</u>	<u>(189,447)</u>
	<u>268,537</u>	<u>41,791</u>	<u>-</u>	<u>310,328</u>
<u>Business-Type Activities</u>				
Capital Assets - Net	<u>\$ 7,191,256</u>	<u>\$ 99,478</u>	<u>\$ -</u>	<u>\$ 7,290,734</u>

For the year ended December 31, 2023, depreciation expense of \$7,005 was charged to general government in the governmental activities and \$15,983 to water conservation in the business-type activities.

NOTE 6 – NOTES PAYABLE

Colorado Water Conservation Board ("CWCB") - The District through its Water Activity Enterprise Fund entered into a loan agreement on July 13, 2015 with CWCB in the amount of \$2,560,350, with a 1.45% interest rate. The loan proceeds were used to purchase water stock. The loan is payable in annual installments of \$148,395 beginning January 1, 2017 and maturing January 1, 2036. The loan is payable from the revenues generated from the Water Activity Enterprise Fund. The loan is collateralized by 126.60 shares of the Lake Henry Reservoir Company, 282.00 shares of the Lake Meredith Reservoir Company, 408.60 shares of the Colorado Canal Company and 91.34 shares of the Twin Lakes Reservoir and Canal Company.

Eleanor Schiro ("Schiro") - The District through its Water Activity Enterprise Fund entered into a loan agreement on May 12, 2015 with Schiro in the amount of \$1,108,151, with a 1.75% interest rate. The loan proceeds were used to purchase water stock. The loan is payable in annual installments of \$45,838 beginning July 1, 2016 and maturing December 16, 2035. The loan is collateralized by 149.40 shares of the Lake Henry Reservoir Company and 149.40 shares of the Colorado Canal Company.

Annual debt service requirements to maturity are as follow for the Water Activity Enterprise Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 160,291	\$ 33,943	\$ 194,234
2025	162,727	31,507	194,234
2026	165,200	29,034	194,234
2027	167,711	26,523	194,234
2028	170,260	23,974	194,234
2029-2033	890,931	80,237	971,168
2034-2036	<u>520,125</u>	<u>63,906</u>	<u>584,031</u>
	<u>\$ 2,237,245</u>	<u>\$ 289,124</u>	<u>\$ 2,526,369</u>

In connection with the above notes payable, the District is subject to various covenants. The District is required to establish a cash reserve account per the covenants of the note with the Colorado Water Conservation Board. For the year ending December 31, 2023, the cash reserve account had a balance of \$118,716. As of December 31, 2023, the District was in compliance with all covenants.

The following is a summary of long-term obligation transactions of the District for the year ended December 31, 2023:

Water Activity Enterprise Fund:

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Portion</u>
Notes Payable:					
CWCB	\$ 1,746,744	\$ -	\$ -	\$ 1,746,744	\$ 123,068
Schiro	<u>527,084</u>	<u>-</u>	<u>(36,583)</u>	<u>490,501</u>	<u>37,223</u>
Totals	<u>\$ 2,273,828</u>	<u>\$ -</u>	<u>\$ (36,583)</u>	<u>\$ 2,237,245</u>	<u>\$ 160,291</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – NOTES PAYABLE (Continued)

For the year ended December 31, 2023, interest incurred and expensed in the Water Activity Enterprise Fund was \$34,272 with \$29,490 of the total reported as accrued interest payable.

NOTE 7 - AMENDMENT ONE

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 entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

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

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property, sales, fund transfers, damage awards, and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves have been presented as a reservation of fund balance in the general funds. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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 in order to determine its compliance.

NOTE 8 – RISK MANAGEMENT

The District carries commercial insurance for their risks. These risks are business interruption, property losses, natural disasters, and injuries to employees. In the past three years the District did not have any claims that exceeded insurance coverage.

NOTE 9 – INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between the District funds for the reimbursement of expenditures. Related inter-fund receivables and payables are classified as “due from other funds” and “due to other funds” on the balance sheet and statement of net position and will be settled within one year.

Interfund receivables and payables at December 31, 2023 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Activity Enterprise	General Fund	\$ 316,331
Engineering Services Enterprise	General Fund	<u>37,096</u>
		<u>\$ 353,427</u>
 Water Activity Enterprise	 Engineering Services Enterprise	 <u>\$ 114,001</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LEASES

On February 16, 2022, the District entered into a supplemental agreement to extend the lease of 100 acre-feet of water rights for five additional years through December 31, 2026. The Lessor will pay \$5,000 or \$50 per share annually, based on the number of Acre-Feet, of Colorado Canal Water.

The future minimum lease payments to be received as of December 31, 2023 are as follows:

2024	\$	5,000
2025		5,000
2026		<u>5,000</u>
Total	\$	<u>15,000</u>

NOTE 11 – RELATED PARTY TRANSACTIONS

The District purchased leased water, received lease revenue from and paid assessment fees to Larkspur Inc. (“Larkspur”), which the District owned approximately 80% of the shares as of December 31, 2023. The total amount paid by the District in 2023 to Larkspur was \$48,269 and the total amount received from Larkspur was \$35,000. As of December 31, 2023, the balance due to Larkspur was \$0 and the amount due from Larkspur was \$49,243 and is reported in “due from other entities” on the Statement of Net Position for the Water Activity Enterprise Fund for \$16,294 and on the Balance Sheet of the General Fund for \$32,949.

NOTE 12 - COMMITMENTS

The District shall repay to the State the grant funds from the Colorado Water Conservation Board (“CWCB”) pertaining to the purchase of a conservation easement and any appreciation in the value of the easement (if any appreciation exists and only in an amount equal to the State’s proportionate contribution to the purchase price), if the easement is terminated or extinguished or its material provisions rendered unenforceable due to acts or omissions of the District, its employees, agents, successors or assigns, including, but not limited to, complying with or enforcing the provisions of the easement. If any part of the grant funds were originally received by the State from Great Outdoors Colorado (GOCO), then the District shall make repayment to the State if GOCO makes a demand for repayment to CWCB.

NOTE 13 – SUBSEQUENT EVENT

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**REQUIRED SUPPLEMENTARY INFORMATION**

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL ON A BUDGETARY BASIS

GENERAL FUND

YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
TAXES				
REAL PROPERTY TAXES	\$ 2,539,800	\$ 2,539,800	\$ 2,516,707	\$ (23,093)
SPECIFIC OWNERSHIP	174,700	174,700	261,031	86,331
REIMBURSEMENTS	-	-	40,004	40,004
INTEREST & OTHER	9,500	9,500	40,517	31,017
TOTAL REVENUES	<u>2,724,000</u>	<u>2,724,000</u>	<u>2,858,259</u>	<u>134,259</u>
EXPENDITURES				
GENERAL GOVERNMENT	3,552,700	3,552,700	1,693,776	1,858,924
CAPITAL OUTLAY	34,300	34,300	-	34,300
CONTINGENCY	272,400	272,400	-	272,400
TOTAL EXPENDITURES	<u>3,859,400</u>	<u>3,859,400</u>	<u>1,693,776</u>	<u>2,165,624</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,135,400)	(1,135,400)	1,164,483	2,299,883
FUND BALANCE JANUARY 1	<u>4,177,130</u>	<u>4,177,130</u>	<u>4,177,130</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u>\$ 3,041,730</u>	<u>\$ 3,041,730</u>	<u>\$ 5,341,613</u>	<u>\$ 2,299,883</u>

**SUPPLEMENTARY INFORMATION**

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

BALANCE SHEET

GENERAL FUND

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CASH IN BANKS	\$ 5,717,691	\$ 3,998,674
ACCRUED INTEREST RECEIVABLE	2,039	586
TAXES RECEIVABLE	3,115,500	2,539,800
DEPOSITS	41,376	28,697
DUE FROM OTHER FUNDS	-	220,414
DUE FROM OTHER ENTITIES	32,949	28,030
	<u>8,909,555</u>	<u>6,816,201</u>
TOTAL ASSETS	<u>\$ 8,909,555</u>	<u>\$ 6,816,201</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 15,101	\$ 18,912
ACCRUED EXPENSES	83,914	80,359
DUE TO OTHER FUNDS	353,427	-
	<u>452,442</u>	<u>99,271</u>
TOTAL LIABILITIES	<u>452,442</u>	<u>99,271</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUE - PROPERTY TAX	3,115,500	2,539,800
	<u>3,115,500</u>	<u>2,539,800</u>
FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR	50,900	52,300
ASSIGNED FOR FUTURE YEARS EXPENDITURES	436,000	1,135,400
UNASSIGNED	4,854,713	2,989,430
	<u>5,341,613</u>	<u>4,177,130</u>
TOTAL FUND BALANCE	<u>5,341,613</u>	<u>4,177,130</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 8,909,555</u>	<u>\$ 6,816,201</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
TAXES	\$ 2,777,738	\$ 2,882,023
REIMBURSEMENTS	40,004	5,532
MISCELLANEOUS	40,517	13,561
	<u>2,858,259</u>	<u>2,901,116</u>
TOTAL REVENUES		
EXPENDITURES		
GENERAL GOVERNMENT	1,693,776	1,721,578
CAPITAL OUTLAY	-	19,300
	<u>1,693,776</u>	<u>1,740,878</u>
TOTAL EXPENDITURES		
REVENUES OVER (UNDER) EXPENDITURES	1,164,483	1,160,238
FUND BALANCE JANUARY 1	<u>4,177,130</u>	<u>3,016,892</u>
FUND BALANCE DECEMBER 31	<u>\$ 5,341,613</u>	<u>\$ 4,177,130</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

WATER ACTIVITY ENTERPRISE FUND

DECEMBER 31, 2023 AND 2022

	2023	2022
CURRENT ASSETS		
CASH	\$ 112,432	\$ 476,686
REIMBURSEMENT RECEIVABLE	7,519	7,519
WATER INVENTORY	76,503	48,781
PREPAIDS	125,050	116,125
DUE FROM OTHER FUNDS	430,332	83,261
DUE FROM OTHER ENTITIES	16,294	7,943
TOTAL CURRENT ASSETS	<u>768,130</u>	<u>740,315</u>
RESTRICTED ASSETS		
CASH RESTRICTED FOR STEWARDSHIP COSTS	178,440	177,161
CASH RESTRICTED FOR DEBT RETIREMENT	118,716	103,877
TOTAL RESTRICTED ASSETS	<u>297,156</u>	<u>281,038</u>
CAPITAL ASSETS		
BUILDINGS AND OTHER - NET	72,606	76,046
LAND	20,143	20,143
WATER STOCK	6,960,263	6,902,576
NET CAPITAL ASSETS	<u>7,053,012</u>	<u>6,998,765</u>
INTANGIBLE ASSETS		
CONSERVATION EASEMENTS	18,588,836	18,588,836
TOTAL ASSETS	<u>\$ 26,707,134</u>	<u>\$ 26,608,954</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 18,915	\$ 13,489
ACCRUED EXPENSES	10,202	6,339
ACCRUED INTEREST PAYABLE	29,490	4,473
DUE TO OTHER FUNDS	-	181,234
NOTES PAYABLE - CURRENT	160,291	159,651
TOTAL CURRENT LIABILITIES	218,898	365,186
NONCURRENT LIABILITIES		
NOTES PAYABLE	2,076,954	2,114,177
TOTAL NONCURRENT LIABILITIES	<u>2,076,954</u>	<u>2,114,177</u>
TOTAL LIABILITIES	<u>2,295,852</u>	<u>2,479,363</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	4,815,767	4,724,937
RESTRICTED FOR STEWARDSHIP COSTS	178,440	177,161
RESTRICTED FOR DEBT RETIREMENT	118,716	103,877
UNRESTRICTED	19,298,359	19,123,616
TOTAL NET POSITION	<u>24,411,282</u>	<u>24,129,591</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 26,707,134</u>	<u>\$ 26,608,954</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
WATER ACTIVITY ENTERPRISE FUND  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
WATER LEASING	\$ 5,000	\$ 9,660
RULE 10 FEE INCOME	24,277	31,627
MANAGEMENT FEES AND REIMBURSEMENTS	<u>685,844</u>	<u>634,356</u>
TOTAL REVENUES	<u>715,121</u>	<u>675,643</u>
OPERATING EXPENSES		
POND STUDY	9,841	-
DRY UP AND REVEGETATION	16,145	15,129
SUPER DITCH	25,584	49,128
EASEMENTS	47,691	49,693
NEPA STORAGE	6,294	5,641
DEPRECIATION	3,440	8,014
STORAGE FEES	90,017	115,166
PERSONNEL	166,158	109,255
WATER ASSESSMENTS	79,899	63,393
PROPERTY TAXES	4,157	4,168
OTHER	<u>17,852</u>	<u>13,105</u>
TOTAL OPERATING EXPENSES	<u>467,078</u>	<u>432,692</u>
OPERATING INCOME	<u>248,043</u>	<u>242,951</u>
NONOPERATING REVENUES (EXPENSES)		
OTHER INCOME	27,095	-
INTEREST INCOME	1,278	300
INTEREST EXPENSE	(34,272)	(36,882)
WATER CONSERVATION SERVICES	-	(7,519)
REIMBURSEMENT FOR SERVICES	<u>39,547</u>	<u>7,519</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>33,648</u>	<u>(36,582)</u>
CHANGE IN NET POSITION	281,691	206,369
NET POSITION JANUARY 1	<u>24,129,591</u>	<u>23,923,222</u>
NET POSITION DECEMBER 31	<u>\$ 24,411,282</u>	<u>\$ 24,129,591</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIVED FROM CUSTOMERS	\$ 20,926	\$ 57,924
RECEIVED FROM INTERFUND ACTIVITIES	157,539	800,620
PAYMENTS FOR SUPPLIES, GOODS, SERVICES	(328,701)	(316,109)
PAYMENTS TO EMPLOYEES	<u>(162,295)</u>	<u>(107,111)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(312,531)</u>	<u>435,324</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
REIMBURSEMENT FOR SERVICES	39,547	14,420
PAYMENTS FOR WATER CONSERVATION SERVICES	<u>-</u>	<u>(7,519)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>39,547</u>	<u>6,901</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
WATER STOCK PURCHASES	(57,687)	-
LOAN PAYMENTS	(36,583)	(157,263)
INTEREST PAID	<u>(9,255)</u>	<u>(36,971)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(103,525)</u>	<u>(194,234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST RECEIVED AND OTHER	<u>28,373</u>	<u>300</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>28,373</u>	<u>300</u>
NET CHANGE IN CASH AND RESTRICTED CASH	(348,136)	248,291
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	<u>757,724</u>	<u>509,433</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 409,588</u>	<u>\$ 757,724</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 227,775	\$ 242,951
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION	3,440	8,014
CHANGES IN ASSETS AND LIABILITIES		
WATER INVENTORY	(27,722)	(1,788)
PREPAIDS	(8,925)	(1,950)
DUE FROM/TO OTHER FUNDS	(508,037)	166,264
ACCOUNTS PAYABLE & ACCRUED EXPENSES	9,289	5,196
DUE FROM/TO OTHER ENTITIES	<u>(8,351)</u>	<u>16,637</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (312,531)</u>	<u>\$ 435,324</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
CASH	\$ 607,758	\$ 437,867
REIMBURSEMENT RECEIVABLES	74,014	80,030
LEASE RECEIVABLE	2,844	2,655
PREPAIDS	500	500
DUE FROM OTHER FUNDS	37,096	-
TOTAL CURRENT ASSETS	<u>722,212</u>	<u>521,052</u>
RESTRICTED ASSETS		
CASH RESTRICTED FOR SEP AGREEMENT	<u>891,654</u>	<u>1,001,040</u>
NONCURRENT ASSETS		
LEASE RECEIVABLE	<u>58,254</u>	<u>61,097</u>
CAPITAL ASSETS		
BUILDINGS AND OTHER - NET	<u>237,722</u>	<u>192,491</u>
TOTAL ASSETS	<u>\$ 1,909,842</u>	<u>\$ 1,775,680</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 5,278	\$ 4,152
ACCRUED EXPENSES	16,267	7,417
UNEARNED REVENUE	900,675	1,009,021
DUE TO OTHER FUNDS	114,001	122,441
TOTAL CURRENT LIABILITIES	<u>1,036,221</u>	<u>1,143,031</u>
DEFERRED INFLOW OF RESOURCES		
LEASE	<u>55,512</u>	<u>60,044</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	237,722	192,491
UNRESTRICTED	<u>580,387</u>	<u>380,114</u>
TOTAL NET POSITION	<u>818,109</u>	<u>572,605</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	<u>\$ 1,909,842</u>	<u>\$ 1,775,680</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
LEASE INCOME	\$ 7,282	\$ 4,532
FEE INCOME	13,748	13,725
MANAGEMENT FEES AND REIMBURSEMENTS	321,387	223,564
TOTAL REVENUES	342,417	241,821
OPERATING EXPENSES		
WATER QUALITY PROJECTS	4,516	3,694
DEPRECIATION	12,543	11,907
PERSONNEL	128,561	77,091
SOIL QUALITY PROJECTS	-	2,521
POND STUDY	8,001	-
PROPERTY TAXES	463	1,044
REPAIRS AND MAINTENANCE	20,683	10,662
OTHER	20,218	16,886
TOTAL OPERATING EXPENSES	194,985	123,805
OPERATING INCOME	147,432	118,016
NONOPERATING REVENUES (EXPENSES)		
OTHER INCOME	2,303	2,197
INTEREST INCOME	10,652	4,643
WATER CONSERVATION SERVICES	(574,225)	(184,074)
REIMBURSEMENT FOR SERVICES	659,342	184,074
TOTAL NONOPERATING REVENUES (EXPENSES)	98,072	6,840
CHANGE IN NET POSITION	245,504	124,856
NET POSITION JANUARY 1	572,605	447,749
NET POSITION DECEMBER 31	\$ 818,109	\$ 572,605

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIVED FROM CUSTOMERS	\$ 19,152	\$ 16,202
RECEIVED FROM INTERFUND ACTIVITIES	275,851	179,605
PAYMENTS FOR SUPPLIES, GOODS, SERVICES	(52,256)	(32,559)
PAYMENTS TO EMPLOYEES	<u>(120,210)</u>	<u>(74,856)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>122,537</u>	<u>88,392</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
REIMBURSEMENT FOR SERVICES	557,012	175,887
PAYMENTS FOR WATER CONSERVATION SERVICES	<u>(574,225)</u>	<u>(209,894)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(17,213)</u>	<u>(34,007)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	<u>(57,774)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(57,774)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST RECEIVED AND OTHER	<u>12,955</u>	<u>6,840</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>12,955</u>	<u>6,840</u>
NET CHANGE IN CASH	60,505	61,225
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	<u>1,438,907</u>	<u>1,377,682</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,499,412</u>	<u>\$ 1,438,907</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 167,700	\$ 118,016
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
DEPRECIATION	12,543	11,907
CHANGES IN ASSETS AND LIABILITIES		
RECEIVABLES AND PREPAIDS	2,654	1,977
DUE FROM/TO OTHER FUNDS	(65,804)	(43,959)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	9,976	4,983
DEFERRED INFLOW OF RESOURCES	<u>(4,532)</u>	<u>(4,532)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 122,537</u>	<u>\$ 88,392</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL ON A BUDGETARY BASIS

WATER ACTIVITY ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 2023

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
WATER LEASING	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
FEE INCOME	25,000	25,000	24,277	(723)
MANAGEMENT FEES	1,450,000	1,450,000	685,844	(764,156)
REIMBURSEMENTS	25,000	25,000	39,547	14,547
INTEREST AND OTHER	100	100	28,373	28,273
<b>TOTAL REVENUES</b>	<b>1,505,100</b>	<b>1,505,100</b>	<b>783,041</b>	<b>(722,059)</b>
<b>EXPENDITURES</b>				
WATER LEASES	40,000	40,000	-	40,000
WATER AND NEPA STORAGE FEES	125,000	125,000	96,311	28,689
ARKANSAS IRRIGATION RULES	4,000	4,000	9,841	(5,841)
DRY UP AND REVEGETATION	33,000	33,000	16,145	16,855
SUPER DITCH	150,000	150,000	25,584	124,416
DEPRECIATION	-	-	3,440	(3,440)
GENERAL AND ADMINISTRATIVE	230,200	230,200	188,167	42,033
WATER ASSESSMENTS AND COSTS	69,600	69,600	79,899	(10,299)
INTEREST	33,000	33,000	34,272	(1,272)
WATER ACQUISITIONS	250,000	250,000	-	250,000
DEBT SERVICE	161,000	161,000	36,583	124,417
CONSERVATION EASEMENTS	65,000	65,000	47,691	17,309
CONTINGENCY	150,600	150,600	-	150,600
<b>TOTAL EXPENDITURES</b>	<b>1,311,400</b>	<b>1,311,400</b>	<b>537,933</b>	<b>773,467</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ 193,700</b>	<b>\$ 193,700</b>	<b>245,108</b>	<b>\$ 51,408</b>
<b>ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS</b>				
PRINCIPAL PAID ON LOANS			36,583	
CHANGE IN NET POSITION			281,691	
NET POSITION JANUARY 1			24,129,591	
<b>TOTAL NET POSITION DECEMBER 31</b>			<b>\$ 24,411,282</b>	

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL ON A BUDGETARY BASIS

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
LEASE INCOME	\$ 7,600	\$ 7,600	\$ 7,282	\$ (318)
FEE INCOME	15,000	15,000	13,748	(1,252)
MANAGEMENT FEES	700,000	700,000	321,387	(378,613)
REIMBURSEMENT FOR SERVICES	355,000	355,000	659,342	304,342
OTHER	500	500	12,955	12,455
	<u>1,078,100</u>	<u>1,078,100</u>	<u>1,014,714</u>	<u>(63,386)</u>
TOTAL REVENUES				
EXPENDITURES				
WATER QUALITY PROJECTS	77,000	77,000	4,516	72,484
DEPRECIATION	-	-	12,543	(12,543)
GENERAL AND ADMINISTRATIVE	212,700	212,700	128,561	84,139
SOIL QUALITY PROJECTS	8,000	8,000	-	8,000
POND STUDY	10,000	10,000	8,001	1,999
PROPERTY TAXES	1,000	1,000	463	537
REPAIRS AND MAINTENANCE	30,000	30,000	20,683	9,317
OTHER	1,000	1,000	20,218	(19,218)
WATER CONSERVATION SERVICES	600,000	600,000	574,225	25,775
CAPITAL OUTLAY	40,000	40,000	57,774	(17,774)
CONTINGENCY	107,900	107,900	-	107,900
	<u>1,087,600</u>	<u>1,087,600</u>	<u>826,984</u>	<u>260,616</u>
TOTAL EXPENDITURES				
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	187,730	<u>\$ 197,230</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
CAPITAL ASSET PURCHASES			<u>57,774</u>	
CHANGE IN NET POSITION			245,504	
NET POSITION JANUARY 1			<u>572,605</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 818,109</u>	