

**Middle Park Water Conservancy District**

**FINANCIAL STATEMENTS**

**With Independent Auditor's Report**

**December 31, 2023 and 2022**

**Middle Park Water Conservancy District**

**FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Middle Park Water Conservancy District  
Grand and Summit Counties, Colorado

### ***Opinions***

We have audited the accompanying financial statements of Middle Park Water Conservancy District (the District), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 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 on pages 1 through 4 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.

***Supplemental Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for purposes of additional analysis and legal compliance 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Arvada, Colorado  
February 29, 2024

## Management's Discussion and Analysis

The discussion and analysis of Middle Park Water Conservancy District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

### Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,671,671 (net position). Of this amount, \$1,664,771 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$167,087 from the prior year.
- Operating revenues increased \$120,182, or approximately 58%, from the prior year. The increase is mainly due to short-term water sales contracts and a general increase in rates.
- Operating expenses increased approximately 37% from the prior year, due to increased general legal activity and increased engineering costs associated with accounting changes requested by the Division Engineer and other general increases in the District's requirements.

### Overview of the Financial Statements

The Middle Park Water Conservancy District basic financial statements included in this report are those of a special purpose government engaged in a business-type activity. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

*Basic Financial Statements.* The basic 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 and deferred outflows of resources, and the District's 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.

The *Statement of Revenues, Expenses and Changes in Net Position* 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 (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

*Notes to the financial statements.* The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic and fund financial statements.

*Supplemental Information.*

*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. Middle Park Water Conservancy District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Middle Park Water Conservancy District maintains a single enterprise fund to account for water services.

Middle Park Water Conservancy District adopts an annual appropriated budget for the enterprise fund. A budgetary comparison statement has been provided in the supplemental information to demonstrate compliance with the budget.

Unlike the basic financial statements, the 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 the District's near-term financing requirements.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Middle Park Water Conservancy District, assets exceeded liabilities and deferred inflows by \$1,671,671 at the close of the most recent fiscal year.

**Middle Park Water Conservancy District  
Net position**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets	\$ 1,837,454	\$ 1,660,861
<b>Total Assets</b>	<b>1,837,454</b>	<b>1,660,861</b>
 <b>Liabilities and deferred inflows of resources</b>		
Current liabilities	2,242	1,599
Deferred inflows of resources	163,541	154,678
<b>Total Liabilities and deferred inflows of resources</b>	<b>165,783</b>	<b>156,277</b>
 <b>Net position</b>		
Restricted for emergency reserve	6,900	5,400
Unrestricted	1,664,771	1,499,184
<b>Total Net position</b>	<b>\$ 1,671,671</b>	<b>\$ 1,504,584</b>

Current assets of the District includes cash and cash equivalents of \$1,659,289, including investments of \$1,555,127 as of December 31, 2023. The unrestricted net position of \$1,664,771 is available to be used to meet the government's ongoing obligations to its citizens and creditors.

**Middle Park Water Conservancy District  
Changes in Net Position**

	<b>2023</b>	<b>2022</b>
<b>Operating revenues</b>		
Water sales	\$ 327,642	\$ 207,460
<b>Non-operating revenues</b>		
Property and specific ownership tax, net	155,941	156,741
Interest earnings	72,384	20,355
<b>Total Revenues</b>	555,967	384,556
<b>Operating expenses</b>		
Counsel fees and operating expenses	230,994	152,797
Engineering expenses	118,817	94,865
Other operating expenses	39,069	36,368
<b>Total Expenses</b>	388,880	284,030
<b>Change in Net Position</b>	167,087	100,526
<b>Net Position-Beginning</b>	1,504,584	1,404,058
<b>Net Position-Ending</b>	\$ 1,671,671	\$ 1,504,584

**Enterprise Fund Budgetary Highlights**

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions after notification and publication requirements. No changes were made to the original approved budget for 2023.

Total actual revenues were higher than total budgeted revenues by \$151,549. Total operating expenses (exclusive of budgeted contingencies, reserves, and construction) were \$40,350 higher than budgeted amounts. A budget-to-actual comparison is presented on page 14 of the financial statements.

**Capital Asset and Debt Administration**

*Capital assets.* The District has no investment in capital assets.

*Long-term debts.* The District had no long-term debt outstanding as of December 31, 2023 or 2022.

**Economic Factors and Next Year’s Budget**

- Growth within the District is anticipated to continue at a modest pace, with water sales at approximately the historic average plus a budgeted rate increase.
- The District’s legal counsel continues to monitor water supply and water rights, and maintain working relationships with other interested parties.
- The 2024 budget includes a carryover of anticipated expenses for continued water rights leasing and costs related to the Windy Gap Firming Project, the Colorado River Basin negotiations and the Denver Moffat Firming Project.
- Minor travel is anticipated related to CWC, NWRA, seminars and Special Projects.

**Requests for Information**

This financial report is designed to provide a general overview of Middle Park Water Conservancy District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Counsel, Kent Whitmer, Middle Park Conservancy District, P.O. Box 38, Hot Sulphur Springs, Colorado 80451.

**Middle Park Water Conservancy District**

**STATEMENTS OF NET POSITION**

**As of December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,659,289	\$ 1,492,420
Prepaid expenses	14,624	13,763
Property taxes receivable	163,541	154,678
<b>Total assets</b>	<b>1,837,454</b>	<b>1,660,861</b>
<b>LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	2,242	1,599
<b>Total liabilities</b>	<b>2,242</b>	<b>1,599</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax revenue	163,541	154,678
<b>Total deferred inflows of resources</b>	<b>163,541</b>	<b>154,678</b>
<b>NET POSITION</b>		
Restricted for emergencies	6,900	5,400
Unrestricted	1,664,771	1,499,184
<b>Total net position</b>	<b>1,671,671</b>	<b>1,504,584</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 1,837,454</b>	<b>\$ 1,660,861</b>

*The accompanying Notes to Financial Statements are an integral part of these statements.*

**Middle Park Water Conservancy District**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING REVENUE</b>		
Water sales and other service revenue	\$ 327,642	\$ 207,460
<b>Total operating revenues</b>	327,642	207,460
<b>OPERATING EXPENSES</b>		
Insurance, director expenses, dues, and travel	34,094	32,068
Counsel fees and operating expenses	230,994	152,797
Engineering expenses	118,817	94,865
Audit	4,975	4,300
<b>Total operating expenses</b>	388,880	284,030
<b>OPERATING INCOME (LOSS)</b>	(61,238)	(76,570)
<b>NON-OPERATING REVENUES</b>		
General property taxes, net of treasurer fees	147,509	148,564
Specific ownership taxes	8,432	8,177
Other interest earnings	72,384	20,355
<b>Total non-operating revenues</b>	228,325	177,096
<b>CHANGE IN NET POSITION</b>	167,087	100,526
<b>NET POSITION - Beginning of year</b>	1,504,584	1,404,058
<b>NET POSITION - End of year</b>	\$ 1,671,671	\$ 1,504,584

*The accompanying Notes to Financial Statements are an integral part of these statements.*

**Middle Park Water Conservancy District**

**STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 327,642	\$ 207,460
Cash paid to suppliers	(389,098)	(295,503)
<b>Net cash used by operating activities</b>	<b>(61,456)</b>	<b>(88,043)</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from property and specific ownership taxes	155,941	156,741
<b>Net cash provided by noncapital financing activities</b>	<b>155,941</b>	<b>156,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	72,384	20,355
<b>Net cash provided by investment activities</b>	<b>72,384</b>	<b>20,355</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	166,869	89,053
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,492,420</b>	<b>1,403,367</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,659,289</b>	<b>\$ 1,492,420</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (61,238)	\$ (76,570)
<b>Adjustments to reconcile operating income (loss) to net cash used by operating activities</b>		
Change in assets and liabilities		
(Increase) decrease in prepaid expenses	(861)	(3,202)
Increase (decrease) in accounts payable	643	(8,271)
<b>Total adjustments</b>	<b>(218)</b>	<b>(11,473)</b>
<b>Net cash used by operating activities</b>	<b>\$ (61,456)</b>	<b>\$ (88,043)</b>

*The accompanying Notes to Financial Statements are an integral part of these statements.*

# Middle Park Water Conservancy District

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

### Note 1 – Reporting entity and summary of significant accounting policies

#### Nature of activity

Middle Park Water Conservancy District is a quasi-municipal corporation and political subdivision of the State of Colorado. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries.

#### Reporting entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

#### Summary of significant accounting policies

The following is a summary of the more significant accounting policies of the District:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District follows Governmental Accounting Standards Board pronouncements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Basis of accounting

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities. Tap fees, inclusion fees, and contributed assets from developers are recorded as capital contributions when received or collectible.

#### Operating revenues and expenses

The District distinguishes between operating revenues and expenses from nonoperating items in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

## **Middle Park Water Conservancy District**

### **NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2023 and 2022**

District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets, when applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contribution.

#### **Cash equivalents**

For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

#### **Accounts receivable, allowance for doubtful accounts**

User fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

#### **Property taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December and are payable in the following year.

Property tax revenues are recognized when they are paid to the District by the County Treasurer each month. Property tax revenue held by the County Treasurer on December 31 is treated as revenue of the current year. Delinquent taxes of prior years are recognized as revenue at the time remitted to the District by the County Treasurer. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable.

Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County. The property tax receipts collected by the County Treasurer each month are remitted to the District in the subsequent month.

#### **Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

#### **Estimates**

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

**Middle Park Water Conservancy District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)  
December 31, 2023 and 2022**

**Note 2 – Cash and cash equivalents**

Cash and cash equivalents as of December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Deposits with financial institutions	\$ 104,162	\$ 259,391
Investment in CSAFE (see below)	1,555,127	1,233,029
Total cash and cash equivalents	<u>\$ 1,659,289</u>	<u>\$ 1,492,420</u>

At December 31, 2023 and 2022, the District's cash deposits had bank balances of \$115,014 and \$273,454, respectively, and carrying balances of \$104,162 and \$259,391, respectively.

**Deposits with financial institutions**

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. As of December 31, 2023 and 2022, the federal insurance limits were \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

**Custodial credit risk – deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2023 and 2022, none of the District's bank balances were exposed to custodial credit risk.

**Investments**

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments.

The District primarily limits its investments to local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities

## Middle Park Water Conservancy District

### NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2023 and 2022

- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pool

#### **CSAFE**

At December 31, 2023, the District had invested \$1,555,127 in Colorado Surplus Asset Fund Trust (the Trust). The Trust offers funds in two portfolios, CSAFE Cash (CSAFE) and CSAFE Colorado Core (CORE). As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust invests in securities that are specified by the Colorado Revised Statutes (24-75-601). CSAFE authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE measures all of its investments at amortized cost with a weighted average maturity of 60 days or less. CSAFE is rated AAmmf by the Fitch Ratings. There are no unfunded commitments; the redemption frequent is daily and there is no redemption notice period. At December 31, 2023, the District had invested \$524,125 in CSAFE. CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed. CORE operates similarly to a money market fund and each share is equal in value to \$2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At December 31, 2023, the District had invested \$1,031,002 in CORE.

#### **Note 3 – Net position**

The District's net position may consist of three components – net investment in capital assets, restricted, and unrestricted. The District has no net investment in capital assets.

Restricted position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has \$6,900 and \$5,400 reserved for emergencies (Note 4) as of December 31, 2023 and 2022, respectively.

The District's unrestricted net position as of December 31, 2023 and 2022 was \$1,664,771 and \$1,499,184, respectively.

#### **Note 4 – Tax, spending and debt limitation**

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from many of the provisions of TABOR.

**Middle Park Water Conservancy District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)  
December 31, 2023 and 2022**

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District has reserved \$6,900 at December 31, 2023 and \$5,400 at December 31, 2022.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an Enterprise will require judicial interpretation.

**Note 5 – Risk Management**

The District is exposed to various risks of losses related to torts, theft of assets, errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

**Note 6 – Subsequent Events**

Management has evaluated subsequent events through February 29, 2024, the date the financial statements were available to be issued.

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**SUPPLEMENTAL INFORMATION**

**Middle Park Water Conservancy District**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET BASIS  
BUDGET AND ACTUAL**

**For the year ended December 31, 2023**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
General property taxes	\$ 171,937	\$ 155,367	\$ (16,570)
Specific ownership taxes	7,900	8,432	532
Interest earnings	3,207	72,384	69,177
Water sales and other service revenue	229,232	327,642	98,410
<b>Total revenues</b>	<b>412,276</b>	<b>563,825</b>	<b>151,549</b>
<b>EXPENDITURES</b>			
Insurance, director expenses and travel	25,000	25,586	(586)
Counsel fees and operating expenses	224,291	230,994	(6,703)
Engineering expenses	91,000	118,817	(27,817)
Dues	3,000	8,508	(5,508)
Audit	4,500	4,975	(475)
Treasurers fees	8,597	7,858	739
Capital Outlay, emergency and contingency	1,569,522	-	1,569,522
Reserves	8,145	-	8,145
<b>Total expenditures</b>	<b>1,934,055</b>	<b>396,738</b>	<b>1,537,317</b>
<b>Excess (Deficit) of revenues over (Under) expenditures</b>	<b>(1,521,779)</b>	<b>167,087</b>	<b>1,688,866</b>
<b>FUND BALANCE - Beginning of year</b>	<b>1,521,779</b>	<b>1,504,584</b>	<b>(17,195)</b>
<b>FUND BALANCE - End of year</b>	<b>\$ -</b>	<b>\$ 1,671,671</b>	<b>\$ 1,671,671</b>