

UPPER ARKANSAS WATER  
CONSERVANCY DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1. – 2.
MANAGEMENT'S DISCUSSION AND ANALYSIS	3. – 11.
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	12.
STATEMENT OF ACTIVITIES	13.
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	14.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	15.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND	16.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	17.
STATEMENT OF NET POSITION – PROPRIETARY FUND	18.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND	19.
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	20.
NOTES TO FINANCIAL STATEMENTS	21. - 30.
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	31.
SUPPLEMENTARY INFORMATION	
INDIVIDUAL FUND FINANCIAL STATEMENTS	32 – 36.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN NET POSITION - BUDGET AND ACTUAL – WATER ACTIVITY ENTERPRISE FUND	37.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Upper Arkansas Water Conservancy District  
Salida, Colorado

### Opinions

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

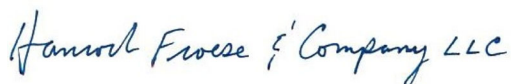
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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 Upper Arkansas 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

July 26, 2024

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

# UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of the Upper Arkansas Water Conservancy District (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 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** - The activity of the District's General Fund is reported here. Property taxes and specific ownership taxes make up the majority of the revenues and general and administration expenditures along with protection of water and water rights are the major activities of this fund.

**Business-Type Activities** - The District manages a Water Activity Enterprise Fund, which develops and operates the District's water rights, well augmentation plans, land and other assets, coupled with the bonds issued for the acquisition of water rights. The activities of the Water Activity Enterprise Fund are supported by water augmentation sales, leasing of water, and reservoir storage and maintenance fees.

### 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 one proprietary fund; a Water Activity Enterprise Fund. The Water Activity Enterprise Fund is reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for its water, water storage facilities, and land management operations.

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 the 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 by \$10,094,593 at the end of the current year.

### Financial Highlights

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:

**UPPER ARKANSAS WATER CONSERVANCY DISTRICT**

**Statement of Net Position - 2023**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Current Assets	\$ 1,396,036	\$ 5,414,001	\$ 6,810,037
Restricted Assets	-	27,631	27,631
Capital Assets and Other Assets	12,920	4,798,830	4,811,750
<b>TOTAL ASSETS</b>	<b>\$ 1,408,956</b>	<b>\$ 10,240,462</b>	<b>\$11,649,418</b>
<b>LIABILITIES:</b>			
Current Liabilities	\$ 27,295	\$ 115,778	\$ 143,073
Non-Current Liabilities	13,275	779,918	793,193
Total Liabilities	40,570	895,696	936,266
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Revenues – Property Taxes	618,559	-	618,559
<b>NET POSITION:</b>			
Net Investment in Capital Assets	12,920	4,018,912	4,031,802
Restricted	15,200	27,631	42,831
Unrestricted	721,707	5,298,223	6,019,960
Total Net Position	749,827	9,344,766	10,094,593
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 1,408,956</b>	<b>\$ 10,240,462</b>	<b>\$11,649,418</b>

**Statement of Net Position - 2022**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Current Assets	\$ 1,178,496	\$ 4,948,920	\$ 6,127,416
Restricted Assets	-	23,026	23,026
Capital Assets and Other Assets	18,884	4,717,543	4,736,427
<b>TOTAL ASSETS</b>	<b>\$ 1,197,380</b>	<b>\$ 9,689,489</b>	<b>\$10,886,869</b>
<b>LIABILITIES:</b>			
Current Liabilities	\$ 14,525	\$ 201,595	\$ 216,120
Non-Current Liabilities	19,117	801,913	821,030
Total Liabilities	33,642	1,003,508	1,037,150
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Revenues – Property Taxes	575,748	-	575,748
<b>NET POSITION:</b>			
Net Investment in Capital Assets	18,884	3,915,630	3,934,514
Restricted	13,800	23,026	36,826
Unrestricted	555,306	4,747,325	5,302,631
Total Net Position	587,990	8,685,981	9,273,971
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 1,197,380</b>	<b>\$ 9,689,489</b>	<b>\$10,886,869</b>

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

The total net position of the District exceeded its liabilities by \$10,094,593. Of this amount \$6,019,930 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's net position increased by \$820,622 during the current year. The net position of our governmental activities increased by \$161,837 and net position of our business-type activity increased by \$658,785.
- As of the close of the current year, the District's governmental fund reported combined ending fund balance of \$750,182 an increase of \$161,959 in comparison with the prior year fund balance of \$588,223.
- At the end of the current year, unassigned fund balance for the governmental fund was \$734,982.

### Statement of Activities

The perspective of the statement of activities is of the District as a whole. The following table reflects the change in net position for year 2023 and 2022:

2023	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Fuctions							
TOTAL GOVERNMENTAL ACTIVITIES	\$ 507,160	\$ -	\$ -	\$ -	\$ (507,160)	\$ -	\$(507,160)
TOTAL BUSINESS-TYPE ACTIVITIES	1,060,024	1,313,608	124,751	-	-	378,335	378,335
TOTAL PRIMARY GOVERNMENT	<u>\$1,567,184</u>	<u>\$1,313,608</u>	<u>\$ 124,751</u>	<u>\$ -</u>	<u>(507,160)</u>	<u>378,335</u>	<u>(128,825)</u>
GENERAL REVENUES							
TAXES					650,349	-	650,349
INTEREST, RENT AND OTHER					18,648	280,450	299,098
TOTAL GENERAL REVENUES					<u>668,997</u>	<u>280,450</u>	<u>949,447</u>
CHANGE IN NET POSITION					161,837	658,785	820,622
NET POSITION - BEGINNING					<u>587,990</u>	<u>8,685,981</u>	<u>9,273,971</u>
NET POSITION - ENDING					<u>\$ 749,827</u>	<u>\$9,344,766</u>	<u>\$10,094,593</u>
2022	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Fuctions							
TOTAL GOVERNMENTAL ACTIVITIES	\$ 459,999	\$ -	\$ -	\$ -	\$ (459,999)	\$ -	\$(459,999)
TOTAL BUSINESS-TYPE ACTIVITIES	1,048,440	1,692,990	79,786	-	-	724,336	724,336
TOTAL PRIMARY GOVERNMENT	<u>\$1,508,439</u>	<u>\$1,692,990</u>	<u>\$ 79,786</u>	<u>\$ -</u>	<u>(459,999)</u>	<u>724,336</u>	<u>264,337</u>
GENERAL REVENUES							
TAXES					590,304	-	590,304
INTEREST, RENT AND OTHER					1,661	89,352	155,703
TOTAL GENERAL REVENUES					<u>591,965</u>	<u>89,352</u>	<u>681,317</u>
CHANGE IN NET POSITION					131,966	813,688	945,654
NET POSITION - BEGINNING					<u>456,024</u>	<u>7,872,293</u>	<u>8,328,317</u>
NET POSITION - ENDING					<u>\$ 587,990</u>	<u>\$8,685,981</u>	<u>\$9,273,971</u>

The change in net position for the governmental activity was an increase of \$161,837 for the year ended December 31, 2023.

The change in net position for the business-type activity was an increase of \$658,785 for the year ended December 31, 2023.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

**REVIEW OF REVENUES AND EXPENSES VS BUDGETARY COMPARISON - GENERAL FUND**

Year Ended December 31, 2023:

	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$ 639,397	\$ 668,997
Total Expenditures	1,227,620	507,038
Revenues over Expenditures	(588,223)	161,959
Fund Balance January 1	588,223	588,223
Fund Balance December 31	<u>\$ -</u>	<u>\$ 750,182</u>

Year Ended December 31, 2022:

	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$ 595,583	\$ 591,965
Total Expenditures	1,029,583	459,766
Revenues over Expenditures	(434,000)	132,199
Fund Balance January 1	456,024	456,024
Fund Balance December 31	<u>\$ 22,024</u>	<u>\$ 588,223</u>

**Revenues:** Changes between actual revenues and budgeted amounts were due to a slight decrease in amount of ad valorem taxes collected.

**Expenditures:** Changes between actual expenditures and budgeted amounts were primarily due to a reduction in actual capital outlay.

**REVIEW OF REVENUES AND EXPENSES VS BUDGETARY COMPARISON WATER ACTIVITY ENTERPRISE FUND**

Year Ended December 31, 2023:

	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$2,427,017	\$1,718,809
Total Expenditures	6,827,017	1,216,444
Revenues over Expenditures	(4,400,000)	502,365
Adjustments to Reconcile Budgetary Basis to GAAP Basis	-	156,420
Change in Fund Balance	(4,400,000)	658,785
Fund Balance January 1	8,685,981	8,685,981
Fund Balance December 31	<u>\$ 4,285,981</u>	<u>\$9,344,766</u>

Year Ended December 31, 2022:

	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$1,928,482	\$1,862,128
Total Expenditures	5,828,482	1,069,794
Revenues over Expenditures	(3,900,000)	792,334
Adjustments to Reconcile Budgetary Basis to GAAP Basis	-	21,354
Change in Fund Balance	(3,900,000)	813,688
Fund Balance January 1	7,872,293	7,872,293
Fund Balance December 31	<u>\$ 3,972,293</u>	<u>\$8,685,981</u>

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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**Revenues:** Changes between actual revenue and budgeted amounts were primarily due to decreased grant revenue and funded studies received in the current year.

**Expenditures:** Changes between actual expenditures and budgeted amounts were due to the significant decrease in actual capital outlay expenditures than anticipated.

### **Capital Activity**

The UAWCD mission is to acquire and preserve for present and future use of all water rights available in the Upper Arkansas Valley, for use within the Valley, whether municipal, irrigation, industrial, or domestic, to seek every possible means to increase the water supply available within the Upper Arkansas Valley, and to participate in water-related projects that will embody thoughtful conservation, responsible growth, and beneficial water usage within the Upper Arkansas Valley. The District works with individuals, cities and towns to coordinate the sustainable use of water through multiple types of water arrangements, water storage projects and integrated water management. UAWCD is uniquely positioned to help coordinate water resources and conservation planning because its service area overlaps numerous political and geographic boundaries and operates its own water storage vessels or utilizes space allocations in other in-basin water storage vessels throughout the Upper Arkansas basin. One method of keeping beneficial use of water in the valley is to purchase and lease water and land offered for sale by various owners with the result that the water will benefit the Upper Arkansas basin. The District protects surface water rights by maintaining efficient institutional plans (augmentation and water exchange plans) that protects water rights from injury caused by water depletions from out-of-priority usage by various diversion structures (i.e. wells and ponds) in Upper Arkansas Valley streams.

### **Protection of Water Rights**

A major component of implementing the “watchdog” function of the district in protecting water rights is the legal and engineering activities surrounding the monitoring and involvement in water change cases proposed by other entities. A Water right’s historic use is often changed to other uses, typically from irrigation use to municipal and industrial use, to meet the increasing water demands in the basin.

Prevalent in water right change cases is a real potential for injury to the remaining water rights including District owned rights as well as a potential to increase the amount of water needed to maintain stream flows for consumptive as well as non-consumptive uses. One of the major expenditures of both the Water Activity Enterprise Fund and General Fund revenues is in the litigation and engineering required to be involved in these transactions and thus help influence the terms and conditions of the change decrees that protect existing Upper Arkansas Basin water rights.

In addition to the involvement in water rights change case is monitoring of state and federal legislative and administrative proposals and actions that may change the statutory status and operations of Colorado’s water rights administration, and the potential that these actions may have deleterious impacts on existing water rights. The District constantly monitors these actions and evaluates the potential impacts from these legislative actions by engaging a legislative consultant that works with the General Manager and the Board standing ready to engage in providing testimony to the legislature on threshold issues of water use.

### **Specific Project Activities**

#### **Maintenance and Management of Stream, Reservoir and Weather CoAgMet Monitoring Stations:**

Optimum exchange and storage operations assists in conservation of water resources in the Arkansas Valley and helps meet the replacement of stream depletions necessary for the State of Colorado to meet the requirements of the Colorado-Kansas Compact as well as protection of In-State water rights. A by-product of augmentation water operations is the ability of the District to adjust the amount and timing of augmentation releases for stream flow enhancement while still protecting senior in-priority water rights from injury. The District, through its Water Activity Enterprise Fund, operates a reservoir and stream gaging system utilizing remote monitoring with satellite telemetry hardware at 23 sites throughout the Upper Arkansas basin and its tributaries. The stations are equipped with remote telemetry devices that measure, record, and report stream flow and reservoir content data to NOAA satellites for downloading to the District’s web server. In turn this is hosted on the UAWCD.com website.

This data is also made available to the Office of the State Division of Water Resources as well as other water agencies. Weather information is collected at 6 of these gage sites, at reservoir locations, and reported in addition to the water measurement data. Funds are expended for qualified staff and for supplies to maintain and improve the quality of the data collected from these stations. An upgrade of the data collection platforms is planned for 2024 with the assistance of grant funding.

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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In 2011 the District formed a coalition of five entities to complete installation of five Colorado Agricultural Meteorological weather stations to measure and record weather data using remote telemetry precipitation and related data to be used as a basis for crop consumption calculations in the Upper Arkansas Basin. Data of this type had never before been collected in the Upper Basin. In the absence of this data correlative studies were needed to get estimates of crop consumptive use from data collected at distant CoAgMet sites such as in the San Luis Valley in the neighboring Rio Grande Basin.

The annual program maintenance cost is approximately \$10,000. This information is utilized to assist in obtaining more accurate evaluation of the potential impacts from changes of water rights. The District maintains hydrology personnel to maintain these stations and proof the collected data for publication and use by other entities in the Arkansas Basin. Since installation, data collected from these sites continues to be utilized each year to further studies and irrigation management tool development in the Basin. The stream and reservoir gages are used to manage the District's augmentation programs and protect water rights from negative impacts from out of priority water use. Beginning in 2024 the District will be upgrading the data collection platforms to the latest available software as well as adding new stations at newly developed sources of water supply.

### **Integrated Water Management**

Coordinated operations and management of water resources in the Cottonwood Creek and the South Arkansas River have been a goal of the District for many years. After many years of work efforts to coordinate with the Municipalities of Buena Vista and Poncha Springs have been realized.

#### **The Town of Buena Vista**

The District and the Town of Buena Vista have combined efforts, memorialized by several agreements, to study an enlargement of storage capacity at Cottonwood Lake for mutual water storage benefits. Additionally, efforts have been undertaken to minimize the future demands on water supply from Cottonwood and shift demands to the Arkansas River. The District continues to augment over 35-acre feet of depletion demands for the Town of Buena Vista that supply water for irrigation of parks and recreation facilities as well as provide a supplemental supply of water for direct municipal use through wells that impact the main stem Arkansas River in lieu of the water short Cottonwood Creek. During the past year efforts to increase the available augmentation supply for Buena Vista have continued with the culmination of an agreement with the Town for the purchase of 50 acre feet of augmentation for use on Cottonwood Creek and the Arkansas River. The operation of this 50 acre foot augmentation agreement will begin in October of 2024.

#### **The Town of Poncha Springs**

Poncha Springs entered into an agreement with the District to integrate raw water accounting and to take advantage of reduced augmentation costs for its wells and future well construction by enrolling them into the District's umbrella augmentation plan. In 2020, seven wells were augmented under the District's various augmentation decrees for the Town. These wells provide all of the Town's municipal water supply. UAWCD also assisted the Town administration with obtaining a Water Supply Reserve Account grant to develop water delivery infrastructure and assist with grant management. All these efforts improve management of water resources in both the Cottonwood Creek and on the South Arkansas river. At this time the Town's raw water operations are managed solely by UAWCD with close collaboration the Town.

#### **Round Mountain Water and Sanitation District**

In conjunction with the Round Mountain Reservoir project, UAWCD is working toward a more coordinated approach to meet mutual water needs in the Wet Mountain Valley. Work will continue in coming years to improve this collaboration with the goal of optimizing water assets and provide greater benefit to mutual constituents.

### **USGS Water Budget Study**

Understanding the amount of available ground water in the Upper Basin is a goal of the UAWCD. Beginning in the 1980's the UAWCD has expended funds by engaging the United State Geologic Survey to utilize their analytical expertise and experience in conducting these type studies. Since the mid 1980's the District has financed a Ground Water Level Network. In 2010 the District embarked on a cooperative study with the United States Geologic Survey and 8 other county, municipal and water entities. The Water Budget Study uses modern technical tools to estimate the annually available surface and ground water supplies of the basin as compared to the present and future water needs. In 2011 and 2012 most of the intensive data collection was completed. Phase one covered the area from Northern Chaffee County to Wellsville and began in 2010 at a cost of approximately \$407,000. A completed study of Phase one was released to the public in late 2014. This network is used as a database for continued studies such as the water budget studies. In 2016 the District and cooperators from Custer, Chaffee, and Fremont Counties approved the Phase 2 scope of work for extension of the study to Custer County and parts of Fremont County. This Phase 2 study includes work on a water balance, and evaluation of alluvial storage potential by the USGS as well as a study by Colorado State University of irrigation water management techniques. The total cost of this 3-year study is \$667,056.

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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Since 2019, additional well monitoring sites have been added to the network to reflect ground water changes more accurately in the UAWCD.

The District's net monetary cost is 10 percent of the total cost with cost share entities' net monetary contribution of 11 percent. USGS and CSU will provide a total of a 33 percent match with the remainder of 46 percent of the cost coming from the Water Supply Reserve Account of the Colorado Water Conservation Board. Additionally, the District is contributing administration, grant sponsor and data from its gage project network and the Upper Basin CoAgMet Stations. Work on this Phase 2 was anticipated for completion of the study and a final report by the Spring of 2020 however, in 2019 USGS obtained additional funds and was able to expand the scope of the study to include ground water tracing and aging. Phase 2 was completed in 2023.

In 2022 Chaffee County and the District developed a scope of work to assess ground water levels and develop a ground water model in the Chaffee County region to assist with planning for both entities. USGS will also cooperate and develop this study. Implementation is expected in 2024. Grant funding from the State's Water Plan Grant program was obtained in 2023.

### **Regional Resource Planning Group Projects**

In 2018 the District has spearheaded or cooperated in other projects of note. It has participated in the Regional Resource Planning Group "RRPG" sponsored by the SECWCD at an annual cost of \$10,000. Several Arkansas River water quality studies have been completed to date and are available online. Several of the UAWCD sponsored USGS ground water studies have been used for basin studies undertaken in recent years by the RRPG. Collaboration with this group continues.

### **WATER STORAGE PROJECTS**

#### **Ice Lake Project**

The Ice Lake Project was undertaken in 2018. The District provided project management, obtained grant funding and was the lead in changing a portion of the Cottonwood Irrigating Ditch water right, purchased by the Ice Lake Preserve homeowners, to be used to partly offset the cost in augmenting the depletions from Ice Lake. Ice Lake Preserve was enrolled in the District's umbrella augmentation plan in 2018 and continues to be augmented by the District. The top 12 inches of the reservoir is used by the District as an emergency augmentation storage supply on Cottonwood Creek. In December of 2022 the change decree was approved by the water court and this source of water will be added in 2023 to the District's water portfolio.

#### **Upper Arkansas Trout Creek Alluvial Storage Project**

This has been an ongoing project since 2007. Storage is a major component of the operation of the District's augmentation plans. The need for additional storage by other constituents of the Upper Arkansas Basin is apparent too. In addition to the Trout Creek project area the District owned Lake Ranch was evaluated through a previous grant for multi-purpose uses such as alluvial storage, and hydro-power potential. Although the Lake Ranch alluvial storage and other components of this project were ruled out the development of lease fallowing and a conservation garden continued in 2021.

In 2017 the District focused its efforts on the alluvial storage component at Trout Creek Park. Designs and plans were developed in 2017 to be concluded with a functioning storage system in 2018. Total cost to secure easements and pipelines is estimated at \$250,000 to \$300,000. Some of this funding will come from a grant through the CWCB Water Supply Reserve Account.

To meet the goals of the District, potential storage sites are always explored by the District to evaluate feasibility and cost of construction and operation to meet these omni-present demands. The Multi-Use Project embodied traditional storage, gravel pit storage and alluvial storage with a potential for a hydro-power project. The Lake Ranch project evaluation discovered minimal feasibility for alluvial storage and hydro power production. CWCB grant funding for this project on alluvial storage was shifted to the Trout Creek UAWCD multi-use project area. Efforts to reach a pipeline easement on the Moltz Ranch property to bring water from the Trout Creek Ditch Company Ditch or the Helena Ditch to construct infiltration pond(s) were unsuccessful so in 2020 the UAWCD began working with the Colorado Department of Correctional Industries (DOC) to explore potential sites on their agricultural properties in Trout Creek Park. Discussions with the Department of Corrections continued in 2022 and additional conversations and evaluations began with the Cogan family on their property adjacent to the DOC lands. During 2022 surveying and soil evaluations were completed. Negotiations continued in 2023 with both entities to install infiltration ponds and determine payment for easements and pipeline routes.

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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### **DeWeese-Dye Reservoir**

Discussion of a feasibility study for enlargement of Deweese Reservoir was begun in 2018. During 2019, the project started with a contract with GEI. This project concept arose out of the Deweese-Dye Grape Creek efficiency study undertaken with the ditch company and the BLM. During 2020, work on the feasibility of enlargement continued with a budget of \$30,000 for cash

and in-kind expenditures. The total project cost is \$115,000. Work was completed in this phase one in 2023 and it was determined that further studies will be necessary in an additional feasibility phase to evaluate the stability of the 100 plus year old concrete dam.

### **Round Mountain Reservoir Feasibility Study**

In 2019 UAWCD began collaboration with Round Mountain Water and Sanitation District to study the feasibility of constructing a reservoir near Grape Creek. UAWCD provided grant management and helped Round Mountain obtain a grant to study feasibility and design of an off-stream reservoir of approximately 150-acre feet. In 2020, work continued. The total project cost is \$230,500 with UAWCD contributing \$20,670 in a combination of in-kind services and cash. UAWCD is providing project and grant management. Part of the study involved determination of exchange potential on Grape Creek. The feasibility study continued through 2022 and in 2023 focused modification of designs for an outlet, meeting the demands of dam safety and maximization of storage capacity to achieve a total space of 150 acre feet. Investigations focused in 2023 on obtaining adjacent lands working with Round Mountain and the routing of the discharge canal to Grape Creek. Cost estimates for construction range from \$3 to \$4 Million dollars.

### **North Fork Reservoir Rehabilitation & NEPA So. Ark. Reservoir Studies**

The District, through its Water Activity Enterprise Fund, received a low-interest loan from the Colorado Water Conservation Board for \$3,009,800 with a rate of 3 percent per annum for 30 years. Total funds loaned for the project were \$893,705. In 2017 the loan was closed and the District paid in full the accrued interest. With the closing a 1% loan service fee of \$8,937 the total ending loan balance is \$902,642. The 30-year loan will be paid off in annual installments of Principal and Interest totaling \$46,052 per year with the final payment scheduled for October 1, 2047. As of December 31, 2023, the outstanding balance was \$779,918.

### **Cottonwood Lake Spillway and Dam Replacement**

In 2017, UAWCD completed a feasibility study of dam replacement at Cottonwood Lake and applied for a permit renewal from the USFS that included the dam and spillway replacement and the right to utilize more space in the present reservoir made possible by a new dam as designed. In 2018, the USFS extended the existing permit until December 31, 2022. In 2022 the USFS determined that it would take 18 months longer to evaluate a long term permit. In 2023, the expected completion of the permit phase was determined to be the winter of 2025.

### **Wenke Pond**

Heightened administration by Division two of ponds constructed without decrees and the replacement of evaporation associated therewith, has placed an increased demand for augmentation for these structures. A large pond in Custer County, owned by Mr. and Mrs. Wenke was facing the requirement to obtain augmentation for its evaporated losses. The District was contacted by the Wenkes seeking a determination of costs associated with augmentation of the structure. Through discussions it became apparent that the pond, located near Grape Creek, had the potential for use as a source of augmentation in critical reach of the stream in the District's new Custer and Fremont county augmentation plan. The Wenkes and the District entered into a contract to improve the pond file to include the pond into the District plan and thereby the evaporation would be replaced by the District in exchange for utilization as a storage location for the District's fully consumable water for use in this reach of Grape Creek. In 2023 much headway was made in the District's case filing to include this structure in its plan in case 22CW3093. Successful completion of the case is estimated for the fall of 2024.

## **AUGMENTATION**

### **Development and Implementation of Water Replacement Data Base**

Since 2010 the District through its Water Activity Enterprise Fund has developed an extensive water augmentation replacement data base with electronic merging of data supplied by the Division of Water Resources to accurately and timely initiate releases of replacement water to streams impacted by structures augmented through District umbrella augmentation plans.

This accurate and timely tracking of stream flows and reservoir contents has optimized exchange and reservoir release operations saving the District precious water resources. Operations of the database are assisted by real time updating of data from our stream and reservoir gage operations on the district website. Expenditures for this development and ongoing operation are reflected in engineering and software & website design expenses.

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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Today this work has been moved in-house and operated by the District Hydrologist. Data base software improvements are continuing. Integrated water management on the South Arkansas has increased the workload for accounting and the software infrastructure needed to handle more tasks and more complicated accounting. Additional workload will be added in future years in particular with the additional augmentation anticipated from increases in provision of augmentation water for the Town of Buena Vista. This need will continue into the foreseeable future. Most of the costs are associated with the staff salaries or software development costs.

### **Expansion of Augmentation Area**

In December of 2018 the District filed an application to include the Eastern portion of Fremont County and part of Custer County into our umbrella augmentation plan. The delay was necessary in order that the District's consulting engineers could complete a "Projection Tool". During 2018 this tool was developed and is now a part of our water management. Water augmentation is now provided for pond evaporation replacement, commercial development, as well as dust control by the Fremont Public Transportation department in Eastern Fremont County as well as Custer County. The extension of the District's plan to include these areas will address some of these demands. Prior to this filing water storage and water rights were obtain by the district. Most of the costs are associated with the Legal and Engineering accounts. In 2021, the application was approved by the water court. Division 2, water resources began heightened efforts to identify ponds that are un-decreed and require augmentation. Many of these ponds are in the expansion area and their owners have begun to contact the District requesting augmentation. Beginning in 2021 and continuing to date these actions will impact revenue receipts and water demands. In 2022 and continuing in 2023 ponds such as the Wenke Pond (see discussion above) could potentially be utilized for District storage and become important sources of augmentation. Although use of these structures are less efficient their locations are often on critical reaches and are vital to the continued beneficial use of water within the District boundaries by its constituents.

### **Augmentation Activities**

Evaluation of the transferrable consumptive use from the District's Thompson Ditch water rights was undertaken in 2015 and continued through 2018. As part of this project other entities were assisted by the District's augmentation plans to comply with the requirements of their HOA's decree. Adjacent entities (HOAs) were embroiled in the re-evaluation of the Thompson Ditch water rights and the District has been able to assist them in finding a resolution. Other entities in the Cottonwood Creek basin have had other challenges in meeting decree requirements. Among them are the Lakeside Estates Preserve and Trail West Lodge and Trail West Association. These entities worked with the District to secure plans and engineering to resolve their issues. The District continues to work with these entities. As noted above Lakeside Estates Preserve (Ice Lake) is being assisted. During 2018 both the Trail West Association and the Trail West Lodge (Young Life) worked the district to obtain augmentation. The Trail West Lodge and UAWCD jointly filed for a change of water rights owned by Young Life for use as a source of augmentation for their needs. Additionally, in 2018 Yale Lakes POA entered into an augmentation agreement with the UAWCD and transferred their Thompson Ditch water rights to the District in exchange for inclusion of their subdivision within the UAWCD umbrella augmentation plan.

These additional augmentation activities assisted District constituents as well as providing funding and water resources to the District. The Trail West Association converted all their septic systems to on site and each lot now participates in the District's augmentation plan for depletion replacements. Trail West Lodge jointly with the UAWCD effectively prosecuted its water rights change case, and we were awarded a decree. The water rights associated with the change will become part of the UAWCD portfolio. Additionally, a new alluvial storage facility will become available to the UAWCD on these lands. Work tasks to develop the ground water storage facilities continued in 2023.

### **Trout Creek Ditch Company Ditch Intra-Ditch Exchange**

The intra-ditch exchange was filed in 2008 and eventually decreed. This project will result in an increase in available augmentation water supplies on Cottonwood Creek. Plans finally moved forward in 2023 by exploring locations for construction of a well(s) impacting the Arkansas River so water could be transferred (exchanged) via the Trout Creek Ditch Company Ditch to Cottonwood Creek. Cost estimates for construction of these wells and an eventual pipeline reach \$500,000. Some of this cost could be offset by water supply reserve fund grants.

### **Contacting the District' 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:

Upper Arkansas Water Conservancy District  
P. O. Box 1090  
Salida, CO 81201  
(719) 539-5425

## **BASIC FINANCIAL STATEMENTS**

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<b>ASSETS</b>			
CASH EQUIVALENTS	\$ 410,179	\$ 229,306	\$ 639,485
INVESTMENTS	366,790	4,805,055	5,171,845
RECEIVABLES - NET			
ACCOUNTS	-	2,323	2,323
TAXES	624,012	-	624,012
REIMBURSEMENT	-	138,048	138,048
WATER INVENTORY	-	85,929	85,929
PREPAID EXPENSES	-	148,395	148,395
DUE FROM GENERAL FUND	(4,945)	4,945	-
	<u>1,396,036</u>	<u>5,414,001</u>	<u>6,810,037</u>
<b>RESTRICTED ASSETS</b>			
CASH RESTRICTED FOR DEBT RETIREMENT	-	27,631	27,631
<b>CAPITAL ASSETS</b>			
LAND	-	540,000	540,000
WATER SHARES AND RIGHTS	-	2,780,245	2,780,245
PROPERTY AND EQUIPMENT	64,774	2,253,084	2,317,858
DAM AND RESERVOIR IMPROVEMENTS	-	1,067,958	1,067,958
ACCUMULATED DEPRECIATION	(51,854)	(1,842,457)	(1,894,311)
CAPITAL ASSETS NET OF DEPRECIATION	<u>12,920</u>	<u>4,798,830</u>	<u>4,811,750</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,408,956</u>	<u>\$ 10,240,462</u>	<u>\$ 11,649,418</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 27,295	\$ 21,819	\$ 49,114
ACCRUED EXPENSES	-	37,360	37,360
UNEARNED REVENUES	-	56,599	56,599
<b>NONCURRENT LIABILITIES</b>			
DUE WITHIN ONE YEAR	6,020	22,655	28,675
DUE IN MORE THAN ONE YEAR	7,255	757,263	764,518
<b>TOTAL LIABILITIES</b>	<u>40,570</u>	<u>895,696</u>	<u>936,266</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
DEFERRED REVENUES - PROPERTY TAXES	618,559	-	618,559
<b>NET POSITION</b>			
NET INVESTMENT IN CAPITAL ASSETS	12,920	4,018,912	4,031,832
<b>RESTRICTED FOR</b>			
EMERGENCIES - TABOR	15,200	-	15,200
DEBT SERVICE	-	27,631	27,631
UNRESTRICTED	721,707	5,298,223	6,019,930
<b>TOTAL NET POSITION</b>	<u>749,827</u>	<u>9,344,766</u>	<u>10,094,593</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 1,408,956</u>	<u>\$ 10,240,462</u>	<u>\$ 11,649,418</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES

DECEMBER 31, 2023

	PROGRAM REVENUES			CHANGES IN NET POSITION		
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	ACTIVITIES	ACTIVITIES	TOTAL
FUNCTIONS						
GOVERNMENTAL ACTIVITIES						
GENERAL GOVERNMENT	\$ 507,160	\$ -	\$ -	\$ (507,160)	\$ -	\$ (507,160)
BUSINESS-TYPE ACTIVITIES						
WATER CONSERVATION	1,060,024	124,751	-	-	378,335	378,335
TOTAL PRIMARY GOVERNMENT	\$ 1,567,184	\$ 124,751	\$ -	\$ (507,160)	378,335	(128,825)
GENERAL REVENUES						
REAL PROPERTY TAXES				577,576	-	577,576
SPECIFIC OWNERSHIP				72,773	-	72,773
INTEREST INCOME				17,231	240,675	257,906
OTHER				1,417	39,775	41,192
TOTAL GENERAL REVENUES				668,997	280,450	949,447
CHANGE IN NET POSITION				161,837	658,785	820,622
NET POSITION - BEGINNING				587,990	8,685,981	9,273,971
NET POSITION - ENDING				\$ 749,827	\$ 9,344,766	\$ 10,094,593

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2023

ASSETS

CASH	\$	410,179
INVESTMENTS		366,790
TAXES RECEIVABLE		<u>624,012</u>

TOTAL ASSETS	\$	<u><u>1,400,981</u></u>
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LIABILITIES

ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$	27,295
DUE TO WATER ACTIVITY ENTERPRISE		<u>4,945</u>

TOTAL LIABILITIES		32,240
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DEFERRED INFLOWS OF RESOURCES

DEFERRED REVENUES - PROPERTY TAXES		<u>618,559</u>
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FUND BALANCE

RESTRICTED FOR EMERGENCIES - TABOR		15,200
UNASSIGNED		<u>734,982</u>

TOTAL FUND BALANCE		<u>750,182</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$	<u><u>1,400,981</u></u>
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UPPER ARKANSAS WATER CONSERVANCY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS 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:

Governmental funds total fund balances	\$	750,182
Capital assets and right-to-use assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.		64,774
Accumulated depreciation is not recognized in the governmental funds because capital assets and right-to-use assets are expensed at the time of acquisition.		(51,854)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Leases payable		<u>(13,275)</u>
Governmental activities net position	\$	<u><u>749,827</u></u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2023

REVENUES		
REAL PROPERTY TAXES	\$	577,576
SPECIFIC OWNERSHIP		72,773
INTEREST AND OTHER		18,648
		<hr/>
TOTAL REVENUES		668,997
		<hr/>
EXPENDITURES		
GENERAL GOVERNMENT		
ADVERTISING		2,505
AUTO		6,208
DUES AND SUBSCRIPTIONS		4,153
INSURANCE		16,953
HEALTH INSURANCE		25,578
LEGAL AND PROFESSIONAL		52,260
ACCOUNTING AND AUDIT		24,433
MEALS		4,438
OFFICE		21,297
PENSION		9,106
PAYROLL TAXES		13,703
TELEPHONE		7,225
TRAVEL		11,851
SPONSORSHIPS		3,500
UTILITIES		8,560
REPAIRS AND MAINTENANCE		1,115
EQUIPMENT RENT		12,774
SALARIES		141,527
DIRECTORS FEES		31,200
TREASURERS FEES		19,088
ENGINEERING		47,196
EDUCATION		4,198
IT SERVICES		38,170
		<hr/>
TOTAL EXPENDITURES		507,038
		<hr/>
REVENUES OVER (UNDER) EXPENDITURES		161,959
FUND BALANCE JANUARY 1		<hr/> 588,223
FUND BALANCE DECEMBER 31	\$	<hr/> <hr/> 750,182

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS 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:

Governmental funds changes in fund balances	\$ 161,959
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Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays differ from depreciation in the current period.

Capitalized expenditures	\$ -	
Amortization expense	(5,964)	
	<u>          </u>	(5,964)

Proceeds from the issuance of debt are reported as revenue in the governmental funds, however, they are reported as a long-term liability in the statement of activities.	-
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Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.

Leases payable	<u>5,842</u>
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Governmental activities change in net position	<u><u>\$ 161,837</u></u>
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UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

DECEMBER 31, 2023

CURRENT ASSETS	
CASH & CASH EQUIVALENTS	\$ 229,306
INVESTMENTS	4,805,055
ACCOUNTS RECEIVABLE	2,323
REIMBURSEMENT RECEIVABLE	138,048
WATER INVENTORY	85,929
PREPAID EXPENSES	148,395
DUE FROM GENERAL FUND	4,945
TOTAL CURRENT ASSETS	<u>5,414,001</u>
CURRENT ASSETS	
CASH RESTRICTED FOR DEBT RETIREMENT	<u>27,631</u>
CAPITAL ASSETS	
LAND	540,000
WATER SHARES AND RIGHTS	2,780,245
PROPERTY AND EQUIPMENT	2,253,084
DAM AND RESERVOIR IMPROVEMENTS	1,067,958
ACCUMULATED DEPRECIATION	<u>(1,842,457)</u>
CAPITAL ASSETS NET OF DEPRECIATION	<u>4,798,830</u>
TOTAL ASSETS	<u><u>\$ 10,240,462</u></u>
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	\$ 21,819
ACCRUED EXPENSES	37,360
UNEARNED REVENUES	56,599
NOTE PAYABLE - CURRENT	<u>22,655</u>
TOTAL CURRENT LIABILITIES	<u>138,433</u>
TERM LIABILITIES	
NOTE PAYABLE	<u>757,263</u>
TOTAL TERM LIABILITIES	<u>757,263</u>
TOTAL LIABILITIES	<u>895,696</u>
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	4,018,912
RESTRICTED FOR DEBT SERVICE	27,631
UNRESTRICTED	<u>5,298,223</u>
TOTAL NET POSITION	<u>9,344,766</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 10,240,462</u></u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2023

REVENUES	
SALE OF WATER	\$ 474,693
WELL PERMITS	7,600
MAINTENANCE FEES	724,601
APPLICATION FEES	10,666
STORAGE FEES	11,651
OWNERSHIP TRANSFER FEES	2,150
FUNDED WATER STUDIES REIMBURSEMENTS	82,247
TOTAL REVENUES	1,313,608
OPERATING EXPENSES	
DEPRECIATION	53,138
INSURANCE - HEALTH	35,032
LEGAL AND PROFESSIONAL	85,662
REPAIRS AND MAINTENANCE	13,387
PENSION	28,345
SALARIES AND WAGES	358,828
PAYROLL TAXES	28,109
SUPPLIES	6,812
WATER STORAGE FEES & PURCHASE	180,704
FUNDED WATER STUDIES	23,215
SPECIAL USE FEES	25,568
WATER APPLICATIONS AND ASSESSMENTS	3,750
WELL PERMITS	7,600
ENGINEERING	125,264
OTHER	3,796
TOTAL OPERATING EXPENSES	979,210
OPERATING INCOME	334,398
NONOPERATING REVENUES (EXPENSES)	
INTEREST EXPENSE	(24,057)
REIMBURSEMENT FOR SERVICES	124,751
WATER CONSERVATION SERVICES	(56,757)
RENTAL INCOME	39,775
INTEREST INCOME	240,675
TOTAL NONOPERATING REVENUES (EXPENSES)	324,387
CHANGE IN NET POSITION	658,785
NET POSITION JANUARY 1	8,685,981
NET POSITION DECEMBER 31	\$ 9,344,766

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
CASH RECEIVED FROM CUSTOMERS	\$ 1,415,441
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(503,271)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(450,314)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	461,856
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
RENTS RECEIVED	39,775
DUE FROM GENERAL FUND	(4,945)
CASH RECEIVED FROM REIMBURSEMENTS	44,222
CASH PAYMENTS FOR WATER CONSERVATION SERVICES	(56,371)
	<hr/>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	22,681
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
ACQUISITION OF CAPITAL ASSETS	(134,425)
LOAN PAYMENTS	(21,995)
INTEREST PAID	(24,057)
	<hr/>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(180,477)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
INTEREST ON INVESTMENTS	240,675
PURCHASE OF INVESTMENTS	(1,482,899)
	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,242,224)
	<hr/>
NET CHANGE IN CASH AND RESTRICTED CASH	(938,164)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	1,195,101
	<hr/>
CASH AND RESTRICTED CASH - END OF YEAR	\$ 256,937
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
OPERATING INCOME	\$ 334,398
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET	
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	53,138
CHANGE IN ASSETS AND LIABILITIES	
ACCOUNTS AND REIMBURSEMENT RECEIVABLES	159,493
WATER INVENTORY	(21,472)
PREPAID EXPENSES	22,502
ACCOUNTS PAYABLE	(27,117)
ACCRUED EXPENSES	(1,426)
UNEARNED REVENUES	(57,660)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 461,856
	<hr/> <hr/>

**NOTES TO FINANCIAL STATEMENTS**

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Arkansas Water Conservancy District (the "District") was formed pursuant to Colorado Revised Statutes in 1979. The District designates a thirteen-member Board of Directors to act as the governing authority. The accounting policies of the Upper Arkansas Water Conservancy 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. A summary of significant policies is as follows:

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 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.

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 governmental funds 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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. All other revenue items are considered to be measurable and available only when cash is received.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has the following major funds:

Governmental Fund:

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

Proprietary Fund:

*Water Activity Enterprise Fund* – The Water Activity Enterprise Fund operation is composed of water and water share sales and leasing activities. It accounts 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. The fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with the fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 re-appropriated in the following year.

Expenditures may not legally exceed appropriations at the fund level.

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.

Cash and Cash Equivalents

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 provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position of the proprietary fund that sums to the total of the same such amount shown in the statement of cash flow:

	Water Activity Enterprise Fund
Cash and Cash Equivalents	\$ 639,485
Restricted Assets	<u>27,631</u>
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statement of Cash Flows	<u>\$ 667,116</u>

Restricted Cash

Restricted cash in the proprietary fund represents cash set aside for debt retirement per the loan covenant.

Receivables/Payables

Outstanding balances between funds are reported as "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".

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 or the actual purchase of water.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include water rights, 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 estimated useful lives for depreciation are as follows:

Buildings and improvements	40 years
Dams	50 years
Equipment	5-10 years

Leased Assets – Right-to-Use Asset

Leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor 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.

Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Lease asset is reported with property and equipment in capital assets and the lease liability is reported with long-term debt on the statement of net position.

Property Tax Revenues Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied November 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.

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.

Water Shares and Rights

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

Long – Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund statements, long-term debt is reported as liabilities in the applicable financial statements. Bond premiums and discounts, as well as issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Lease payables and other long-term obligations that will be paid from the General Fund are not recognized as a liability in the fund financial statement until due. The District's lease payables in the General Fund are serviced from property taxes and other revenues.

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 government has only one type of item that qualifies for reporting in this category. Deferred revenue – property taxes, represents unavailable revenues that are deferred and recognized in the period that the amounts become available.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position / Fund Position

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”

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 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 Balance

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 cash that is held in a restricted account. The Colorado Water Conservation Board, per the loan covenant, requires the District to establish, maintain and deposit an amount equal to 1/10<sup>th</sup> of the annual payment into a debt reserve fund for a period of ten years.

Advertising

The District follows the policy of charging the costs of advertising to expense as incurred.

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.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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.

Credit Risk - The District may invest in bonds or other interest-bearing obligations issued by or unconditionally guaranteed by the United States, bonds that are the direct obligation of the State of Colorado or any county, city or school district in the State. The District may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the monies involved and there is assignment of such security pursuant to current depository regulations. Investments are carried at fair value as determined by published stock quotes.

Interest Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to loss resulting from increasing interest rates. The Colorado Revised Statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Concentration of Credit Risk – The District does not have a formal policy restricting the amount that can be invested in any issuer.

Deposits as of December 31, 2023, had a bank balance of \$716,829 with a corresponding carrying balance as follows:

Insured Deposits	\$	295,822
Covered by Public Deposit Protection Act		371,294
		\$ 667,116
Cash is reported as follows:		
Cash and Cash Equivalents	\$	639,485
Cash Restricted for Debt Retirement		27,631
Total Cash Reported	\$	667,116

The District may invest in bonds or other interest-bearing obligations issued by or unconditionally guaranteed by the United States, bonds that are the direct obligation of the State of Colorado, or any county, city or school district in the State. The District may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the moneys involved and there is assignment of such security pursuant to current deposit regulations.

Investments

At December 31, 2023, the District had the following investments:

	<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
COLO Trust	External Investment Pool	Under 60 Day Avg.	<u>\$ 5,171,845</u>

The carrying amount is reflected in the accompanying financial statements as follows:

Governmental Activities - Investments	\$	366,790
Business-Type Activities – Investments		4,805,055
		\$ 5,171,845

COLO Trust - During the year, the District invested in ColoTrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The state Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND TEMPORARY CASH INVESTMENTS (Continued)

As of December 31, 2023, the District had invested \$5,171,845 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

The District's investments in ColoTrust and money market funds are measured at net asset value. These investments are not subject to the fair value hierarchy. ColoTrust issues a publicly available annual financial report that includes the assets of the Upper Arkansas Water Conservancy District. That report may be obtained at the ColoTrust website [www.colotrust.com](http://www.colotrust.com).

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 – CAPITAL ASSETS

Governmental Activities –

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Depreciable Assets:				
Property and Equipment	\$ 40,920	\$ -	\$ -	\$ 40,920
Accumulated Depreciation	<u>(40,920)</u>	<u>-</u>	<u>-</u>	<u>(40,920)</u>
Total Depreciable Assets Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Leased Capital Assets – Amortized:				
Equipment	23,854	-	-	23,854
Accumulated Amortization	<u>(4,970)</u>	<u>(5,964)</u>	<u>-</u>	<u>(10,934)</u>
Total Leased Capital Assets – Net	<u>18,884</u>	<u>(5,964)</u>	<u>-</u>	<u>12,920</u>
Governmental Activities Capital Assets - Net	<u>\$ 18,884</u>	<u>\$ (5,964)</u>	<u>\$ -</u>	<u>\$ 12,920</u>

Business-Type Activities –

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Capital Assets Not Being Depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Water Shares & Rights	<u>2,780,245</u>	<u>-</u>	<u>-</u>	<u>2,780,245</u>
Total	<u>3,320,245</u>	<u>-</u>	<u>-</u>	<u>3,320,245</u>
Capital Assets Being Depreciated				
Buildings & Other	1,123,088	30,213	-	1,153,301
Dams	1,067,958	-	-	1,067,958
Furniture & Equipment	<u>995,571</u>	<u>104,212</u>	<u>-</u>	<u>1,099,783</u>
Total	<u>3,186,617</u>	<u>134,425</u>	<u>-</u>	<u>3,321,042</u>
Less Accumulated Depreciation				
Buildings & Other	(489,829)	(22,860)	-	(512,689)
Dams Improvements	(314,845)	(21,399)	-	(336,244)
Furniture & Equipment	<u>(984,645)</u>	<u>(8,879)</u>	<u>-</u>	<u>(993,524)</u>
Total	<u>(1,789,319)</u>	<u>(53,138)</u>	<u>-</u>	<u>(1,842,457)</u>
Business-Type Activities Capital Assets - Net	<u>\$ 4,717,543</u>	<u>\$ 81,287</u>	<u>\$ -</u>	<u>\$ 4,798,830</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS (Continued)

For the year ended December 31, 2023, depreciation/amortization expense of \$5,964 was charged to general government in the governmental activities and \$53,138 to water conservation in the business-type activities.

NOTE 5 - UNEARNED REVENUE

The District in its Water Activity Enterprise Fund collected fees in the amount of \$56,599 that is for future years rent, fees, applications, and future projects which the full amount is accounted for as unearned revenues.

NOTE 6 - PENSION PLANS

Plan Description - The District entered into a pension plan under I.R.C. Sec. 457, otherwise referred to as a deferred compensation plan, whereby the District will match contributions up to 8% of its full-time employee’s wages. The District is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan. The Plan is administered by Matrix Trust Company.

Funding Policy - In a deferred compensation plan, the District agrees to pay deferred funds, plus any investment earnings, to eligible employees at a specified time. The plan requires that the District match employee contributions up to 8% of the employees’ annual compensation. The District’s contributions to the plan in 2023 were \$37,451. As of December 31, 2023, the market value of assets held was \$1,270,165.

NOTE 7 – TERM LIABILITIES

The following is a summary of activity for long-term liabilities:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Current</u>
<u>Governmental Activities:</u>					
Leases Payable (Right-to-Use Asset)	\$ 19,117	\$ -	\$ (5,842)	\$ 13,275	\$ 6,020
<u>Business-Type Activities:</u>					
Note Payable	\$ 801,913	\$ -	\$ (21,995)	\$ 779,918	\$ 22,655

Leases Payable (Right-to-Use Asset)

The District, as a lessee, has entered into a lease agreement involving equipment with a lease term of 4 years. The total costs of these right-to-use lease asset is recorded at \$23,854, less accumulated amortization of \$10,579. The District has determined that as of December 31, 2023, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of December 31, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,020	\$ 316	\$ 6,336
2025	6,203	133	6,336
2026	<u>1,052</u>	<u>4</u>	<u>1,056</u>
	<u>\$ 13,275</u>	<u>\$ 453</u>	<u>\$ 13,728</u>

Note Payable

On February 1, 2005, the Water Activity Enterprise Fund entered into a loan contract with the Colorado Water Conservation Board. The loan amount may be up to \$3,009,800. The terms call for reimbursement of project costs up to a maximum of \$2,980,000 over the life of the project estimated at seven years with a loan fee of 1%. Upon completion, the loan terms will be 3% per annum for thirty years with annual payments due beginning one year from completion.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – TERM LIABILITIES (Continued)

Accrued interest and fees payable on the note payable as of December 31, 2023 is \$6,313 and interest expensed is \$24,057. Annual debt service requirements to maturity are as follow for the Water Activity Enterprise Fund:

	Principal	Interest	Total
2024	\$ 22,655	\$ 23,397	\$ 46,052
2025	23,334	22,718	46,052
2026	24,034	22,018	46,052
2027	24,755	21,297	46,052
2028	25,498	20,554	46,052
2029-2033	139,433	90,828	230,261
2034-2038	161,641	68,620	230,261
2039-2043	187,387	42,874	230,261
2044-2047	171,181	13,027	184,208
	\$ 779,918	\$ 325,333	\$ 1,105,251

In connection with the above notes payable, the District is subject to various covenants. As of December 31, 2023, the District was in compliance with all covenants and maintained a debt service reserve account of \$27,631 that is accounted for in the Water Activity Enterprise Fund as Cash Restricted for Debt Retirement.

NOTE 8 - 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 Fund. 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 in the amendment's language in order to determine its compliance.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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 the other fund” and “due to other fund” on the balance sheet and statement of net position and will be settled within one year. As of December 31, 2023, the inter-fund receivable and payable was \$4,945, respectively.

NOTE 10– COMMITMENTS

Town of Poncha Springs, Colorado

The District entered into a Water Supply Agreement with the Town of Poncha Springs (the “Town”) on April 21, 2017. In lieu of the Town paying the District the annual storage and maintenance fee required by the Augmentation Certificate (Nos. 1844-1848), the Town shall provide to the District, and the District shall accept from the Town, 100 acre-feet per year of fully consumable water from the Friend Ranch Water Rights (the “Consumable Water”), pursuant to the terms of the Agreement. The Agreement shall remain in effect until March 31, 2057 and shall automatically renew for successive one-year terms, unless either party notifies the other party prior to December 1 that such party desires to terminate the Agreement.

The Town shall provide the entire 100 are-feet of Consumable Water every year, measured from April 1 to March 31, and shall have no right to accrue credits or debits in this obligation from year to year except as set forth in the Agreement, or except as may be otherwise agreed to in writing by the District. In addition to a waiver of the annual maintenance and storage fees, the District will enroll up to three Town wells into the District’s umbrella augmentation plan with water equal to the amount of depletions provided by the Town. The Town will pay a nominal per acre foot “Wheeling Fee” to the District for this service. The District will also provide all of the Town’s raw water accounting.

The District added this water to its multiple augmentation decrees including 06CW32 and changed the Town’s Friend Ranch Water Rights in case number 17CW3037 thus allowing the District use of these water rights in its plans of augmentation. These changes of water rights became effective as of November 2019.

Board of Water Works of Pueblo, Colorado

The District is committed to the lease of water from the Board of Water Works of Pueblo, Colorado at an annually determined per-acre-foot charge, with the contract terminating March 31, 2049.

Town of Buena Vista, Colorado - Cottonwood Lake

The District entered into an agreement regarding Cottonwood Lake with the Town of Buena Vista which the District and the Town of Buena Vista desire to work together to 1.) determine how much water in addition to the current 50 acre-feet could feasibly be stored and released from Cottonwood Lake; 2.) attempt to procure either a renewal of the current special use permit for Cottonwood Lake or a new special use permit, that allows for the storage and release of an amount of water that is equal to or greater than 50 acre-feet; and 3.) develop a framework for management of Cottonwood Lake.

The District and the Town of Buena Vista shall split the cost of certain capital improvements and certain other expenses on a pro rata basis that is based on the allocation between them of all available storage space in Cottonwood Lake. Capital expenditures necessary to repair conditions that were identified to the existing dam and will be required as a dam safety requirement shall be paid by the District.

Upon issuance of a special use permit for Cottonwood Lake that allows for “Additional Usable Space” in the amount of 10 acre-feet or more and the completion of the necessary improvements to make such space operational, the agreement shall terminate and the Town of Buena Vista may use the additional usable space for its operations as provided in the contract agreement.

Fremont County Transportation Department – Augmentation Agreement

The District entered into an agreement with Fremont County to provide augmentation to dust control diversion structures located throughout the county in exchange for cash and water. Some of the structures are located within the new district augmentation expansion area that was decreed in 2021. In 2021 these structures have all been included within the district blanket plans of augmentation. The district anticipates changing the Fremont County Union Ditch water shares to include this water in its portfolio as payment for ongoing augmentation of the Fremont Transportation Department depletions in the near future.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – COMMITMENTS (Continued)

Lakeside Estates Preserve HOA – Augmentation Agreement

The District entered into an agreement with Lakeside Preserve to provide augmentation of the HOA's Ice Lake. The HOA will continue to pay the District for augmentation water and also provide the top 12 inches of the lake for the District's use for storage in addition to water rights the HOA owns that are being changed jointly from the Cottonwood Irrigating Ditch. The District will reduce the augmentation cost by the pro-rated amount of fully consumable water derived from the change.

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – SUBSEQUENT EVENTS

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**

UPPER ARKANSAS 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 WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
TAXES	\$ 637,397	\$ 637,397	\$ 650,349	\$ 12,952
INTEREST AND OTHER	2,000	2,000	18,648	16,648
TOTAL REVENUES	639,397	639,397	668,997	29,600
EXPENDITURES				
GENERAL GOVERNMENT	1,227,620	1,227,620	507,038	720,582
REVENUES OVER (UNDER) EXPENDITURES	(588,223)	(588,223)	161,959	750,182
FUND BALANCE JANUARY 1	588,223	588,223	588,223	-
FUND BALANCE DECEMBER 31	\$ -	\$ -	\$ 750,182	\$ 750,182

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT

**SUPPLEMENTARY INFORMATION**

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

BALANCE SHEET

GENERAL FUND

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CASH	\$ 410,179	\$ 544,738
INVESTMENTS	366,790	52,427
TAXES RECEIVABLE	<u>624,012</u>	<u>581,331</u>
 TOTAL ASSETS	 <u>\$ 1,400,981</u>	 <u>\$ 1,178,496</u>
 LIABILITIES		
ACCOUNTS PAYABLE & ACCRUED EXPENSES DUE TO WATER ACTIVITY ENTERPRISE	\$ 27,295 <u>4,945</u>	\$ 14,525 <u>-</u>
 TOTAL LIABILITIES	 32,240	 14,525
 DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	<u>618,559</u>	<u>575,748</u>
 FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR	15,200	13,800
UNASSIGNED	<u>734,982</u>	<u>574,423</u>
 TOTAL FUND BALANCE	 <u>750,182</u>	 <u>588,223</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 1,400,981</u>	 <u>\$ 1,178,496</u>

UPPER ARKANSAS 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		
REAL PROPERTY TAXES	\$ 577,576	\$ 525,614
SPECIFIC OWNERSHIP	72,773	64,690
INTEREST ON SAVINGS	17,231	1,661
OTHER	1,417	-
TOTAL REVENUES	<u>668,997</u>	<u>591,965</u>
EXPENDITURES		
GENERAL GOVERNMENT		
ADVERTISING	2,505	3,135
AUTO	6,208	5,377
DUES AND SUBSCRIPTIONS	4,153	1,220
INSURANCE	16,953	14,290
HEALTH INSURANCE	25,578	25,851
LEGAL AND PROFESSIONAL	52,260	57,186
ACCOUNTING AND AUDIT	24,433	22,441
MEALS	4,438	723
OFFICE	21,297	16,586
PENSION	9,106	8,464
PAYROLL TAXES	13,703	12,044
TELEPHONE	7,225	6,944
TRAVEL	11,851	5,525
SPONSORSHIPS	3,500	4,500
UTILITIES	8,560	9,380
REPAIRS AND MAINTENANCE	1,115	10,048
EQUIPMENT RENT	12,774	7,953
SALARIES	141,527	128,090
DIRECTORS FEES	31,200	31,200
TREASURERS FEES	19,088	16,707
ENGINEERING	47,196	32,146
EDUCATION	4,198	2,444
IT SERVICES	38,170	37,512
TOTAL EXPENDITURES	<u>507,038</u>	<u>459,766</u>
REVENUES OVER (UNDER) EXPENDITURES	161,959	132,199
FUND BALANCE JANUARY 1	<u>588,223</u>	<u>456,024</u>
FUND BALANCE DECEMBER 31	<u>\$ 750,182</u>	<u>\$ 588,223</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

WATER ACTIVITY ENTERPRISE FUND

DECEMBER 31, 2023 AND 2022

	2023	2022
CURRENT ASSETS		
CASH & CASH EQUIVALENTS	\$ 229,306	\$ 1,172,075
INVESTMENTS	4,805,055	3,322,156
ACCOUNTS RECEIVABLE	2,323	161,816
REIMBURSEMENT RECEIVABLE	138,048	57,519
WATER INVENTORY	85,929	64,457
PREPAID EXPENSES	148,395	170,897
DUE FROM GENERAL FUND	4,945	-
TOTAL CURRENT ASSETS	<u>5,414,001</u>	<u>4,948,920</u>
RESTRICTED ASSETS		
CASH RESTRICTED FOR DEBT RETIREMENT	<u>27,631</u>	<u>23,026</u>
CAPITAL ASSETS		
LAND	540,000	540,000
WATER SHARES AND RIGHTS	2,780,245	2,780,245
PROPERTY AND EQUIPMENT	2,253,084	2,118,659
DAM AND RESERVOIR IMPROVEMENTS	1,067,958	1,067,958
ACCUMULATED DEPRECIATION	<u>(1,842,457)</u>	<u>(1,789,319)</u>
CAPITAL ASSETS NET OF DEPRECIATION	<u>4,798,830</u>	<u>4,717,543</u>
TOTAL ASSETS	<u>\$ 10,240,462</u>	<u>\$ 9,689,489</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 21,819	\$ 48,550
ACCRUED EXPENSES	37,360	38,786
UNEARNED REVENUES	56,599	114,259
NOTE PAYABLE - CURRENT	<u>22,655</u>	<u>21,995</u>
TOTAL CURRENT LIABILITIES	<u>138,433</u>	<u>223,590</u>
TERM LIABILITIES		
NOTE PAYABLE	<u>757,263</u>	<u>779,918</u>
TOTAL TERM LIABILITIES	<u>757,263</u>	<u>779,918</u>
TOTAL LIABILITIES	<u>895,696</u>	<u>1,003,508</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	4,018,912	3,915,630
RESTRICTED FOR DEBT SERVICE	27,631	23,026
UNRESTRICTED	<u>5,298,223</u>	<u>4,747,325</u>
TOTAL NET POSITION	<u>9,344,766</u>	<u>8,685,981</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,240,462</u>	<u>\$ 9,689,489</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
SALE OF WATER	\$ 474,693	\$ 686,471
WELL PERMITS	7,600	6,800
MAINTENANCE FEES	724,601	855,269
APPLICATION FEES	10,666	24,899
STORAGE FEES	11,651	13,874
OWNERSHIP TRANSFER FEES	2,150	3,150
FUNDED WATER STUDIES REIMBURSEMENTS	82,247	102,527
TOTAL OPERATING REVENUES	<u>1,313,608</u>	<u>1,692,990</u>
OPERATING EXPENSES		
DEPRECIATION	53,138	55,013
INSURANCE - HEALTH	35,032	31,985
LEGAL AND PROFESSIONAL	85,662	52,250
REPAIRS AND MAINTENANCE	13,387	10,972
PENSION	28,345	25,438
SALARIES AND WAGES	358,828	335,923
PAYROLL TAXES	28,109	25,076
SUPPLIES	6,812	15,296
WATER STORAGE FEES & PURCHASE	180,704	165,237
FUNDED WATER STUDIES	23,215	62,892
SPECIAL USE FEES	25,568	23,648
WATER APPLICATIONS & ASSESSMENTS	3,750	8,500
WELL PERMITS	7,600	8,700
ENGINEERING	125,264	119,946
OTHER	3,796	3,080
TOTAL OPERATING EXPENSES	<u>979,210</u>	<u>943,956</u>
OPERATING INCOME	<u>334,398</u>	<u>749,034</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST EXPENSE	(24,057)	(24,698)
REIMBURSEMENT FOR SERVICES	124,751	79,786
WATER CONSERVATION SERVICES	(56,757)	(79,786)
RENTAL INCOME	39,775	33,875
INTEREST INCOME	240,675	55,477
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>324,387</u>	<u>64,654</u>
CHANGE IN NET POSITION	658,785	813,688
NET POSITION JANUARY 1	<u>8,685,981</u>	<u>7,872,293</u>
NET POSITION DECEMBER 31	<u>\$ 9,344,766</u>	<u>\$ 8,685,981</u>

## UPPER ARKANSAS WATER CONSERVANCY DISTRICT

## STATEMENT OF CASH FLOWS

## WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,415,441	\$ 1,478,507
CASH PAYMENTS TO OTHER SUPPLIERS OF GOODS OR SERVICES	(503,271)	(469,288)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(450,314)	(418,422)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>461,856</u>	<u>590,797</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
RENTS RECEIVED	39,775	33,875
DUE FROM GENERAL FUND	(4,945)	-
CASH RECEIVED FROM REIMBURSEMENTS	44,222	62,908
CASH PAYMENTS FOR WATER CONSERVATION SERVICES	(56,371)	(67,314)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>22,681</u>	<u>29,469</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(134,425)	-
LOAN PAYMENTS	(21,995)	(21,354)
INTEREST PAID	(24,057)	(24,698)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(180,477)</u>	<u>(46,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	240,675	55,477
PURCHASE OF INVESTMENTS	(1,482,899)	(1,205,948)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,242,224)</u>	<u>(1,150,471)</u>
NET CHANGE IN CASH AND RESTRICTED CASH	(938,164)	(576,257)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	1,195,101	1,771,358
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 256,937</u>	<u>\$ 1,195,101</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 334,398	\$ 749,034
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION	53,138	55,013
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS AND REIMBURSEMENT RECEIVABLES	159,493	(161,651)
WATER INVENTORY	(21,472)	(2,954)
PREPAID EXPENSES	22,502	(5,195)
ACCOUNTS PAYABLE	(27,117)	2,149
ACCRUED EXPENSES	(1,426)	7,233
UNEARNED REVENUES	(57,660)	(52,832)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 461,856</u>	<u>\$ 590,797</u>

UPPER ARKANSAS 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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
SALE OF WATER	\$ 697,400	\$ 697,400	\$ 474,693	\$ (222,707)
WELL PERMITS	15,000	15,000	7,600	(7,400)
MAINTENANCE FEES	820,088	820,088	724,601	(95,487)
APPLICATION FEES	12,000	12,000	10,666	(1,334)
STORAGE FEES	25,000	25,000	11,651	(13,349)
OWNERSHIP TRANSFER FEES	4,500	4,500	2,150	(2,350)
FUNDED WATER STUDIES REIMBURSEMENTS	318,383	318,383	82,247	(236,136)
RENTAL INCOME	37,000	37,000	39,775	2,775
REIMBURSEMENT FOR SERVICES	397,646	397,646	124,751	(272,895)
INTEREST	100,000	100,000	240,675	140,675
<b>TOTAL REVENUES</b>	<b>2,427,017</b>	<b>2,427,017</b>	<b>1,718,809</b>	<b>(708,208)</b>
<b>EXPENDITURES</b>				
CAPITAL OUTLAY	4,732,404	4,732,404	134,425	4,597,979
INTEREST	24,057	24,057	24,057	-
LEGAL AND PROFESSIONAL	120,000	120,000	85,662	34,338
REPAIRS AND MAINTENANCE	10,000	10,000	13,387	(3,387)
PENSION	23,143	23,143	28,345	(5,202)
SALARIES AND WAGES	354,319	354,319	358,828	(4,509)
PAYROLL TAXES AND BENEFITS	68,431	68,431	63,141	5,290
SUPPLIES	15,000	15,000	6,812	8,188
WATER STORAGE FEES & PURCHASE	95,363	95,363	180,704	(85,341)
FUNDED WATER STUDIES	1,173,805	1,173,805	23,215	1,150,590
EDUCATION EXPENSE	-	-	-	-
SPECIAL USE FEES	-	-	25,568	(25,568)
WATER APPLICATIONS & ASSESSMENTS	-	-	3,750	(3,750)
WELL PERMITS	10,000	10,000	7,600	2,400
ENGINEERING	120,000	120,000	125,264	(5,264)
DEPRECIATION AND AMORTIZATION	55,000	55,000	53,138	1,862
WATER CONSERVATION SERVICES	-	-	56,757	(56,757)
DEBT SERVICE	21,995	21,995	21,995	-
OTHER	3,500	3,500	3,796	(296)
<b>TOTAL EXPENDITURES</b>	<b>6,827,017</b>	<b>6,827,017</b>	<b>1,216,444</b>	<b>5,610,573</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ (4,400,000)</b>	<b>\$ (4,400,000)</b>	<b>502,365</b>	<b>\$ 4,902,365</b>
<b>ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS</b>				
DEBT SERVICE			21,995	
ACQUISITION OF CAPITAL ASSETS			134,425	
<b>CHANGE IN NET POSITION</b>			<b>658,785</b>	
<b>NET POSITION JANUARY 1</b>			<b>8,685,981</b>	
<b>NET POSITION DECEMBER 31</b>			<b>\$ 9,344,766</b>	