

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT

FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upper Black Squirrel Creek Ground Water Management District
Elbert County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Upper Black Squirrel Creek Ground Water Management District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Upper Black Squirrel Creek Ground Water Management District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Upper Black Squirrel Creek Ground Water Management District as of December 31, 2023, and the respective changes in financial position and the budgetary comparison schedule for the General Fund 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Black Squirrel Creek Ground Water Management 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 Upper Black Squirrel Creek Ground Water Management 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.

Auditors' 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 auditors' 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 Upper Black Squirrel Creek Ground Water Management 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 Upper Black Squirrel Creek Ground Water Management 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

The Adams Group, LLC

Greenwood Village, CO
March 19, 2024

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
<u>Assets</u>	
Cash and investments	\$ 780,113
Property taxes receivable	562,833
Due from County Treasurer	3,879
Total assets	1,346,825
 <u>Liabilities</u>	
Accounts payable and accrued liabilities	47,761
Total liabilities	47,761
 <u>Deferred Inflows Of Resources</u>	
Unavailable revenue - property taxes	562,833
Total deferred inflows of resources	562,833
 <u>Net Position</u>	
Restricted for emergencies	17,023
Unrestricted	719,208
Total net position	\$ 736,231

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 882,898	\$ -	\$ -	\$ -	\$ (882,898)
Total Governmental Activities	<u>\$ 882,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(882,898)</u>
			General Revenues:		
				Property taxes	483,598
				Specific ownership taxes	50,569
				Interest income	<u>33,255</u>
				Total General Revenues	<u>567,422</u>
				Change in Net Position	(315,476)
				Net Position - Beginning	<u>1,051,707</u>
				Net Position - Ending	<u>\$ 736,231</u>

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2023

	<u>General Fund</u>
<u>Assets</u>	
Cash and investments	\$ 780,113
Property taxes receivable	562,833
Due from County Treasurer	3,879
Total assets	<u>\$ 1,346,825</u>
<u>Liabilities, deferred inflows of resources, and fund balances</u>	
Accounts payable and accrued liabilities	\$ 47,761
Total liabilities	<u>47,761</u>
<u>Deferred Inflows Of Resources</u>	
Unavailable revenue - property taxes	<u>562,833</u>
Total deferred inflows of resources	<u>562,833</u>
<u>Fund Balance</u>	
Restricted:	
Emergencies	17,023
Assigned:	
Subsequent year's fund balance appropriation	201,667
Unassigned	<u>517,541</u>
Total fund balance	<u>736,231</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,346,825</u>

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

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

Fund balance of Governmental fund	<u>\$ 736,231</u>
Net Position of Governmental Activities	<u><u>\$ 736,231</u></u>

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>
<u>Revenues</u>	
Property taxes	\$ 483,598
Specific ownership taxes	50,569
Interest income	33,255
Total revenues	<u>567,422</u>
 <u>Expenditures</u>	
Current:	
Salaries and wages	61,976
Professional services	118,283
Contract services	152,467
Lease	3,000
Subscriptions	30
Water studies	519,964
Insurance	3,500
Supplies	5,015
Utilities	1,827
Treasurer's collection fee	7,255
Advertising	89
Travel and conferences	6,724
Miscellaneous	2,768
Total expenditures	<u>882,898</u>
Excess of revenues over (under) expenditures	(315,476)
Fund balance, beginning of year	<u>1,051,707</u>
Fund balance, end of year	<u>\$ 736,231</u>

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

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

Net change in fund balance - Total governmental fund	<u>\$ (315,476)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (315,476)</u></u>

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 482,824	\$ 482,824	\$ 483,598	\$ 774
Specific ownership taxes	42,000	42,000	50,569	8,569
Interest income	525	525	33,255	32,730
Total revenues	<u>525,349</u>	<u>525,349</u>	<u>567,422</u>	<u>42,073</u>
<u>Expenditures</u>				
Current:				
Salaries and wages	80,000	80,000	61,976	18,024
Professional services	104,000	104,000	118,283	(14,283)
Contract services	150,000	150,000	152,467	(2,467)
Lease	3,000	3,000	3,000	-
Subscriptions	250	250	30	220
Water studies	450,000	479,100	519,964	(40,864)
Insurance	3,750	3,750	3,500	250
Supplies	1,500	1,500	5,015	(3,515)
Utilities	1,500	1,500	1,827	(327)
Treasurer's collection fee	8,000	8,000	7,255	745
Advertising	250	250	89	161
Travel and conferences	500	500	6,724	(6,224)
Miscellaneous	68,150	68,150	2,768	65,382
Total expenditures	<u>870,900</u>	<u>900,000</u>	<u>882,898</u>	<u>17,102</u>
Excess of revenues over (under) expenditures	<u>\$ (345,551)</u>	<u>\$ (374,651)</u>	(315,476)	<u>\$ 59,175</u>
Fund balance, beginning of year			<u>1,051,707</u>	
Fund balance, end of year			<u>\$ 736,231</u>	

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

Upper Black Squirrel Creek Ground Water Management District (District), a ground water management district formed pursuant to 37-90-118 Colorado Revised Statutes, was established to administer and manage the ground water resources of the Upper Black Squirrel Ground Water Basin (Basin). The District is specifically charged with the responsibility of adopting and enforcing rules and regulations for the use, control, conservation, and protection of both quantity and quality of the groundwater of the Basin.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) include all of the activities of the District. As a general rule, the effect of interfund activity has been removed from these statements. These financial statements include all of the activities of the primary government. The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

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

Budgets

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

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

Property Tax

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year for which they are levied, in most instances in the year in which collection occurs.

Capital Assets

Capital assets are reported in the government-wide financial statements. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The District capitalizes capital assets with an acquisition cost of \$5,000 or more. Capital assets are depreciated using the straight-line method over the estimated economic useful lives.

Deferred Outflows and Deferred Inflows of Resources

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

In addition to liabilities, the statement of net position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances-Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints. As of December 31, 2023, fund balances of governmental funds are classified as follows:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaid expenses) or is legally or contractually required to be maintained intact.

Restricted fund balance – the 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 the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, then finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District's net position consists of three components – net investment in capital assets, restricted, and unrestricted.

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. At December 31, 2023, the District had a net investment in capital assets of \$0.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. As noted in Note 6, the District is required to establish emergency reserves which was \$17,023 as of December 31, 2023.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District. At December 31, 2023, the District had unrestricted net position of \$719,208.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Deposits with financial institutions	\$ 76,880
Investments	<u>703,233</u>
 Total cash and investments	 <u><u>\$ 780,113</u></u>

Deposits with Financial Institutions

As of December 31, 2023, the District's cash deposits had a bank balance of \$78,970, and a carrying balance of \$76,880.

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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories the reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

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

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

- Obligations of the United States, certain U.S. Agency securities, and securities of the World Bank
- General obligations and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools*

The District generally limits its concentration of investments which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk.

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

As of December 31, 2023, the District’s investments were summarized as follows:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 days	\$ 698,233
Certificate of Deposit	365 days	<u>5,000</u>
		<u>\$ 703,233</u>

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Certificate of Deposit

The District invested in a Certificate of Deposit (CD) with a local financial institution. The CD matures in April 2024 and is carried at amortized cost.

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 – CAPITAL ASSETS

The following is an analysis of changes in capital assets for the year ended December 31, 2023.

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<i>Governmental Activities</i>				
Capital assets, being depreciated				
Office equipment	\$ 6,400	\$ -	\$ -	\$ 6,400
Furniture and fixtures	14,400	-	-	14,400
Less accumulated depreciation				
Office equipment	(6,400)	-	-	(6,400)
Furniture and fixtures	(14,400)	-	-	(14,400)
 Total capital assets, net	 \$ -	 \$ -	 \$ -	 \$ -

NOTE 5 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains property, general liability, and public officials and management liability insurance.

NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

UPPER BLACK SQUIRREL CREEK
GROUND WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.