

Upper Gunnison River Water Conservancy District
Financial Statements
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of directors
Upper Gunnison River Conservation District
Gunnison Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Upper Gunnison River conservation District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Upper Gunnison River Conservation 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Upper Gunnison River Conservation District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows 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 Gunnison River Conservation 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 Gunnison River Conservation 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 Gunnison River Conservation 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 Gunnison River Conservation 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 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 Gunnison River Conservation District's basic financial statements. The budgetary comparison information for the Enterprise fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado

July 9, 2024

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

As management of the Upper Gunnison River Water Conservancy District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

General Background

The Upper Gunnison River Water Conservancy District was formed pursuant to the Colorado Water Conservancy Act, Sections 37-45-101 et seq., C.R.S. The original organizational decree was entered June 1, 1959, with reorganization decrees entered in October 1991 and November 2011. The District boundaries include all the Upper Gunnison River basin drainage, which is made up of the majority of Gunnison County and portions of Hinsdale and Saguache Counties. The Water Conservancy Act gives the District fairly broad powers. The District can appropriate water, litigate, enter into contracts, hold real property, operate projects, and perform other functions as needed to meet the present and future water needs of the District. The 2011 reorganization shifted a boundary line between Divisions 4 and 5 and added a second director to Division 5 based on the 2010 U.S. Census data. This resulted in a temporary increase from eleven to twelve directors. When a vacancy subsequently arose in Division 8, City of Gunnison, the number of directors in that division decreased from four to three and the total number of directors reverted to eleven.

The District's mission is to be an active leader in all issues affecting the water resources of the Upper Gunnison River Basin.

An eleven-member Board of Directors governs the District. Each member of the Board of Directors serves a four-year term. The terms are staggered with no more than four seats open in any given year. The Board utilizes committees to assist in resolving specific issues affecting the District. Regular meetings of the Board are generally held on the fourth Monday of each month. The Board also holds special meetings and work sessions, as necessary.

A staff of five, consisting of a general manager, office manager /senior water resource specialist, administrative assistant/communication specialist, Water resource specialist/wet meadows program coordinator, and general counsel, along with contracted engineering consultants, and accounting/CPA firm, carries out the activities of the District as directed by the Board.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$7,329,921 (i.e., net position) as of December 31, 2023, an increase of \$408,860 in comparison to the prior year.
- The District's Net Position for the General Fund was \$5,941,772, an increase of \$412,258 in comparison to the prior year.
- General property taxes totaled \$1,637,729 or 84% of general revenues.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

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

The **statement of net position** presents information on all the District's assets and liabilities, with the difference between the two being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The **statement of activities** presents information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g., uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the District include general government administration. The Business-type Activities of the District include the following water enterprise fund.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

Governmental funds with similar information are presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Proprietary Funds – The District maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses a separate enterprise fund to account for its utility fund: Water Enterprise Fund.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2023, the District's combined assets exceeded liabilities by \$7,329,921. Of this amount, \$4,867,157 is unrestricted and available to meet the District's ongoing financial obligations.

A portion of Net Position is the investment in capital assets (net of accumulated depreciation) of \$2,399,507 (33% of Net Position). This amount reflects the investment in all capital assets (e.g., infrastructure, land, dams, reservoirs, and office equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

The following table summarizes the District's governmental and business-type Net Position for 2023 and 2022:

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 4,144,576	\$ 3,637,441	\$ 391,039	\$ 400,604	\$ 4,535,615	\$ 4,038,045
Capital assets	1,402,153	618,016	997,354	1,000,583	2,399,507	1,618,599
Long-term Investments	2,677,290	2,929,680	-	-	2,677,290	2,929,680
Total assets	8,224,019	7,185,137	1,388,393	1,401,187	9,612,412	8,586,324
Current Liabilities						
	174,917	47,468	243	9,639	175,160	57,107
Non-current liabilities						
Compensated absences	62,059	57,151	-	-	62,059	57,151
Total liabilities	236,976	104,619	243	9,639	237,219	114,258
Deferred Inflow of Resources						
Property taxes	2,045,272	1,551,005	-	-	2,045,272	1,551,005
Net Position						
Investment in capital assets, net of related debt	1,402,153	618,016	997,354	1,000,583	2,399,507	1,618,599
Restricted	63,257	63,257	-	-	63,257	63,257
Nonspendable	7,070	6,669	-	-	7,070	6,669
Unrestricted	4,469,291	4,841,571	390,796	390,965	4,860,087	5,232,536
Total net position	\$ 5,941,771	\$ 5,529,513	\$ 1,388,150	\$ 1,391,548	\$ 7,329,921	\$ 6,921,061

An additional portion of net position, \$63,257, represents resources that are subject to external restrictions on how they may be used, the nonspendable amount represents prepaid expenses and therefore are not available funds to spend. The remaining balance of unrestricted net position, \$4,469,291 (75% of Net Position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

Governmental and business-type activities increased the District's Net Position by \$408,860 in 2023.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

Business-type	Governmental		Business-Type		Government-Wide		Activities
	Activities		Activities		Totals		
	2023	2022	2023	2022	2023	2022	
Revenues							
Program revenues							
Charges for services	\$ 842,364	\$ 703,963	\$ 51,166	\$ 117,145	\$ 893,530	\$ 821,108	
General Revenues							
Taxes	1,637,729	1,641,327	-	-	1,637,729	1,641,327	
Miscellaneous	108,507	115,781	-	-	108,507	115,781	
Interest income	203,391	(174,475)	19,823	6,310	223,214	(168,165)	
Lake San Cristobal	-	-	-	-	-	-	
Totals	<u>2,791,991</u>	<u>2,286,596</u>	<u>70,989</u>	<u>123,455</u>	<u>2,862,980</u>	<u>2,410,051</u>	
Expenses							
Salaries & Benefits	722,530	716,974	31,724	31,860	754,254	748,834	
Public Outreach	44,545	43,559	-	-	44,545	43,559	
Legal & Accounting	49,751	11,117	2,079	530	51,830	11,647	
Occupancy Expenses	46,859	15,145	1,200	1,146	48,059	16,291	
Bonding & Insurance	15,040	12,745	1,496	1,165	16,536	13,910	
Office Expense	90,932	83,591	1,200	1,668	92,132	85,259	
Board of Directors Expenses	11,439	10,617	614	523	12,053	11,140	
Board of Directors Fees	16,223	11,560	-	-	16,223	11,560	
General & administrative	28,677	26,873	32,845	1,340	61,522	28,213	
Membership & Dues	14,689	7,198	-	-	14,689	7,198	
Computer Expense	36,641	22,938	-	-	36,641	22,938	
Vehicle Expense	3,065	10,549	-	-	3,065	10,549	
Lake Fork conservancy	10,000	-	-	-	10,000	-	
Fish Recovery Program	3,000	-	-	-	3,000	-	
Taylor Park Project	7,436	41,526	-	-	7,436	41,526	
Watershed Program	264,425	127,180	-	-	264,425	127,180	
Aspinall Expense	29,357	-	-	-	29,357	-	
Consulting & Engineering	19,119	-	-	-	19,119	-	
Regional Water Supply Improv.	4,035	-	-	-	4,035	-	
Water Quality Program	214,622	96,830	-	-	214,622	96,830	
Wet Meadows Program	196,555	253,396	-	-	196,555	253,396	
Water Supply & Improvements	69,190	342,287	-	-	69,190	342,287	
Lake San Cristobal	13,464	13,464	-	-	13,464	13,464	
Cloud Seeding Program	167,659	137,075	-	-	167,659	137,075	
Grant Programs	240,811	-	-	-	240,811	-	
Donation-Dust on Snowpack	3,500	3,500	-	-	3,500	3,500	
Capital Outlays	-	-	-	-	-	-	
Depreciation Expense	56,169	38,852	3,229	3,229	59,398	42,081	
Total Expenses	<u>2,379,733</u>	<u>2,026,976</u>	<u>74,387</u>	<u>41,461</u>	<u>2,454,120</u>	<u>2,068,437</u>	
Increase in net assets	412,258	259,620	(3,398)	81,994	408,860	341,614	
Beginning	5,529,513	5,269,893	1,391,548	1,309,554	6,921,061	6,579,447	
Ending	<u>\$ 5,941,771</u>	<u>\$ 5,529,513</u>	<u>\$ 1,388,150</u>	<u>\$ 1,391,548</u>	<u>\$ 7,329,921</u>	<u>\$ 6,921,061</u>	

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. An unreserved net position may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The District has one governmental fund, the General Fund, which is the primary operating fund for the District. At the end of 2023, the unassigned net position of the General Fund was \$4,531,350 while the total fund balance was \$4,601,677. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned net position and total net position to total fund expenditures. The net position of the District's General Fund decreased by \$366,971 during 2023.

Proprietary funds. The District's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The District has one enterprise fund: Water Enterprise Fund. At the end of 2023, the fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$ 390,796
Total net position	\$ 1,388,150
Decrease in net position	\$ (3,398)

The substantial increase in services charged was due to a large block of water (Units) being purchased by one entity.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District budgeted \$3,696,633 for 2023 expenditures. Actual expenditures were \$3,155,980. There was an amendment to the original budget for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental and business-type activities as of December 31, 2023, was \$2,399,507.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2023

	Balance 12/31/2022	Increase	Decrease	Balance 12/31/2023
<u>Governmental Funds</u>				
Building and Land	\$ 759,424	\$ 768,823	\$ -	\$ 1,528,247
Office Equipment	79,187	26,233	-	105,420
Vehicles	45,861	45,250	-	91,111
Less Accumulated Depreciation	(266,456)	(56,169)	-	(322,625)
Net Governmental Capital Assets	<u>\$ 618,016</u>	<u>\$ 784,137</u>	<u>\$ -</u>	<u>\$ 1,402,153</u>
<u>Business-type Activities</u>				
Asset not being depreciated	\$ 942,457	\$ -	\$ -	\$ 942,457
Asset being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	(54,897)	(3,230)	-	(58,127)
Net Depreciable Capital Assets	<u>58,127</u>	<u>(3,230)</u>	<u>-</u>	<u>54,897</u>
Total Business-type Capital Assets	<u>\$ 1,000,584</u>	<u>\$ (3,230)</u>	<u>\$ -</u>	<u>\$ 997,354</u>

ECONOMIC FACTORS 2023

General Fund revenues (i.e. Taxes) in 2023 remained relatively flat while the District's net position in 2023 increased by \$408,860 which is a positive indicator of the District's financial position.

A portion of net position is the investment in capital assets. In May of 2023, the Board of Directors authorized the purchase of Unit A of the Spencer Avenue Business Park moving a portion of our cash assets to capital assets as shown in the Management's Discussion and Analysis (MD&A) table on page 6. The Board authorized the purchase due to the need for additional professional office space for staff, ability to keep any future use of Spencer Avenue office space compatible with District operations, and potential for improved and stable annual investment performance through leasing of office space in comparison to investment earnings in the bond market.

In 2023, the District saw an over-all increase in Government-Wide program revenue (General Fund and Enterprise) of \$72,422. Charges for services for Governmental Activities/General Fund specifically increased by \$138,401 and includes for example, the District's Cloud Seeding Program and Water Quality Quantity Monitoring Program which are cooperatively supported by various agencies entities within the basin, the Colorado Water Conservation Board, etc. It also includes program income from partner federal agencies related to carrying out the Wet Meadow and Riparian Restoration Program as well as outside grant funding resources the District has been successful in securing. Charges for Business-Type activities (i.e., Water Activity Enterprise) decreased by \$65,979 due to decreased sales of augmentation water in 2023.

Interest income on investments increased significantly in 2023 with rates of 4 to 5.5 percent on short term certificates of deposit and ColoTrust investment savings accounts. It is not anticipated that rates will stay at this level if/when inflation drops.

NEXT YEAR'S BUDGET

UGRWCD will continue to work to build professional and highly skilled staff to support the District's strategic goals and mission. While we see a clear need to grow our organization to meet significant existing and future water resource challenges, there will be pressure on the organization associated with recruitment and retention which are impacted by inflation, increasing housing costs and low housing supply in the Gunnison Valley, and wage pressure.

Finally, at the time of the drafting of this MD&A, two draft ballot initiatives from Advance Colorado and Colorado Concern have been submitted to the Secretary of State are being circulated in Colorado to limit increases in property taxes or reduce assessment rates but some of these measures could have significant impacts on local governments like conservancy districts, school districts, or fire districts which provide critical public services and who are also struggling with inflationary costs. Colorado Governor Jared Polis has called for two special sessions for stakeholders to come together as a coalition to discuss how to create stability over time so that the draft ballot measures can be withdrawn from the Office of the Secretary of State.

Request for Information

The financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to General Manager, Upper Gunnison River Water Conservancy District, 210 West Spencer Avenue, Suite B, Gunnison, CO. 81230 or 970-641-6065, 970-641-1162 (fax), schavez@ugrwcd.org

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Government-Wide
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
Assets			
Current Assets:			
Cash & equivalents	\$ 224,832	\$ -	\$ 224,832
Certificates of deposits	606,974	-	606,974
Investments-ColoTrust	707,880	390,770	1,098,650
Accounts receivable	53,238	269	53,507
Due from other Governments	8,319	-	8,319
Property taxes Receivable	2,045,272	-	2,045,272
Accrued Interest Receivable	12,231	-	12,231
Prepaid expenses	7,070	-	7,070
Total Current Assets	<u>3,665,816</u>	<u>391,039</u>	<u>4,056,855</u>
Long-term Investments:			
Bonds	3,156,050	-	3,156,050
Capital Assets:			
Office equipment	105,420	-	105,420
Office building & land	1,528,247	-	1,528,247
Vehicle	91,111	-	91,111
Dam rehabilitation	-	113,024	113,024
Meridian Lake Reservoir	-	942,457	942,457
Less accumulated depreciation	<u>(322,625)</u>	<u>(58,127)</u>	<u>(380,752)</u>
Net Capital Assets	<u>1,402,153</u>	<u>997,354</u>	<u>2,399,507</u>
TOTAL ASSETS	<u>8,224,019</u>	<u>1,388,393</u>	<u>9,612,412</u>
Liabilities			
Accounts payable	174,883	243	175,126
Accrued liabilities	35	-	35
Total Current Liabilities	<u>174,918</u>	<u>243</u>	<u>175,161</u>
Noncurrent Liabilities:			
Compensated absences	62,059	-	62,059
TOTAL LIABILITIES	<u>236,977</u>	<u>243</u>	<u>237,220</u>
Deferred Inflow of Resources			
Property taxes	<u>2,045,272</u>	<u>-</u>	<u>2,045,272</u>
Net Position			
Investment in capital assets	1,402,153	997,354	2,399,507
Restricted for TABOR reserve	63,257	-	63,257
Unrestricted	4,476,360	390,796	4,867,156
TOTAL NET POSITION	<u>\$ 5,941,770</u>	<u>\$ 1,388,150</u>	<u>\$ 7,329,920</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT

Government-Wide
Statement of Activities
December 31, 2023

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
Expenses Programs			
Salaries & Benefits	\$ 722,530	\$ 31,724	\$ 754,254
Public Outreach	44,545	-	44,545
Legal & Accounting	49,751	2,079	51,830
Occupancy Expenses	46,859	1,200	48,059
Bonding & Insurance	15,040	1,496	16,536
Office Expense	90,933	1,200	92,133
Board of Directors Expenses	16,223	614	16,837
Board of Directors Fees	11,439	-	11,439
General & Administrative	28,677	32,845	61,522
Membership & Dues	14,689	-	14,689
Computer Expense	36,641	-	36,641
Vehicle Expense	3,065	-	3,065
Lake Fork Conservancy	10,000	-	10,000
Fish Recovery	3,000	-	3,000
Taylor Park Project	7,436	-	7,436
Aspinall Expense	29,357	-	29,357
Consulting & Engineering Expense	19,119	-	19,119
Regional Water Supply Improvement	4,035	-	4,035
Lake San Cristobal	13,464	-	13,464
Cloud seeding program costs	167,659	-	167,659
Watershed program costs	200,420	-	200,420
Wet Meadows program costs	179,532	-	179,532
Water Quality Monitoring program costs	204,622	-	204,622
Water Supply	69,190	-	69,190
Watershed Management General	64,005	-	64,005
Wet Meadows - General	17,023	-	17,023
Water Quality Monitoring-General	10,000	-	10,000
Grant Program Expense	240,811	-	240,811
Donation-Dust on Snowpack	3,500	-	3,500
Depreciation	56,169	3,229	59,398
TOTAL PROGRAM EXPENSES	2,379,734	74,387	2,454,121
Program Revenue			
Basin Wide Planning	676,818	-	676,818
Cloud Seeding Program	140,750	-	140,750
Charges for services	24,796	51,166	75,962
Total Program Revenue	842,364	51,166	893,530
NET PROGRAM REVENUE(EXPENSES)	(1,537,370)	(23,221)	(1,560,591)
General Revenues			
Property taxes	1,637,729	-	1,637,729
Interest on deposits and investments	203,391	19,823	223,214
Miscellaneous	108,507	-	108,507
TOTAL GENERAL REVENUES	1,949,627	19,823	1,969,450
Change in Net Position	412,257	(3,398)	408,859
Net Position - January 1	5,529,513	1,391,548	6,921,061
Net Position - December 31	\$ 5,941,770	\$ 1,388,150	\$ 7,329,920

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT

Balance Sheet - General Fund

December 31, 2023

Assets

Current Assets:

Cash & equivalents	\$	224,832
Certificates of deposits		606,974
Investment-ColoTrust		707,880
Due from other Governments		8,319
Accounts receivable		53,238
Property taxes receivable		2,045,272
Accrued interest receivable		12,231
Prepaid expense		7,070
Total Current Assets		3,665,816

Long-term investments:

Investments		3,156,050
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TOTAL ASSETS		6,821,866
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Liabilities

Accounts payable		174,883
Accrued Liabilities		34
TOTAL LIABILITIES		174,917

Deferred Inflow of Resources

Property taxes		2,045,272
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Net Position

Restricted for TABOR reserve		63,257
Nonspendable		7,070
Unassigned		4,531,350
TOTAL NET POSITION	\$	4,601,677

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Reconciliation of the Governmental Net Position to
the Statement of Net Position
December 31, 2023

Total Governmental Net Position	\$	4,601,677
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the governmental funds.		1,402,153
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported as expenditures in the funds.		(62,059)
Net position of Governmental Activities.	<u>\$</u>	<u>5,941,771</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures and Change in Net Position - General Fund
For the Year Ended December 31, 2023

Revenues	
Taxes	\$ 1,637,729
Charges for services	24,796
Interest on deposits and investments	203,391
Watershed Management Income	263,793
Cloud seeding program	140,750
Wet Meadows Income	306,855
Water Quality Monitoring Income	38,869
Water Supply Income	67,301
Miscellaneous	108,507
TOTAL REVENUES	2,791,991
Expenditures	
Current:	
Salaries & Benefits	717,640
Public Outreach	44,545
Legal & Accounting	49,751
Occupancy Expenses	46,859
Bonding & Insurance	15,040
Office Expense	90,933
Board of Directors Expenses	16,223
Board of Directors Fees	11,439
General & Administrative	28,677
Membership & Dues	14,689
Computer Expense	36,641
Vehicle Expense	3,065
Lake Fork Conservancy	10,000
Fish Recovery	3,000
Taylor Park Project	7,436
Aspinall Expense	29,357
Consulting & Engineering Expense	19,119
Regional Water Supply Improvement	4,035
Lake San Cristobal	13,464
Cloud seeding program costs	167,659
Watershed program costs	200,420
Wet Meadows program costs	179,532
Water Quality Monitoring program costs	204,622
Water Supply	69,190
Watershed Management General	64,005
Wet Meadows - General	17,023
Water Quality Monitoring-General	10,000
Grant Program Expense	240,811
Donation-Dust on Snowpack	3,500
Capital Outlay	837,306
TOTAL EXPENDITURES	3,155,981
NET CHANGE IN NET POSITION	(363,990)
Net Position January 1	4,965,667
Net Position December 31	\$ 4,601,677

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
 Reconciliation of the Governmental Net Position to
 the Statement of Net Position
 December 31, 2023

Net Change in Net Position - Governmental Fund

Amounts reported for governmental activities in the statement of activities are different because: \$ (363,990)

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

Fixed assets added during year	\$ 837,306	
Depreciation	<u>(56,169)</u>	781,137

Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds (4,890)

Change in Net Position of Governmental Activities	\$ 412,257
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The accompanying notes are an integral part of these financial statement.

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Net Position
Enterprise Fund
December 31, 2023

	Water Enterprise Fund
<i>Assets</i>	
<i>Current Assets:</i>	
Cash & equivalents	\$ -
Accounts Receivable	269
Investments-ColoTrust	390,770
Total Current Assets	391,039
 <i>Capital Assets:</i>	
Meridian Lake Reservoir	942,457
Dam Rehabilitation	113,024
Less Accumulated Depreciation	(58,127)
Net Capital Assets	997,354
Total Assets	1,388,393
 <i>Liabilities</i>	
<i>Current Liabilities</i>	
Bank Overdraft	243
Total Current Liabilities	243
 <i>Net Position</i>	
Invested in Capital Assets, Net of Related Debt	997,354
Unrestricted	390,796
Total Net Position	\$ 1,388,150

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenses and Change in Net Position
Enterprise Fund
For The Year Ended December 31, 2023

	Water Enterprise Fund
Operating Revenues:	
Charges for Services	\$ 51,166
Total Operating Revenue	51,166
Operating Expenses:	
Salaries & Benefits	31,724
Accounting & Legal	2,079
Occupancy Expenses	1,200
Bonding & Insurance	1,496
Office Expenses	1,200
General & Administrative	32,845
Board Expenses	614
Depreciation	3,229
Total Operating Expenses	74,387
Operating Income (Loss)	(23,221)
Non-Operating Revenues (Expenses)	
Interest Income	19,823
Total Non-Operating Revenues (Expense)	19,823
Income (Loss) Before Transfers	(3,398)
Total Net Position, January 1	1,391,548
Total Net Position, December 31	\$ 1,388,150

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Cash Flows
Enterprise Fund
For The Year Ended December 31, 2023

	Water Enterprise Fund
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 50,897
Payments to and on behalf of employees	(31,724)
Cash Payments for Goods and Services	(29,250)
Net Cash Provided (Used) by Operating Activities	(10,077)
 Cash Flows From Investing Activities	
Increase in Investment	(19,823)
Interest on Investments	-
Net Cash Provided (Used) by Investing Activities	(19,823)
Net Increase (Decrease) in Cash & Cash Equivalents	(29,900)
 Cash Balance, January 1	 29,657
 Cash Balance, December 31	 \$ (243)
 Reconciling of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (3,398)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	3,229
Assets (Increased) Decreased	
Accounts Receivable	(269)
Liabilities Increased (Decreased)	
Accounts Payable	(9,639)
Total Adjustments	(6,679)
Net Cash Provided (Used) by Operating Activities	\$ (10,077)

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

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Upper Gunnison River Water Conservancy District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below:

Reporting Entity

These financial statements present the financial position and results of operations of the District, a political subdivision of the State of Colorado created on June 1, 1959. The District is supported jointly by Gunnison, Hinsdale, and Saguache counties based upon a mill levy on real property located in the District. The purpose of the District is to represent the water interests of the residents of the Upper Gunnison River Watershed area. An eleven-member board governs the District.

These financial statements include only the District as there are no component units required to be included in accordance with GASB Statement No 14.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of governmental net position and the statement of governmental activities) report information on all the nonfiduciary activities of the District. *Governmental activities*, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The accounts of the District are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the General *Fund*, which is the general operating fund of the District.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position. The District has presented the following major proprietary fund.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Water Enterprise Fund

Water Enterprise Fund is used to account for the provision of water services to the residents of the Upper Gunnison River Watershed and include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

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. Property taxes are recognized as revenues in the year for which they are levied.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

Use of Estimates

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

Property Taxes Receivable

Property taxes for the current year are levied and attached as a line on property on January 1 of the succeeding year. They are payable in full by April 30 or in two equal installments due on February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as receivable on December 31. However, since the property taxes are not available to pay current liabilities, the receivable is reported as deferred revenue.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of \$2,000 or greater. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets – continued

Capital assets are depreciated using the straight-line method over the following useful lives:

Office equipment	5-10 years
Dam rehabilitation	35 years

The District started to depreciate the cost of the Meridian Lake Reservoir dam rehabilitation in 2006 when the asset was transferred to the enterprise fund.

Compensated Absences

Full-time employees, except for the manager and water attorney who are covered under separate contracts, earn paid time-off based upon the number of years of service. At the Board's discretion, part-time employees may earn paid time off on a pro-rata basis. The maximum amount of paid time-off that can be accumulated is 432 hours, after 15 years of service. All earned paid time-off is payable upon termination.

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances* of the *governmental funds* and *Net Position of governmental activities* as reported in the government-wide statement of Net Position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the *net change in fund balances of the governmental funds* and the *changes in Net Position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resource's measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, 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.

On November 3, 1998, the electors of the District approved the retention and spending of the District's non-tax revenues for the year beginning January 1, 1999, and subsequent years, without regard to the limitations imposed by the Amendment and to impose a maximum property tax rate not to exceed 2.0 mills. The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the general fund's fund balance is classified as restricted for emergencies as required by the Amendment. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023

NOTE 4 – BUDGETS

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

- A. Budgets are required by state law for all governmental, proprietary, and trust funds.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. No changes were made to the originally adopted budget.
- F. Budget appropriations lapse at the end of each year.
- G. The District adopts budgets on a basis that is consistent with GAAP.

NOTE 5 - DEPOSITS AND 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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of the uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations secured by first lien mortgages on real property located in the state. PDPA allows the institutions 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 uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

On December 31, 2023, the carrying amounts of the District’s deposits were \$831,563. Of the bank balances, \$831,806 is covered by FDIC depository insurance. Of the above bank balance, the General Fund’s share is \$831,806 and the Water Fund’s share is \$(243).

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain US government agency securities, certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's investment policy follows Colorado statutes. On December 31, 2023, the District's investments included certificates of deposit, funds held in COLOTRUST and long-term government bonds. The CD’s have maturity dates ranging from April 2024 to December 2024. The long-term Government maturities range from April 2024 to June 2028.

	Carrying Value	Cost	
Federal Farm Credit Banks (Level 2)	\$ 323,693	\$ 345,000	Moody's AAA; S&P AA+
Certificates of Deposits	716,654	739,000	
Federal Home Loan Bank (Level 2)	1,609,943	1,710,000	Moody's AAA; S&P AA+
Federal Home Mortgage	545,829	550,000	Moody's AAA; S&P AA+
U.S. Treasury Notes (Level 2)	197,825	204,335	Moody's AAA
	<u>\$ 3,393,944</u>	<u>\$ 3,548,335</u>	

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023

NOTE 5 - DEPOSITS AND INVESTMENTS – continued

The District Categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly, Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3: Unobservable inputs for an asset or liability.

Net Asset Value Investment

The District had invested \$390,770 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes, and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. The Water Fund's share of the amount is \$390,770. *These Investments are measured at Net Asset Value.*

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023

NOTE 6 - CAPITAL ASSETS

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

	Balance 12/31/2022	Increase	Decrease	Balance 12/31/2023
Governmental Funds				
Capital assets being depreciated				
Building and Land	\$ 759,424	\$ 768,823	\$ -	\$ 1,528,247
Office Equipment	79,187	26,233	-	105,420
Vehicle	45,861	45,250	-	91,111
Less Accumulated Depreciation	(266,456)	(56,169)	-	(322,625)
Governmental Activities Capital Assets, Net.	<u>\$ 618,016</u>	<u>\$ 784,137</u>	<u>\$ -</u>	<u>\$ 1,402,153</u>
Business-type Activities				
Capital assets not being depreciation	<u>\$ 942,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,457</u>
Capital assets being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	(54,897)	(3,229)	-	(58,126)
Total Capital Assets Being Depreciated	<u>58,127</u>	<u>(3,229)</u>	<u>-</u>	<u>54,898</u>
Business-Type Activities Capital Assets, Net.	<u>\$ 1,000,584</u>	<u>\$ (3,229)</u>	<u>\$ -</u>	<u>\$ 997,355</u>

Total depreciation expense for the General Fund for the year ended December 31, 2023, was \$ 56,169, which was charged to the General and Administrative function. Water Enterprise Fund had depreciation expense of \$3,229.

NOTE 7 - RETIREMENT PLANS

The District participates in the Colorado Retirement Association (CRA) that provides retirement benefits through a defined contribution money purchase plan (the Plan) to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All employees must participate in the plan immediately after employment. The District has agreed to contribute 8% of employee compensation. The employee is required to contribute an amount equal to the District's contribution and may contribute up to 10% of the compensation. Employees are 100% vested once they are eligible to participate in the Plan. The covered payroll for the Plan was \$562,429 for the year ending December 31, 2023. The District and employees, each, contributed \$44,994, which is 8% of the covered payroll. The employer can authorize the term benefits and has the right to amend those terms.

The District's employees may participate in CRA's 457 deferred compensation plan if they choose. There is no District participation in this plan.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded commercial coverage in any of the past three years.

**Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2023**

NOTE 9 - COMMITMENTS

In 2007, the District entered into an agreement with Hinsdale County and the Town of Lake City to commission a feasibility study for a controlled outlet structure for Lake San Cristobal and the District. That project was ongoing as of December 31, 2023.

NOTE 10 – LEASES

The District leases a copier. The lease term is 60 months at \$243 per month. Below is the remaining lease payment schedule on December 31, 2023.

2024		\$ 2,916
2025		<u>972</u>
	Total	<u>\$ 3,888</u>

The District also lease office space to three individuals. The lease is for one year only and are not automatically renewed. The rent is \$1,200 per month for the three leases. The lease terms run from July 2023 to November 2024. Rent collected in 2023 was \$1,650. The amount collectible in 2024 \$11,025.

NOTE 11 – FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

During 2023, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted funds constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision-making authority, in the District’s case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the District’s case that is the General Manager and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classifications in 2023.

It is the District’s policy to spend restricted funds first, then unrestricted funds, for the purpose for which the restriction dictates. Committed and assigned funds are spent first, when expenditure is incurred for which the commitment or assigned designation was established.

The District does have fund classifications as follows:

- Restricted which is dictated by Colorado State Law
- Nonspendable
- Unassigned.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures and Change in Fund Balance - Budget & Actual
General Fund
For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes:				
Property	1,598,974	1,598,974	1,637,729	38,755
Total Taxes	<u>1,598,974</u>	<u>1,598,974</u>	<u>1,637,729</u>	<u>38,755</u>
Cloud Seeding Program	140,750	140,750	140,750	-
Watershed Management Program	435,018	435,018	263,793	(171,225)
Water Contract Sales	15,920	15,920	24,796	8,876
Water Quality Monitoring	38,869	38,869	38,869	-
Wet Meadows Program	274,166	274,166	306,855	32,689
Earnings on Deposits & Investments	20,000	20,000	203,391	183,391
Water Supply Income	-	-	67,301	67,301
Miscellaneous	40,000	40,000	108,507	68,507
Total Revenues	<u>2,563,697</u>	<u>2,563,697</u>	<u>2,791,991</u>	<u>228,294</u>
Expenditures				
Salaries & Benefits	762,354	762,354	717,640	44,714
Public Outreach	61,680	61,680	44,545	17,135
Legal & Accounting	10,000	10,000	49,751	(39,751)
Occupancy Expenses	32,626	32,626	46,859	(14,233)
Bonding & Insurance	12,003	12,003	15,040	(3,037)
Office Expense	128,219	128,219	90,933	37,286
Board of Directors Expenses	17,200	17,200	16,223	977
Board of Directors Fees	13,360	13,360	11,439	1,921
General & Administrative	63,000	63,000	28,677	34,323
Membership & Dues	15,000	15,000	14,689	311
Computer Expense	22,850	22,850	36,641	(13,791)
Vehicle Expense	4,525	4,525	3,065	1,460
Lake Fork Conservancy	10,000	10,000	10,000	-
Fish Recovery	3,000	3,000	3,000	-
Taylor Park Project	7,436	7,436	7,436	-
Aspinall Expense	22,040	22,040	29,357	(7,317)
Consulting & Engineering Expense	15,000	15,000	19,119	(4,119)
Regional Water Supply Improvement	40,000	40,000	4,035	35,965
Lake San Cristobal	13,464	13,464	13,464	-
Cloud seeding program costs	189,060	189,060	167,659	21,401
Watershed program costs	482,920	482,920	200,420	282,500
Wet Meadows program costs	294,166	294,166	179,532	114,634
Water Quality Monitoring program costs	157,930	157,930	204,622	(46,692)
Water Supply	-	-	69,190	(69,190)
Watershed Management General	56,000	56,000	64,005	(8,005)
Wet Meadows - General	-	-	17,023	(17,023)
Water Quality Monitoring-General	-	-	10,000	(10,000)
Grant Program Expense	300,000	300,000	240,811	59,189
Capital Outlay	-	849,300	837,306	11,994
Other Reserves	110,000	110,000	-	110,000
Donation-Dust on Snowpack	3,500	3,500	3,500	-
Total Expenditures	<u>2,847,333</u>	<u>3,696,633</u>	<u>3,155,981</u>	<u>540,652</u>
Excess of Revenues Over (Under) Expenditures	(283,636)	(1,132,936)	(363,990)	768,946
Fund Balance, January 1,	283,636	1,132,936	4,965,667	3,832,731
Fund Balance December 31,	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,601,677</u>	<u>\$ 4,601,677</u>

OTHER SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Schedule of Revenues, Expenses and Change in Available Resources - Budget & Actual
Water Enterprise Fund
For the Year Ended December 31, 2022

	Original & Final Budget	Actual	Variance
Revenues			
Annual Meridian Dues	\$ 44,422	\$ 47,378	\$ 2,956
Other Income	-	3,788	3,788
Earnings on Deposits & Investments	47	19,823	19,776
Total Revenues	<u>44,469</u>	<u>70,989</u>	<u>26,520</u>
Expenses			
Salaries & Benefits	29,845	31,724	1,879
Accounting & Legal	2,290	2,079	(211)
Occupancy Expenses	6,209	1,200	(5,009)
Bonding & Insurance	1,091	1,496	405
Office Expenses	2,050	1,200	(850)
General & Administrative	2,127	32,845	30,718
Board Expenses	810	614	(196)
Repairs & Maintenance	-	-	-
Total Expenses	<u>44,422</u>	<u>71,158</u>	<u>26,736</u>
Excess of Revenues Over (Under) Expenses	47	(169)	(216)
Reconciliation to Statement of Activities:			
Depreciation	-	(3,229)	(3,229)
Available Resources, January 1	29,657	1,391,548	1,361,891
Available Resources, December 31	<u>\$ 29,704</u>	<u>\$ 1,388,150</u>	<u>\$ 1,358,446</u>