

**JEFFERSON CONSERVATION DISTRICT**

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Financial Statements  
And  
Supplemental Information  
With  
Independent Audit Report

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December 31, 2023 and 2022

**JEFFERSON CONSERVATION DISTRICT**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Jefferson Conservation District  
Jefferson County, Colorado

***Opinion***

We have audited the financial statements of the business-type activities of Jefferson Conservation District, as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Jefferson Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of Jefferson 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 Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson 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 opinion.

***Other Matter***

**Prior Year Comparative Information**

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2022, from which such summarized information was derived.

### ***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 Jefferson 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jefferson 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 Jefferson 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***

Management has omitted 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson Conservation District's basic financial statements. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 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 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Watson Coon Ryan, LLC*

WATSON COON RYAN, LLC  
CENTENNIAL, COLORADO

APRIL 4, 2024

**JEFFERSON CONSERVATION DISTRICT**  
**Statements of Net Position**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets:</b>		
Current assets:		
Cash	\$ 437,980	\$ 378,567
Accounts receivable	622,726	865,803
	1,060,706	1,244,370
Noncurrent assets:		
Capital assets, net of accumulated depreciation	39,698	53,191
Total assets	\$ 1,100,404	\$ 1,297,561
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	119,485	108,905
Other liabilities	1,583	939
Accrued liabilities	30,765	21,792
Total current liabilities	151,833	131,636
<b>Net position:</b>		
Net investment in capital assets	39,698	53,191
Restricted for emergencies	50,000	51,200
Unrestricted	858,873	1,061,534
Total net position	\$ 948,571	\$ 1,165,925

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

**JEFFERSON CONSERVATION DISTRICT**  
**Statements of Revenues, Expenses, and Change in Net Position**  
**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 548,484	\$ 1,059,894
Grants	866,187	699,356
Miscellaneous	128	289
	1,414,799	1,759,539
<b>Operating Expenses:</b>		
Employee expenses	606,949	485,866
Contractor services	933,612	1,087,772
Operating	19,697	10,499
Management	5,159	4,713
Administration	46,748	33,550
Travel	17,737	9,109
Depreciation	13,494	8,731
	1,643,396	1,640,240
Total operating expenses	1,643,396	1,640,240
Operating (loss) income	(228,597)	119,299
<b>Non-Operating Revenues and (Expenses):</b>		
Pass-through income	112,433	-
Pass-through expense	(101,190)	-
	11,243	-
Net non-operating revenues	11,243	-
Change in net position	(217,354)	119,299
Net position, beginning of year	1,165,925	1,046,626
	1,165,925	1,046,626
Net position, end of year	\$ 948,571	\$ 1,165,925

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

**JEFFERSON CONSERVATION DISTRICT**  
**Statements of Cash Flows**  
**For the year ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities:</b>		
Cash received from charges for services	\$ 791,561	\$ 646,478
Cash received from grants	866,187	699,356
Cash received from other sources	128	289
Cash payments to employees	(597,333)	(489,940)
Cash payments to suppliers	(1,012,373)	(1,080,009)
	<u>48,170</u>	<u>(223,826)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Cash received from pass-through grantor	112,433	-
Cash payments to pass-through suppliers of goods or services	(101,190)	-
	<u>11,243</u>	<u>-</u>
<b>Cash Flows From Capital Financing Activities:</b>		
Purchase of capital assets	--	(49,950)
	<u>--</u>	<u>(49,950)</u>
Net cash provided (used) by capital financing activities		
Net change in cash and cash equivalents	59,413	(273,776)
Cash and cash equivalents, beginning of year	378,567	652,343
Cash and cash equivalents, end of year	<u>\$ 437,980</u>	<u>\$ 378,567</u>
<b>Reconciliation of Change in Net Position to</b>		
<b>Net Cash Provided by Activities:</b>		
Operation loss (income)	\$ (228,597)	\$ 119,299
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	13,494	8,731
Decrease (increase) in:		
Accounts receivable	243,077	(413,416)
(Decrease) increase in:		
Accounts payable	10,580	65,634
Other and accrued liabilities	9,616	(4,074)
	<u>9,616</u>	<u>(4,074)</u>
Net cash provided (used) by operating activities	<u>\$ 48,170</u>	<u>\$ (223,826)</u>

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

**JEFFERSON CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1: Summary of Significant Accounting Policies**

**A. Background**

The Jefferson Conservation District (the District) was formed to provide conservation services and technical assistance to landowners. These services are financed by fees assessed on landowners that implement conservation practices such as forest stand improvement and wildfire mitigation. The District operates within Jefferson, Clear Creek, and Gilpin Counties in Colorado.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. 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

**B. Reporting Entity**

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

Based on the application of this criteria, the District does not include additional organizations in its reporting entity

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where a fee is charged to external users for goods or services.

The 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 the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise 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 ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**JEFFERSON CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**D. Assets, Liabilities and Net Position**

*Cash and Cash equivalents* - For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Accounts Receivable* - Amounts due to the District from services provided are reported as accounts receivable. The District's management reviews accounts receivable periodically to consider the collectability of the balances. District management believes all accounts receivable to be fully collectible as of December 31, 2023 and 2022. Therefore, no allowance for uncollectible accounts has been established.

*Capital Assets* - Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful lives, as follows:

Equipment	5 years
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*Leases and Subscription-Based IT Arrangements* - Under GASB 87 and 96, the District recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract.

*Compensated Absences* - District employees are allowed to accumulate unused personal time off (PTO). No employee is eligible to have more than a maximum of their annual PTO accrual plus 40 hours in their PTO bank at any one time. Upon termination of employment from the District, an employee will be compensated for all accrued PTO. These compensated absences are recognized as a liability in the financial statements when earned.

*Net Position* - Net position is classified as net position and may be displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**JEFFERSON CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

While the unrestricted net position does not have any legal constraints on its use, the accumulation of these amounts may be necessary to offset significant unforeseen capital repairs and for the development of capital projects that may be necessary in future years. These amounts do not meet the accounting definition to be considered restricted, but the District believes this balance is necessary to ensure adequate reserves are available when the need does arise.

**E. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance for these risks of loss.

**F. Estimates**

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

**G. Recently Issued Accounting Pronouncements**

GASB Statement No 96 - In May 2020, GASB issued statement No 96, SBITA (Subscription Based Information Technology Arrangements). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain subscription assets and liabilities for arrangements that previously were classified as intangible operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that subscription leases are financings of the right to use an underlying asset. The provisions in statement 96 are effective for reporting periods beginning after June 15, 2022. The District implemented GASB Statement No. 96, SBITA, in the year ending December 31, 2023. No significant leases were identified, and as such, no changes have been made to the financial statements as a result of implementing this standard.

**Note 2: Stewardship, Compliance, and Accountability**

**Budgets**

Budgets are required by State statutes and are adopted on a non-GAAP budgetary basis. Capital outlay is budgeted as an expense and depreciation is not budgeted. The District follows these procedures to establish the budgetary information reflected in the financial statements:

- Prior to December 31, an annual budget and appropriation resolution is adopted by the Board of Supervisors in accordance with State statutes.
- Public hearings are conducted to obtain citizen comments.

**JEFFERSON CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

- Expenditures may not legally exceed appropriations. Revisions that alter the total appropriations must be approved by the Board of Supervisors.
- All appropriations lapse at year end.

**Note 3: Cash**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District's deposits as of December 31, 2023 and 2022 was \$437,980 and \$378,567, respectively and bank balances were \$449,469 and \$392,115, respectively.

**Note 4: Capital Assets**

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

	January 1, 2023 Balance	Additions	Deletions	December 31, 2023 Balance
Capital assets:				
Vehicles	\$ 67,471	\$ -	\$ -	\$ 67,471
Less: accumulated depreciation	14,280	13,493	-	27,773
Capital assets, net	\$ 53,191	\$ 13,493	\$ -	\$ 39,698

**Note 5: Deferred Compensation Plan**

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457(b). The plan is available to all employees and permits them to defer a portion of their compensation until future years. The Board of Supervisors determines the District's contributions to the plan. The District currently matches employee contributions to a maximum of 3% of each employee's compensation. During the years ended December 31, 2023 and 2022, the District contributed \$10,670 and \$8,607 to the plan.

**Note 6: Commitments and Contingencies**

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the District believes it is in substantial

**JEFFERSON CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

compliance with the Amendment. In accordance with the Amendment, the District has established a reserve for emergencies representing 3% of qualifying expenditures. At December 31, 2023 and 2022, the reserve was reported as restricted net position in the financial statements, in the amount of \$50,000 and \$51,200, respectively.

**Claims and Judgements**

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate granter government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the granter government. At December 31, 2023, certain grant expenses have not been audited, but the District believes that subsequent audits will not have a material effect on the overall financial position of the District.

**Note 7: Risk Management**

The District is 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 is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**Note 8: Subsequent Events**

The District has evaluated subsequent events through the report date, which is the date these financial statements were available to be issued.

**JEFFERSON CONSERVATION DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual**  
**For the year ended December 31, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
<b>Operating Revenues:</b>			
Charges for service	\$ 681,331	\$ 548,484	\$ (132,847)
Grants	844,895	866,187	21,292
Miscellaneous revenue	--	128	128
Total revenues	<u>1,526,226</u>	<u>1,414,799</u>	<u>(111,427)</u>
<b>Operating Expenditures:</b>			
Employee expenses	626,708	606,949	19,759
Contractor services	938,000	933,612	4,388
Operating	32,000	19,697	12,303
Management	3,515	5,159	(1,644)
Administration	32,560	46,748	(14,188)
Travel	12,500	17,737	(5,237)
Total expenditures	<u>1,645,283</u>	<u>1,629,902</u>	<u>15,381</u>
Operating Loss	(119,057)	(215,103)	(126,808)
<b>Other Income (Expense)</b>			
Pass-through income	--	112,433	112,433
Pass-through expense	--	(101,190)	(101,190)
Change in net position - non-US GAAP basis	<u>(119,057)</u>	<u>(203,860)</u>	<u>(115,565)</u>
Adjustments to US GAAP basis:			
Depreciation expense	--	(13,494)	
Change in net position - US GAAP basis	<u>(119,057)</u>	<u>(217,354)</u>	
Net position, beginning of year	<u>1,207,401</u>	<u>1,165,925</u>	
Net position, end of year	<u>\$ 1,088,344</u>	<u>\$ 948,571</u>	