

UPPER ARKANSAS WATER
CONSERVANCY DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2024

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Upper Arkansas Water Conservancy District
Salida, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Upper Arkansas Water Conservancy District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Upper Arkansas Water Conservancy District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Upper Arkansas Water Conservancy District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Upper Arkansas Water Conservancy District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Upper Arkansas Water Conservancy District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Upper Arkansas Water Conservancy District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Upper Arkansas Water Conservancy District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Arkansas Water Conservancy District's basic financial statements. The individual fund financial statements and budget schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and budget schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

June 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Upper Arkansas Water Conservancy District (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2024. This information is presented in conjunction with the audited financial statements that follow this section.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34.

District-Wide Financial Statements

The district-wide statement consists of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets and liabilities and activities of the District in a manner similar to private sector businesses. The District's net position; the difference between assets and liabilities, is one way to measure the District's financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

Governmental Activities - The activity of the District's General Fund is reported here. Property taxes and specific ownership taxes make up the majority of the revenues and general and administration expenditures along with protection of water and water rights are the major activities of this fund.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are segregated into two categories: governmental funds and proprietary funds.

Governmental Fund. The District's basic services are reported in the governmental fund, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects.

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

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found following the financial statements.

District-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$11,216,613 at the end of the current year.

Financial Highlights

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for 2024 and 2023:

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

Statement of Net Position - 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets	\$ 1,639,845	\$ 6,328,421	\$ 7,968,266
Restricted Assets	-	32,237	32,237
Capital Assets and Other Assets	6,956	4,738,110	4,745,066
TOTAL ASSETS	\$ 1,646,801	\$ 11,098,768	\$12,745,569
LIABILITIES:			
Current Liabilities	\$ 41,365	\$ 77,314	\$ 118,679
Non-Current Liabilities	7,255	757,263	764,518
Total Liabilities	48,620	834,577	883,197
DEFERRED INFLOWS OF RESOURCES:			
Deferred Revenues – Property Taxes	645,759	-	645,759
NET POSITION:			
Net Investment in Capital Assets	6,956	3,980,847	3,987,803
Restricted	17,300	32,237	49,537
Unrestricted	928,166	6,251,107	7,179,273
Total Net Position	952,422	10,264,191	11,216,613
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,646,801	\$ 11,098,768	\$12,745,569

Statement of Net Position - 2023

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

The total net position of the District exceeded its liabilities by \$11,216,613. Of this amount \$7,179,273 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's net position increased by \$1,122,020 during the current year. The net position of our governmental activities increased by \$202,595 and net position of our business-type activity increased by \$919,425.
- As of the close of the current year, the District's governmental fund reported combined ending fund balance of \$952,721 an increase of \$202,539 in comparison with the prior year fund balance of \$750,182.
- At the end of the current year, unassigned fund balance for the governmental fund was \$935,421.

Statement of Activities

The perspective of the statement of activities is of the District as a whole. The following table reflects the change in net position for year 2024 and 2023:

2024	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Fuctions							
TOTAL GOVERNMENTAL ACTIVITIES	\$ 577,337	\$ -	\$ -	\$ -	\$ (577,337)	\$ -	\$(577,337)
TOTAL BUSINESS-TYPE ACTIVITIES	1,250,389	1,733,739	114,771	-	-	598,121	598,121
TOTAL PRIMARY GOVERNMENT	<u>\$1,827,726</u>	<u>\$1,733,739</u>	<u>\$ 114,771</u>	<u>\$ -</u>	<u>(577,337)</u>	<u>598,121</u>	<u>20,784</u>
GENERAL REVENUES							
TAXES					751,626	-	751,626
INTEREST, RENT AND OTHER					28,306	321,304	349,610
TOTAL GENERAL REVENUES					<u>779,932</u>	<u>321,304</u>	<u>1,101,236</u>
CHANGE IN NET POSITION					202,595	919,425	1,122,020
NET POSITION - BEGINNING					<u>749,827</u>	<u>9,344,766</u>	<u>10,094,593</u>
NET POSITION - ENDING					<u>\$ 952,422</u>	<u>\$10,264,191</u>	<u>\$11,216,613</u>
2023	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Fuctions							
TOTAL GOVERNMENTAL ACTIVITIES	\$ 507,160	\$ -	\$ -	\$ -	\$ (507,160)	\$ -	\$(507,160)
TOTAL BUSINESS-TYPE ACTIVITIES	1,060,024	1,313,608	124,751	-	-	378,335	378,335
TOTAL PRIMARY GOVERNMENT	<u>\$1,567,184</u>	<u>\$1,313,608</u>	<u>\$ 124,751</u>	<u>\$ -</u>	<u>(507,160)</u>	<u>378,335</u>	<u>(128,825)</u>
GENERAL REVENUES							
TAXES					650,349	-	650,349
INTEREST, RENT AND OTHER					18,648	280,450	299,098
TOTAL GENERAL REVENUES					<u>668,997</u>	<u>280,450</u>	<u>949,447</u>
CHANGE IN NET POSITION					161,837	658,785	820,622
NET POSITION - BEGINNING					<u>587,990</u>	<u>8,685,981</u>	<u>9,273,971</u>
NET POSITION - ENDING					<u>\$ 749,827</u>	<u>\$9,344,766</u>	<u>\$10,094,593</u>

The change in net position for the governmental activity was an increase of \$202,595 for the year ended December 31, 2024.

The change in net position for the business-type activity was an increase of \$919,425 for the year ended December 31, 2024.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

REVIEW OF REVENUES AND EXPENSES VS BUDGETARY COMPARISON - GENERAL FUND

Year Ended December 31, 2024:

	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$ 709,099	\$ 779,932
Total Expenditures	1,459,281	577,393
Revenues over Expenditures	(750,182)	202,539
Fund Balance January 1	750,182	750,182
Fund Balance December 31	<u>\$ -</u>	<u>\$ 952,721</u>

Year Ended December 31, 2023:

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

Revenues: Changes between actual revenues and budgeted amounts were due to an increase in amount of ad valorem taxes collected.

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

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

Year Ended December 31, 2024:

	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$2,784,476	\$2,169,814
Total Expenditures	8,384,476	1,276,144
Revenues over Expenditures	(5,600,000)	893,670
Adjustments to Reconcile Budgetary Basis to GAAP Basis	-	25,755
Change in Fund Balance	(5,600,000)	919,425
Fund Balance January 1	9,344,766	9,344,766
Fund Balance December 31	<u>\$ 3,744,766</u>	<u>\$10,264,191</u>

Year Ended December 31, 2023:

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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

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

Capital Activity

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

Protection of Water Rights

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

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

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

Specific Project Activities

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

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

This data is also made available to the State Division of Water Resources as well as other water agencies. Weather information is collected at 6 of these gage sites, at reservoir locations, and reported in addition to the water measurement data. Funds are expended for qualified staff and for supplies to maintain and improve the quality of the data collected from these stations. An upgrade of the data collection platforms is planned for 2024-2025 with the assistance of grant funding.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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

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

Integrated Water Management

Coordinated operations and management of water resources in the Cottonwood Creek and the South Arkansas River have been a goal of the District for many years. After many years of work, efforts to coordinate with the Municipalities of Buena Vista and Poncha Springs have been realized. There is additional potential for collaborating with other upper basin entities – feasibility studies are ongoing.

The Town of Buena Vista

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

The Town of Poncha Springs

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

Round Mountain Water and Sanitation District

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

USGS Water Budget Study

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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

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

In 2022 Chaffee County and the District developed a scope of work to assess ground water levels and develop a ground water model in the Chaffee County region to assist with planning for both entities. USGS will also cooperate and develop this study. Implementation began in 2024 and the study is expected to take 3-4 years. Grant funding from the State's Water Plan Grant program was obtained in 2023.

Regional Resource Planning Group Projects

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

WATER STORAGE PROJECTS

Ice Lake Project

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

Upper Arkansas Trout Creek Alluvial Storage Project

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

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

To meet the goals of the District, potential storage sites are continually explored to evaluate feasibility and cost of construction and operation to meet continuously growing demand. The Multi-Use Project embodied traditional storage, gravel pit storage and alluvial storage with a potential for a hydro-power project. The Lake Ranch project evaluation discovered minimal feasibility for alluvial storage and hydro power production. CWCB grant funding for this project on alluvial storage was shifted to the Trout Creek UAWCD multi-use project area. Efforts to reach a pipeline easement on the Moltz Ranch property to bring water from the Trout Creek Ditch Company Ditch or the Helena Ditch to construct infiltration pond(s) were unsuccessful so in 2020 the UAWCD began working with the Colorado Department of Correctional Industries (DOC) to explore potential sites on their agricultural properties in Trout Creek Park. Discussions with the Department of Corrections continued in 2022 and additional conversations and evaluations began with the Cogan family on their property adjacent to the DOC lands. During 2022 surveying and soil evaluations were completed. Negotiations continued in 2024 with both entities to install infiltration ponds and determine payment for easements and pipeline routes.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

DeWeese-Dye Reservoir

Discussion of a feasibility study for enlargement of Deweese Reservoir was begun in 2018. During 2019, the project started with a contract with GEI. This project concept arose out of the Deweese-Dye Grape Creek efficiency study undertaken with the ditch company and the BLM. During 2020, work on the feasibility of enlargement continued with a budget of \$30,000 for cash and in-kind expenditures. The total project cost was \$115,000. Work was completed on this first phase in 2023 and it was determined that further studies will be necessary in an additional feasibility phase to evaluate the stability of the 100 plus year old concrete dam. It is expected that negotiations with the ditch company will result in feasibility studies resuming in 2025 or 2026.

Round Mountain Reservoir Feasibility Study

In 2019 UAWCD began collaboration with Round Mountain Water and Sanitation District to study the feasibility of constructing a reservoir near Grape Creek. UAWCD provided grant management and helped Round Mountain obtain a grant to study feasibility and design of an off-stream reservoir of approximately 150-acre feet. The total project cost was \$230,500 with UAWCD contributing \$20,670 in a combination of in-kind services and cash. UAWCD is providing project and grant management. Part of the study involved determination of exchange potential on Grape Creek. The feasibility study continued through 2022 and in 2023 focused modification of designs for an outlet, meeting the demands of dam safety and maximization of storage capacity to achieve a total space of 150 acre feet. Investigations focused in 2023 and 2024 on obtaining adjacent lands working with Round Mountain and the routing of the discharge canal to Grape Creek. Cost estimates for construction range from \$3 to \$4 Million dollars.

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

The District, through its Water Activity Enterprise Fund, received a low-interest loan from the Colorado Water Conservation Board for \$3,009,800 with a rate of 3 percent per annum for 30 years. Total funds loaned for the project were \$893,705. In 2017 the loan was closed and the District paid in full the accrued interest. With the closing a 1% loan service fee of \$8,937 the total ending loan balance is \$902,642. The 30-year loan will be paid off in annual installments of Principal and Interest totaling \$46,052 per year with the final payment scheduled for October 1, 2047. As of December 31, 2024, the outstanding balance was \$757,263.

Cottonwood Lake Spillway and Dam Replacement

In 2017, UAWCD completed a feasibility study of dam replacement at Cottonwood Lake and applied for a permit renewal from the USFS that included the dam and spillway replacement and the right to utilize more space in the present reservoir made possible by a new dam design. In 2018, the USFS extended the existing permit until December 31, 2022. In 2022 the USFS determined that it would take 18 months longer to evaluate a long term permit. In 2023, the expected completion of the permit phase was determined to be the winter of 2025. The District expects to have final engineering drawings for the project ready by mid-summer 2025 with construction likely in the fall of 2026.

Wenke Pond

Heightened Division 2 administration of ponds constructed without decrees and the replacement of evaporation associated therewith, has created an increased demand for augmentation for these structures. A large pond in Custer County, owned by Mr. and Mrs. Wenke was facing the requirement to obtain augmentation for its evaporated losses. The District was contacted by the Wenkes seeking a determination of costs associated with augmentation of the structure. Through discussions it became apparent that the pond, located near Grape Creek, had the potential for use as a source of augmentation in a critical reach of the stream in the District's new Custer and Fremont county augmentation plan. The Wenkes and the District entered into a contract to improve the pond and filed to include the pond into the District augmentation plan. The pond evaporation would be replaced by the District in exchange for utilization as a storage location for the District's fully consumable water for use in this reach of Grape Creek. In 2023 much headway was made in the District's case filing to include this structure in its plan in case 22CW3093. Court approval of this decree occurred in October 2024 with pond modifications and filling to take place in 2025.

AUGMENTATION

Development and Implementation of Water Replacement Data Base

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

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

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

Expansion of Augmentation Area

In December of 2018 the District filed an application to include the Eastern portion of Fremont County and part of Custer County into our umbrella augmentation plan. The delay was necessary in order that the District's consulting engineers could complete a "Projection Tool". During 2018 this tool was developed and is now a part of our water management. Water augmentation is now provided for pond evaporation replacement, commercial development, as well as dust control by the Fremont Public Transportation department in Eastern Fremont County as well as Custer County. The extension of the District's plan to include these areas will address some of these demands. Prior to this filing water storage and water rights were obtain by the district. Most of the costs are associated with the Legal and Engineering accounts. In 2021, the application was approved by the water court. DWR Division 2 began heightened efforts to identify ponds that are un-decreed and require augmentation. Many of these ponds are in the expansion area and their owners have begun to contact the District requesting augmentation. Beginning in 2021 and continuing to date these actions will impact revenue receipts and water demands. In 2022 and continuing in 2023 ponds such as the Wenke Pond (see discussion above) will be utilized for District storage and become important sources of augmentation. Although use of these structures are less efficient their locations are often on critical reaches and are vital to the continued beneficial use of water within the District boundaries by its constituents. In 2024 additional sources of water and water storage were evaluated. This work will continue into the future.

Augmentation Activities

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

These additional augmentation activities assisted District constituents as well as providing funding and water resources to the District. The Trail West Association converted all their septic systems to on site and each lot now participates in the District's augmentation plan for depletion replacements. Trail West Lodge jointly with the UAWCD effectively prosecuted its water rights change case, and we were awarded a decree. The water rights associated with the change will become part of the UAWCD portfolio. Additionally, a new alluvial storage facility will become available to the UAWCD on these lands. Work tasks to develop the ground water storage facilities continued in 2024 and Trail West Lodge obtained additional expertise to evaluate the sizing of the alluvial storage facilities for recharge. Once the recharge capacities are determined UAWCD plans to utilize any excess space to store additional fully consumable water with the Silver Creek Ronch water obtained from Trail West Lodge.

Trout Creek Ditch Company Ditch Intra-Ditch Exchange

The intra-ditch exchange was filed in 2008 and eventually decreed. This project will result in an increase in available augmentation water supplies on Cottonwood Creek. Plans finally moved forward in 2023 by exploring locations for construction of a well(s) impacting the Arkansas River so water could be transferred (exchanged) via the Trout Creek Ditch Company Ditch to Cottonwood Creek. Cost estimates for construction of these wells and an eventual pipeline reach \$500,000. Some of this cost could be offset by water supply reserve fund grants. During 2024 several wells were constructed, and initial production numbers are encouraging. Also, in 2024 and continuing into 2025 modifications of our existing intra-ditch exchange decree may need to be modified to accommodate the actual pumping numbers and the number of well water sources for the exchange. As this is determined UAWCD is moving forward with obtaining electrical supplies for the well pumps from Sangre De Cristo Electric Association.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

Contacting the District' Financial Management

The District's financial statements are designed to present users (water users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability.

If you have any question regarding this report or need additional information, please contact:

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

BASIC FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
CASH EQUIVALENTS	\$ 603,227	\$ 338,239	\$ 941,466
INVESTMENTS	386,701	5,684,063	6,070,764
RECEIVABLES - NET			
ACCOUNTS	-	2,361	2,361
TAXES	649,917	-	649,917
REIMBURSEMENT	-	32,562	32,562
WATER INVENTORY	-	110,569	110,569
PREPAID EXPENSES	-	160,627	160,627
	<u>1,639,845</u>	<u>6,328,421</u>	<u>7,968,266</u>
RESTRICTED ASSETS			
CASH RESTRICTED FOR DEBT RETIREMENT	-	32,237	32,237
CAPITAL ASSETS			
LAND	-	540,000	540,000
WATER SHARES AND RIGHTS	-	2,780,245	2,780,245
PROPERTY AND EQUIPMENT	64,774	2,256,184	2,320,958
DAM AND RESERVOIR IMPROVEMENTS	-	1,067,958	1,067,958
ACCUMULATED DEPRECIATION	(57,818)	(1,906,277)	(1,964,095)
CAPITAL ASSETS NET OF DEPRECIATION	<u>6,956</u>	<u>4,738,110</u>	<u>4,745,066</u>
TOTAL ASSETS	<u>\$ 1,646,801</u>	<u>\$ 11,098,768</u>	<u>\$ 12,745,569</u>
LIABILITIES			
ACCOUNTS PAYABLE	\$ 41,365	\$ 12,744	\$ 54,109
ACCRUED EXPENSES	-	52,352	52,352
UNEARNED REVENUES	-	12,218	12,218
NONCURRENT LIABILITIES			
DUE WITHIN ONE YEAR	6,203	23,334	29,537
DUE IN MORE THAN ONE YEAR	1,052	733,929	734,981
TOTAL LIABILITIES	<u>48,620</u>	<u>834,577</u>	<u>883,197</u>
DEFERRED INFLOWS OF RESOURCES			
DEFERRED REVENUES - PROPERTY TAXES	645,759	-	645,759
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	6,956	3,980,847	3,987,803
RESTRICTED FOR			
EMERGENCIES - TABOR	17,300	-	17,300
DEBT SERVICE	-	32,237	32,237
UNRESTRICTED	928,166	6,251,107	7,179,273
TOTAL NET POSITION	<u>952,422</u>	<u>10,264,191</u>	<u>11,216,613</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,646,801</u>	<u>\$ 11,098,768</u>	<u>\$ 12,745,569</u>

SEE NOTES TO FINANCIAL STATEMENTS

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UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES

DECEMBER 31, 2024

	PROGRAM REVENUES			CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
FUNCTIONS							
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 577,337	\$ -	\$ -	\$ -	\$ (577,337)	\$ -	\$ (577,337)
BUSINESS-TYPE ACTIVITIES							
WATER CONSERVATION	1,250,389	1,733,739	114,771	-	-	598,121	598,121
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,827,726</u>	<u>\$ 1,733,739</u>	<u>\$ 114,771</u>	<u>\$ -</u>	<u>(577,337)</u>	<u>598,121</u>	<u>20,784</u>
GENERAL REVENUES							
					684,334	-	684,334
					67,292	-	67,292
					28,306	287,304	315,610
					-	34,000	34,000
					<u>779,932</u>	<u>321,304</u>	<u>1,101,236</u>
					202,595	919,425	1,122,020
					<u>749,827</u>	<u>9,344,766</u>	<u>10,094,593</u>
					<u>\$ 952,422</u>	<u>\$ 10,264,191</u>	<u>\$ 11,216,613</u>

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2024

ASSETS

CASH	\$	603,227
INVESTMENTS		386,701
TAXES RECEIVABLE		649,917

TOTAL ASSETS \$ 1,639,845

LIABILITIES

ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$	41,365
DUE TO WATER ACTIVITY ENTERPRISE		-

TOTAL LIABILITIES 41,365

DEFERRED INFLOWS OF RESOURCES

DEFERRED REVENUES - PROPERTY TAXES		645,759
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FUND BALANCE

RESTRICTED FOR EMERGENCIES - TABOR		17,300
UNASSIGNED		935,421

TOTAL FUND BALANCE 952,721

TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE \$ 1,639,845

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
ARE DIFFERENT BECAUSE:

Governmental funds total fund balances	\$ 952,721
Capital assets and right-to-use assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.	64,774
Accumulated depreciation is not recognized in the governmental funds because capital assets and right-to-use assets are expensed at the time of acquisition.	(57,818)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Leases payable	<u>(7,255)</u>
Governmental activities net position	<u><u>\$ 952,422</u></u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2024

REVENUES		
REAL PROPERTY TAXES	\$	684,334
SPECIFIC OWNERSHIP		67,292
INTEREST AND OTHER		28,306
		<hr/>
TOTAL REVENUES		779,932
		<hr/>
EXPENDITURES		
GENERAL GOVERNMENT		
ADVERTISING		4,371
AUTO		3,661
DUES AND SUBSCRIPTIONS		5,998
INSURANCE		16,578
HEALTH INSURANCE		22,654
LEGAL AND PROFESSIONAL		71,094
ACCOUNTING AND AUDIT		23,990
MEALS		6,170
OFFICE		36,363
PENSION		10,457
PAYROLL TAXES		13,946
TELEPHONE		6,452
TRAVEL		7,309
SPONSORSHIPS		5,100
UTILITIES		9,606
REPAIRS AND MAINTENANCE		3,361
EQUIPMENT RENT		12,275
SALARIES		150,355
DIRECTORS FEES		31,000
TREASURERS FEES		19,296
ENGINEERING		59,851
EDUCATION		18,404
IT SERVICES		39,102
		<hr/>
TOTAL EXPENDITURES		577,393
		<hr/>
REVENUES OVER (UNDER) EXPENDITURES		202,539
FUND BALANCE JANUARY 1		750,182
		<hr/>
FUND BALANCE DECEMBER 31	\$	952,721
		<hr/> <hr/>

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

Governmental funds changes in fund balances	\$ 202,539
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Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays differ from depreciation in the current period.

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

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.

Leases payable	<u>6,020</u>
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Governmental activities change in net position	<u><u>\$ 202,595</u></u>
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UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

DECEMBER 31, 2024

CURRENT ASSETS	
CASH & CASH EQUIVALENTS	\$ 338,239
INVESTMENTS	5,684,063
ACCOUNTS RECEIVABLE	2,361
REIMBURSEMENT RECEIVABLE	32,562
WATER INVENTORY	110,569
PREPAID EXPENSES	160,627
DUE FROM GENERAL FUND	-
TOTAL CURRENT ASSETS	<u>6,328,421</u>
CURRENT ASSETS	
CASH RESTRICTED FOR DEBT RETIREMENT	<u>32,237</u>
CAPITAL ASSETS	
LAND	540,000
WATER SHARES AND RIGHTS	2,780,245
PROPERTY AND EQUIPMENT	2,256,184
DAM AND RESERVOIR IMPROVEMENTS	1,067,958
ACCUMULATED DEPRECIATION	<u>(1,906,277)</u>
CAPITAL ASSETS NET OF DEPRECIATION	<u>4,738,110</u>
TOTAL ASSETS	<u>\$ 11,098,768</u>
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	\$ 12,744
ACCRUED EXPENSES	52,352
UNEARNED REVENUES	12,218
NOTE PAYABLE - CURRENT	<u>23,334</u>
TOTAL CURRENT LIABILITIES	<u>100,648</u>
TERM LIABILITIES	
NOTE PAYABLE	<u>733,929</u>
TOTAL TERM LIABILITIES	<u>733,929</u>
TOTAL LIABILITIES	<u>834,577</u>
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	3,980,847
RESTRICTED FOR DEBT SERVICE	32,237
UNRESTRICTED	<u>6,251,107</u>
TOTAL NET POSITION	<u>10,264,191</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,098,768</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2024

REVENUES	
SALE OF WATER	\$ 766,772
WELL PERMITS	6,400
MAINTENANCE FEES	840,570
APPLICATION FEES	8,195
STORAGE FEES	18,229
OWNERSHIP TRANSFER FEES	2,500
FUNDED WATER STUDIES REIMBURSEMENTS	91,073
TOTAL REVENUES	1,733,739
OPERATING EXPENSES	
DEPRECIATION	63,820
INSURANCE - HEALTH	39,335
LEGAL AND PROFESSIONAL	49,561
REPAIRS AND MAINTENANCE	10,537
PENSION	30,604
SALARIES AND WAGES	434,165
PAYROLL TAXES	34,541
SUPPLIES	3,352
WATER STORAGE FEES & PURCHASE	223,586
FUNDED WATER STUDIES	90,222
SPECIAL USE FEES	47,905
WATER APPLICATIONS AND ASSESSMENTS	3,700
WELL PERMITS	5,809
ENGINEERING	73,226
OTHER	1,857
TOTAL OPERATING EXPENSES	1,112,220
OPERATING INCOME	621,519
NONOPERATING REVENUES (EXPENSES)	
INTEREST EXPENSE	(23,398)
REIMBURSEMENT FOR SERVICES	114,771
WATER CONSERVATION SERVICES	(114,771)
RENTAL INCOME	34,000
INTEREST INCOME	287,304
TOTAL NONOPERATING REVENUES (EXPENSES)	297,906
CHANGE IN NET POSITION	919,425
NET POSITION JANUARY 1	9,344,766
NET POSITION DECEMBER 31	\$ 10,264,191

SEE NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
CASH RECEIVED FROM CUSTOMERS	\$ 1,689,320
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(538,645)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(527,852)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	622,823
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
RENTS RECEIVED	34,000
DUE FROM GENERAL FUND	4,945
CASH RECEIVED FROM REIMBURSEMENTS	220,257
CASH PAYMENTS FOR WATER CONSERVATION SERVICES	(127,629)
	<hr/>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	131,573
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
ACQUISITION OF CAPITAL ASSETS	(3,100)
LOAN PAYMENTS	(22,655)
INTEREST PAID	(23,398)
	<hr/>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(49,153)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
INTEREST ON INVESTMENTS	287,304
PURCHASE OF INVESTMENTS	(879,008)
	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(591,704)
	<hr/>
NET CHANGE IN CASH AND RESTRICTED CASH	113,539
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	256,937
	<hr/>
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 370,476</u>
	<hr/>
RECONCILIATION OF OPERATING INCOME TO	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
OPERATING INCOME	\$ 621,519
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET	
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	63,820
CHANGE IN ASSETS AND LIABILITIES	
ACCOUNTS RECEIVABLES	(38)
WATER INVENTORY	(24,640)
PREPAID EXPENSES	(12,232)
ACCOUNTS PAYABLE	3,783
ACCRUED EXPENSES	14,992
UNEARNED REVENUES	(44,381)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 622,823</u>
	<hr/>

NOTES TO FINANCIAL STATEMENTS

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Arkansas Water Conservancy District (the "District") was formed pursuant to Colorado Revised Statutes in 1979. The District designates a thirteen-member Board of Directors to act as the governing authority. The accounting policies of the Upper Arkansas Water Conservancy District conform to generally accepted accounting principles as applicable to governments. The District's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. A summary of significant policies is as follows:

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial reporting Entity" amended by GASB Statement No. 39, describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District (the primary government) and its component units if applicable. Currently no component units have been included in the District's reporting entity because of a lack of significant operational or financial relationship with the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Property and specific ownership taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and entitlement awards are recorded as revenue when earned. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has the following major funds:

Governmental Fund:

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

Proprietary Fund:

Water Activity Enterprise Fund – The Water Activity Enterprise Fund operation is composed of water and water share sales and leasing activities. It accounts for transactions that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through charges. The fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with the fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

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

Public hearings are held to obtain taxpayer comment.

Prior to December 31, the budget is adopted by formal resolution.

Revisions that alter the total expenditures of any fund generally must be approved by the Board of Directors.

Appropriations lapse at year end and any open purchase items must be re-appropriated in the following year.

Expenditures may not legally exceed appropriations at the fund level.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because at the present time it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

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

	Water Activity Enterprise Fund
Cash and Cash Equivalents	\$ 338,239
Restricted Assets	<u>32,237</u>
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statement of Cash Flows	<u>\$ 370,476</u>

Restricted Cash

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

Receivables/Payables

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Water Inventory

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage or the actual purchase of water.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include water rights, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The monetary threshold for capitalization of assets is \$5,000.

The estimated useful lives for depreciation are as follows:

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

Leased Assets – Right-to-Use Asset

Leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

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

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

Property Tax Revenues Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied November 15 and are due and payable in full by April 30 or in two equal installments due February 28 and June 15 of the ensuing year to the County Treasurers.

Water Leases

The right to use water from certain canal companies and reservoirs in the area is leased from the stockholders of these entities for a period designated in the leases. The District in turn rents the right to the water to individuals or entities that wish to use the water for a fee. The lease is amortized into expense over the term of the lease, usually one year. The revenue from the use of the water is recognized as earned based on the terms of the lease.

Water Shares and Rights

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

Long – Term Obligations

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Deferred revenue – property taxes, represents unavailable revenues that are deferred and recognized in the period that the amounts become available.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position / Fund Position

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

Restricted Fund Balance

Emergency Reserves have been provided for as required by article X, Section 20 of the Constitution of the State of Colorado. A portion of the fund balance has been restricted in compliance with this requirement.

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

Advertising

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

Estimates

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS

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

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

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

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

Deposits as of December 31, 2024, had a bank balance of \$982,178 with a corresponding carrying balance as follows:

Insured Deposits	\$	296,398
Covered by Public Deposit Protection Act		<u>677,305</u>
		<u>\$ 973,703</u>
Cash is reported as follows:		
Cash and Cash Equivalents	\$	941,466
Cash Restricted for Debt Retirement		<u>32,237</u>
Total Cash Reported	\$	<u>973,703</u>

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

Investments

At December 31, 2024, the District had the following investments:

	<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
COLO Trust	External Investment Pool	Under 60 Day Avg.	<u>\$ 6,070,764</u>

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

Governmental Activities - Investments	\$	386,701
Business-Type Activities – Investments		<u>5,684,063</u>
		<u>\$ 6,070,764</u>

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND TEMPORARY CASH INVESTMENTS (Continued)

As of December 31, 2024, the District had invested \$6,070,764 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

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

NOTE 3 – PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Taxes receivable represents 2024 property tax assessments, which are due in 2025. Deferred revenue in the same amount has also been recognized.

NOTE 4 – CAPITAL ASSETS

Governmental Activities –

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Depreciable Assets:				
Property and Equipment	\$ 40,920	\$ -	\$ -	\$ 40,920
Accumulated Depreciation	<u>(40,920)</u>	<u>-</u>	<u>-</u>	<u>(40,920)</u>
Total Depreciable Assets Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Leased Capital Assets – Amortized:				
Equipment	23,854	-	-	23,854
Accumulated Amortization	<u>(10,934)</u>	<u>(5,964)</u>	<u>-</u>	<u>(16,898)</u>
Total Leased Capital Assets – Net	<u>12,920</u>	<u>(5,964)</u>	<u>-</u>	<u>6,956</u>
Governmental Activities Capital Assets - Net	<u>\$ 12,920</u>	<u>\$ (5,964)</u>	<u>\$ -</u>	<u>\$ 6,956</u>

Business-Type Activities –

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Capital Assets Not Being Depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Water Shares & Rights	<u>2,780,245</u>	<u>-</u>	<u>-</u>	<u>2,780,245</u>
Total	<u>3,320,245</u>	<u>-</u>	<u>-</u>	<u>3,320,245</u>
Capital Assets Being Depreciated				
Buildings & Other	1,153,301	-	-	1,153,301
Dams	1,067,958	-	-	1,067,958
Furniture & Equipment	<u>1,099,783</u>	<u>3,100</u>	<u>-</u>	<u>1,102,883</u>
Total	<u>3,321,042</u>	<u>3,100</u>	<u>-</u>	<u>3,324,142</u>
Less Accumulated Depreciation				
Buildings & Other	(512,689)	(24,012)	-	(536,701)
Dams Improvements	(336,244)	(21,399)	-	(357,643)
Furniture & Equipment	<u>(993,524)</u>	<u>(18,409)</u>	<u>-</u>	<u>(1,011,933)</u>
Total	<u>(1,842,457)</u>	<u>(63,820)</u>	<u>-</u>	<u>(1,906,277)</u>
Business-Type Activities Capital Assets - Net	<u>\$ 4,798,830</u>	<u>\$ (60,720)</u>	<u>\$ -</u>	<u>\$ 4,738,110</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS (Continued)

For the year ended December 31, 2024, depreciation/amortization expense of \$5,964 was charged to general government in the governmental activities and \$63,820 to water conservation in the business-type activities.

NOTE 5 - UNEARNED REVENUE

The District in its Water Activity Enterprise Fund collected fees in the amount of \$12,218 that is for future years rent, fees, applications, and future projects which the full amount is accounted for as unearned revenues.

NOTE 6 - PENSION PLANS

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

Funding Policy - In a deferred compensation plan, the District agrees to pay deferred funds, plus any investment earnings, to eligible employees at a specified time. The plan requires that the District match employee contributions up to 8% of the employees' annual compensation. The District's contributions to the plan in 2024 were \$41,061. As of December 31, 2024, the market value of assets held was \$1,446,794.

NOTE 7 – TERM LIABILITIES

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

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Current</u>
<u>Governmental Activities:</u>					
Leases Payable (Right-to-Use Asset)	\$ 13,275	\$ -	\$ (6,020)	\$ 7,255	\$ 6,203
<u>Business-Type Activities:</u>					
Note Payable	\$ 779,918	\$ -	\$ (22,655)	\$ 757,263	\$ 23,334

Leases Payable (Right-to-Use Asset)

The District, as a lessee, has entered into a lease agreement involving equipment with a lease term of 4 years. The total costs of these right-to-use lease asset is recorded at \$23,854, less accumulated amortization of \$16,898. The District has determined that as of December 31, 2024, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of December 31, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,203	\$ 133	\$ 6,336
2026	1,052	4	1,056
	<u>\$ 7,255</u>	<u>\$ 137</u>	<u>\$ 7,392</u>

Note Payable

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – TERM LIABILITIES (Continued)

Accrued interest and fees payable on the note payable as of December 31, 2024 is \$6,313 and interest expensed is \$23,398. Annual debt service requirements to maturity are as follow for the Water Activity Enterprise Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 23,334	\$ 22,718	\$ 46,052
2026	24,034	22,018	46,052
2027	24,755	21,297	46,052
2028	25,498	20,554	46,052
2029	26,263	19,789	46,052
2030-2034	143,616	86,645	230,261
2035-2039	166,491	63,770	230,261
2040-2044	193,008	37,253	230,261
2045-2047	<u>130,264</u>	<u>7,892</u>	<u>138,156</u>
	<u>\$ 757,263</u>	<u>\$ 301,936</u>	<u>\$ 1,059,199</u>

In connection with the above notes payable, the District is subject to various covenants. As of December 31, 2024, the District was in compliance with all covenants and maintained a debt service reserve account of \$32,237 that is accounted for in the Water Activity Enterprise Fund as Cash Restricted for Debt Retirement.

NOTE 8 - AMENDMENT ONE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue-raising, spending abilities, and other specific requirements of state and local governments.

The entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property, sales, fund transfers, damage awards, and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves have been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations in the amendment's language in order to determine its compliance.

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9– INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between the District funds for the reimbursement of expenditures. Related inter-fund receivables and payables are classified as “due from the other fund” and “due to other fund” on the balance sheet and statement of net position and will be settled within one year. As of December 31, 2024, the inter-fund receivable and payable was \$0, respectively.

NOTE 10– COMMITMENTS

Town of Poncha Springs, Colorado

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

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

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

Board of Water Works of Pueblo, Colorado

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

Town of Buena Vista, Colorado - Cottonwood Lake

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

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

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

Fremont County Transportation Department – Augmentation Agreement

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

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – COMMITMENTS (Continued)

Lakeside Estates Preserve HOA – Augmentation Agreement

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

Town of Buena Vista – Water Augmentation Agreement

The District entered into an agreement with the Town of Buena Vista on February 8, 2024 for the provision of up to 50 acre-feet of augmentation per calendar year to cover the Town's out of priority depletions on Cottonwood Creek and the Arkansas River. Of the 50 acre-feet commitment, no more than 10 acre feet of replacements shall be provided on Cottonwood Creek, with the balance being replacements to the mainstem of the Arkansas River. The cost of the water augmentation commitment, to be granted in perpetuity, is \$38,500.00 per acre-foot for a total of \$1,925,000.00. The water is to be purchased on an installment plan of 5 acre-feet per year at a price of \$192,500.00 per year though there is no penalty if the Town wishes to accelerate the purchases. A 4% per annum interest rate will apply to the unpaid total balance and the accrued interest is due annually.

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON A BUDGETARY BASIS

GENERAL FUND

YEAR ENDED DECEMBER 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
TAXES	\$ 688,599	\$ 688,599	\$ 751,626	\$ 63,027
INTEREST AND OTHER	20,500	20,500	28,306	7,806
TOTAL REVENUES	709,099	709,099	779,932	70,833
EXPENDITURES				
GENERAL GOVERNMENT	1,459,281	1,459,281	577,393	881,888
REVENUES OVER (UNDER) EXPENDITURES	(750,182)	(750,182)	202,539	952,721
FUND BALANCE JANUARY 1	750,182	750,182	750,182	-
FUND BALANCE DECEMBER 31	\$ -	\$ -	\$ 952,721	\$ 952,721

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT

SUPPLEMENTARY INFORMATION

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

BALANCE SHEET

GENERAL FUND

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CASH	\$ 603,227	\$ 410,179
INVESTMENTS	386,701	366,790
TAXES RECEIVABLE	<u>649,917</u>	<u>624,012</u>
 TOTAL ASSETS	 <u>\$ 1,639,845</u>	 <u>\$ 1,400,981</u>
 LIABILITIES		
ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$ 41,365	\$ 27,295
DUE TO WATER ACTIVITY ENTERPRISE	<u>-</u>	<u>4,945</u>
 TOTAL LIABILITIES	 41,365	 32,240
 DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	<u>645,759</u>	<u>618,559</u>
 FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR	17,300	15,200
UNASSIGNED	<u>935,421</u>	<u>734,982</u>
 TOTAL FUND BALANCE	 <u>952,721</u>	 <u>750,182</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 1,639,845</u>	 <u>\$ 1,400,981</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
REAL PROPERTY TAXES	\$ 684,334	\$ 577,576
SPECIFIC OWNERSHIP	67,292	72,773
INTEREST ON SAVINGS	28,306	17,231
OTHER	-	1,417
TOTAL REVENUES	<u>779,932</u>	<u>668,997</u>
EXPENDITURES		
GENERAL GOVERNMENT		
ADVERTISING	4,371	2,505
AUTO	3,661	6,208
DUES AND SUBSCRIPTIONS	5,998	4,153
INSURANCE	16,578	16,953
HEALTH INSURANCE	22,654	25,578
LEGAL AND PROFESSIONAL	71,094	52,260
ACCOUNTING AND AUDIT	23,990	24,433
MEALS	6,170	4,438
OFFICE	36,363	21,297
PENSION	10,457	9,106
PAYROLL TAXES	13,946	13,703
TELEPHONE	6,452	7,225
TRAVEL	7,309	11,851
SPONSORSHIPS	5,100	3,500
UTILITIES	9,606	8,560
REPAIRS AND MAINTENANCE	3,361	1,115
EQUIPMENT RENT	12,275	12,774
SALARIES	150,355	141,527
DIRECTORS FEES	31,000	31,200
TREASURERS FEES	19,296	19,088
ENGINEERING	59,851	47,196
EDUCATION	18,404	4,198
IT SERVICES	39,102	38,170
TOTAL EXPENDITURES	<u>577,393</u>	<u>507,038</u>
REVENUES OVER (UNDER) EXPENDITURES	202,539	161,959
FUND BALANCE JANUARY 1	<u>750,182</u>	<u>588,223</u>
FUND BALANCE DECEMBER 31	<u>\$ 952,721</u>	<u>\$ 750,182</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

WATER ACTIVITY ENTERPRISE FUND

DECEMBER 31, 2024 AND 2023

	2024	2023
CURRENT ASSETS		
CASH & CASH EQUIVALENTS	\$ 338,239	\$ 229,306
INVESTMENTS	5,684,063	4,805,055
ACCOUNTS RECEIVABLE	2,361	2,323
REIMBURSEMENT RECEIVABLE	32,562	138,048
WATER INVENTORY	110,569	85,929
PREPAID EXPENSES	160,627	148,395
DUE FROM GENERAL FUND	-	4,945
TOTAL CURRENT ASSETS	<u>6,328,421</u>	<u>5,414,001</u>
RESTRICTED ASSETS		
CASH RESTRICTED FOR DEBT RETIREMENT	<u>32,237</u>	<u>27,631</u>
CAPITAL ASSETS		
LAND	540,000	540,000
WATER SHARES AND RIGHTS	2,780,245	2,780,245
PROPERTY AND EQUIPMENT	2,256,184	2,253,084
DAM AND RESERVOIR IMPROVEMENTS	1,067,958	1,067,958
ACCUMULATED DEPRECIATION	<u>(1,906,277)</u>	<u>(1,842,457)</u>
CAPITAL ASSETS NET OF DEPRECIATION	<u>4,738,110</u>	<u>4,798,830</u>
TOTAL ASSETS	<u>\$ 11,098,768</u>	<u>\$ 10,240,462</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 12,744	\$ 21,819
ACCRUED EXPENSES	52,352	37,360
UNEARNED REVENUES	12,218	56,599
NOTE PAYABLE - CURRENT	<u>23,334</u>	<u>22,655</u>
TOTAL CURRENT LIABILITIES	<u>100,648</u>	<u>138,433</u>
TERM LIABILITIES		
NOTE PAYABLE	<u>733,929</u>	<u>757,263</u>
TOTAL TERM LIABILITIES	<u>733,929</u>	<u>757,263</u>
TOTAL LIABILITIES	<u>834,577</u>	<u>895,696</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	3,980,847	4,018,912
RESTRICTED FOR DEBT SERVICE	32,237	27,631
UNRESTRICTED	<u>6,251,107</u>	<u>5,298,223</u>
TOTAL NET POSITION	<u>10,264,191</u>	<u>9,344,766</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,098,768</u>	<u>\$ 10,240,462</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
SALE OF WATER	\$ 766,772	\$ 474,693
WELL PERMITS	6,400	7,600
MAINTENANCE FEES	840,570	724,601
APPLICATION FEES	8,195	10,666
STORAGE FEES	18,229	11,651
OWNERSHIP TRANSFER FEES	2,500	2,150
FUNDED WATER STUDIES REIMBURSEMENTS	91,073	82,247
TOTAL OPERATING REVENUES	<u>1,733,739</u>	<u>1,313,608</u>
OPERATING EXPENSES		
DEPRECIATION	63,820	53,138
INSURANCE - HEALTH	39,335	35,032
LEGAL AND PROFESSIONAL	49,561	85,662
REPAIRS AND MAINTENANCE	10,537	13,387
PENSION	30,604	28,345
SALARIES AND WAGES	434,165	358,828
PAYROLL TAXES	34,541	28,109
SUPPLIES	3,352	6,812
WATER STORAGE FEES & PURCHASE	223,586	180,704
FUNDED WATER STUDIES	90,222	23,215
SPECIAL USE FEES	47,905	25,568
WATER APPLICATIONS & ASSESSMENTS	3,700	3,750
WELL PERMITS	5,809	7,600
ENGINEERING	73,226	125,264
OTHER	1,857	3,796
TOTAL OPERATING EXPENSES	<u>1,112,220</u>	<u>979,210</u>
OPERATING INCOME	<u>621,519</u>	<u>334,398</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST EXPENSE	(23,398)	(24,057)
REIMBURSEMENT FOR SERVICES	114,771	124,751
WATER CONSERVATION SERVICES	(114,771)	(56,757)
RENTAL INCOME	34,000	39,775
INTEREST INCOME	287,304	240,675
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>297,906</u>	<u>324,387</u>
CHANGE IN NET POSITION	919,425	658,785
NET POSITION JANUARY 1	<u>9,344,766</u>	<u>8,685,981</u>
NET POSITION DECEMBER 31	<u>\$ 10,264,191</u>	<u>\$ 9,344,766</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,689,320	\$ 1,415,441
CASH PAYMENTS TO OTHER SUPPLIERS OF GOODS OR SERVICES	(538,645)	(503,271)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(527,852)	(450,314)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>622,823</u>	<u>461,856</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
RENTS RECEIVED	34,000	39,775
DUE FROM GENERAL FUND	4,945	(4,945)
CASH RECEIVED FROM REIMBURSEMENTS	220,257	44,222
CASH PAYMENTS FOR WATER CONSERVATION SERVICES	(127,629)	(56,371)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>131,573</u>	<u>22,681</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(3,100)	(134,425)
LOAN PAYMENTS	(22,655)	(21,995)
INTEREST PAID	(23,398)	(24,057)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(49,153)</u>	<u>(180,477)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	287,304	240,675
PURCHASE OF INVESTMENTS	(879,008)	(1,482,899)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(591,704)</u>	<u>(1,242,224)</u>
NET CHANGE IN CASH AND RESTRICTED CASH	113,539	(938,164)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	<u>256,937</u>	<u>1,195,101</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 370,476</u>	<u>\$ 256,937</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 621,519	\$ 334,398
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION	63,820	53,138
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLES	(38)	159,493
WATER INVENTORY	(24,640)	(21,472)
PREPAID EXPENSES	(12,232)	22,502
ACCOUNTS PAYABLE	3,783	(27,117)
ACCRUED EXPENSES	14,992	(1,426)
UNEARNED REVENUES	(44,381)	(57,660)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 622,823</u>	<u>\$ 461,856</u>

UPPER ARKANSAS WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL ON A BUDGETARY BASIS

WATER ACTIVITY ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
SALE OF WATER	\$ 731,425	\$ 731,425	\$ 766,772	\$ 35,347
WELL PERMITS	10,000	10,000	6,400	(3,600)
MAINTENANCE FEES	840,936	840,936	840,570	(366)
APPLICATION FEES	15,000	15,000	8,195	(6,805)
STORAGE FEES	25,000	25,000	18,229	(6,771)
OWNERSHIP TRANSFER FEES	3,000	3,000	2,500	(500)
FUNDED WATER STUDIES REIMBURSEMENTS	86,469	86,469	91,073	4,604
RENTAL INCOME	37,000	37,000	34,000	(3,000)
REIMBURSEMENT FOR SERVICES	777,646	777,646	114,771	(662,875)
INTEREST	258,000	258,000	287,304	29,304
TOTAL REVENUES	2,784,476	2,784,476	2,169,814	(614,662)
EXPENDITURES				
CAPITAL OUTLAY	6,055,213	6,055,213	3,100	6,052,113
INTEREST	23,397	23,397	23,398	(1)
LEGAL AND PROFESSIONAL	120,000	120,000	49,561	70,439
REPAIRS AND MAINTENANCE	10,000	10,000	10,537	(537)
PENSION	30,604	30,604	30,604	-
SALARIES AND WAGES	382,549	382,549	434,165	(51,616)
PAYROLL TAXES AND BENEFITS	78,872	78,872	73,876	4,996
SUPPLIES	25,000	25,000	3,352	21,648
WATER STORAGE FEES & PURCHASE	114,147	114,147	223,586	(109,439)
FUNDED WATER STUDIES	1,304,539	1,304,539	90,222	1,214,317
SPECIAL USE FEES	-	-	47,905	(47,905)
WATER APPLICATIONS & ASSESSMENTS	-	-	3,700	(3,700)
WELL PERMITS	10,000	10,000	5,809	4,191
ENGINEERING	150,000	150,000	73,226	76,774
DEPRECIATION AND AMORTIZATION	54,000	54,000	63,820	(9,820)
WATER CONSERVATION SERVICES	-	-	114,771	(114,771)
DEBT SERVICE	22,655	22,655	22,655	-
OTHER	3,500	3,500	1,857	1,643
TOTAL EXPENDITURES	8,384,476	8,384,476	1,276,144	7,108,332
REVENUE OVER (UNDER) EXPENDITURES	\$ (5,600,000)	\$ (5,600,000)	893,670	\$ 6,493,670
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT SERVICE			22,655	
ACQUISITION OF CAPITAL ASSETS			3,100	
CHANGE IN NET POSITION			919,425	
NET POSITION JANUARY 1			9,344,766	
NET POSITION DECEMBER 31			\$ 10,264,191	