

Upper Gunnison River Water Conservancy District
Financial Statements
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of directors
Upper Gunnison River Water Conservancy District
Gunnison Colorado

Opinions

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

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

Basis for Opinions

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

- Exercise professional judgment and maintain professional skepticism throughout the audit. In performing an audit in accordance with generally accepted auditing standards, we:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

Supplementary Information

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

Blair and Associates, P.C.

Cedaredge, Colorado
June 13, 2025

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2024

As management of the Upper Gunnison River Water Conservancy District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

General Background

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

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

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

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

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$8,249,813 (i.e., net position) as of December 31, 2024, an increase of \$919,893 in comparison to the prior year.
- The District's Net Position for Governmental Activities was \$5,086,464, an increase of \$484,747 in comparison to the prior year.
- General property taxes totaled \$2,321,700 or 89% of general revenues.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2024

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

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

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2024

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

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

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

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2024, the District's combined assets exceeded liabilities by \$8,249,813. Of this amount, \$5,685,165 is unrestricted and available to meet the District's ongoing financial obligations.

A portion of Net Position is the investment in capital assets (net of accumulated depreciation) of \$2,481,158 (30% of Net Position). This amount reflects the investment in all capital assets (e.g., infrastructure, land, dams, reservoirs, and office equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2024

The following table summarizes the District's governmental and business-type Net Position for 2024 and 2023:

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 4,420,138	\$ 4,144,576	\$ 442,971	\$ 391,039	\$ 4,863,109	\$ 4,535,615
Capital assets	1,487,033	1,402,153	994,125	997,354	2,481,158	2,399,507
Long-term Assets	3,153,126	2,677,290	300,125	-	3,453,251	2,677,290
Total assets	<u>9,060,297</u>	<u>8,224,019</u>	<u>1,737,221</u>	<u>1,388,393</u>	<u>10,797,518</u>	<u>9,612,412</u>
Current Liabilities						
	300,442	174,917	-	243	300,442	175,160
Non-current liabilities						
Compensated absences	60,905	62,059	-	-	60,905	62,059
Total liabilities	<u>361,347</u>	<u>236,976</u>	<u>-</u>	<u>243</u>	<u>361,347</u>	<u>237,219</u>
Deferred Inflow of Resources						
Lease income	78,015	-	-	-	78,015	-
Property taxes	2,108,343	2,045,272	-	-	2,108,343	2,045,272
Total Deferred Inflows	<u>2,186,358</u>	<u>2,045,272</u>	<u>-</u>	<u>-</u>	<u>2,186,358</u>	<u>2,045,272</u>
Net Position						
Investment in capital assets, net of related debt	1,487,033	1,402,153	994,125	997,354	2,481,158	2,399,507
Restricted	83,490	63,257	-	-	83,490	63,257
Nonspendable	22,631	7,070	-	-	22,631	7,070
Unrestricted	4,919,438	4,415,107	743,096	390,796	5,662,534	4,805,903
Total net position	<u>\$ 6,512,592</u>	<u>\$ 5,887,587</u>	<u>\$ 1,737,221</u>	<u>\$ 1,388,150</u>	<u>\$ 8,249,813</u>	<u>\$ 7,275,737</u>

An additional portion of net position, \$83,490, represents resources that are subject to external restrictions on how they may be used, the nonspendable amount represents prepaid expenses and therefore are not available funds to spend. The remaining balance of unrestricted net position, \$5,662,534 (69% of Net Position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

Governmental and business-type activities increased the District's Net Position by \$919,892 in 2024.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2024

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 712,275	\$ 842,364	\$ 375,446	\$ 51,166	\$ 1,087,721	\$ 893,530
General Revenues						
Taxes	2,321,700	1,637,729	-	-	2,321,700	1,637,729
Miscellaneous	61,868	108,507	-	-	61,868	108,507
Interest income	225,647	203,391	21,874	19,823	247,521	223,214
Totals	<u>3,321,490</u>	<u>2,791,991</u>	<u>397,320</u>	<u>70,989</u>	<u>3,718,810</u>	<u>2,862,980</u>
Expenses						
Salaries & Benefits	814,514	722,530	36,173	31,724	850,687	754,254
Public Outreach	57,220	44,545	-	-	57,220	44,545
Legal & Accounting	47,178	49,751	1,960	2,079	49,138	51,830
Occupancy Expenses	40,200	46,859	1,052	1,200	41,252	48,059
Bonding & Insurance	15,818	15,040	650	1,496	16,468	16,536
Office Expense	138,743	90,932	1,045	1,200	139,788	92,132
Board of Directors Expenses	13,553	11,439	649	614	14,202	12,053
Board of Directors Fees	11,700	16,223	-	-	11,700	16,223
General & administrative	26,834	28,677	1,402	32,845	28,236	61,522
Membership & Dues	17,539	14,689	-	-	17,539	14,689
Computer Expense	16,141	36,641	-	-	16,141	36,641
Vehicle Expense	2,769	3,065	-	-	2,769	3,065
Lake Fork conservancy	10,000	10,000	-	-	10,000	10,000
Fish Recovery Program	750	3,000	-	-	750	3,000
Taylor Park Project	7,436	7,436	-	-	7,436	7,436
Watershed Program	409,158	264,425	-	-	409,158	264,425
Aspinall Expense	25,223	29,357	-	-	25,223	29,357
Consulting & Engineering	19,913	19,119	2,088	-	22,001	19,119
Regional Water Supply Improv.	396,364	4,035	-	-	396,364	4,035
Water Quality Program	234,885	214,622	-	-	234,885	214,622
Wet Meadows Program	108,091	196,555	-	-	108,091	196,555
Water Supply & Improvements	(4,498)	69,190	-	-	(4,498)	69,190
Lake San Cristobal	13,972	13,464	-	-	13,972	13,464
Cloud Seeding Program	-	167,659	-	-	-	167,659
Grant Programs	200,708	240,811	-	-	200,708	240,811
Donation-Dust on Snowpack	3,500	3,500	-	-	3,500	3,500
Capital Outlays	-	-	-	-	-	-
Depreciation Expense	68,774	56,169	3,230	3,229	72,004	59,398
Total Expenses	<u>2,696,485</u>	<u>2,379,733</u>	<u>48,249</u>	<u>74,387</u>	<u>2,744,734</u>	<u>2,454,120</u>
Increase in net assets	625,005	412,258	349,071	(3,398)	974,076	408,860
Beginning	5,887,587	5,475,329	1,388,150	1,391,548	7,275,737	6,866,877
Ending	<u>\$ 6,512,592</u>	<u>\$ 5,887,587</u>	<u>\$ 1,737,221</u>	<u>\$ 1,388,150</u>	<u>\$ 8,249,813</u>	<u>\$ 7,275,737</u>

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
December 31, 2024

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

The District has one governmental fund, the General Fund, which is the primary operating fund for the District. At the end of 2024, the unassigned fund balance of the General Fund was \$4,980,343 while the total fund balance was \$5,086,464. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned net position and total net position to total fund expenditures. The fund balance of the District's General Fund increased by \$484,787 during 2024.

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

The District has one enterprise fund: Water Enterprise Fund. At the end of 2024, the fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$ 743,096
Total net position	\$ 1,737,221
Increase in net position	\$ 349,071

The substantial increase in services charged, and the reason net position increased so significantly over 2024, was due to a large block of water (Units) being purchased by one entity.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District budgeted \$3,364,315 for 2024 expenditures. Actual expenditures were \$2,782,520.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental and business-type activities as of December 31, 2024, was \$2,481,158.

Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
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	Balance 12/31/2023	Increase	Decrease	Balance 12/31/2024
<u>Governmental Funds</u>				
Building and Land	\$ 1,528,247	\$ 136,548	\$ -	\$ 1,664,795
Office Equipment	105,420	17,105	-	122,525
Vehicles	91,111	-	-	91,111
Less Accumulated Depreciation	(322,625)	(68,773)	-	(391,398)
Net Governmental Capital Assets	<u>\$ 1,402,153</u>	<u>\$ 84,880</u>	<u>\$ -</u>	<u>\$ 1,487,033</u>
<u>Business-type Activities</u>				
Asset not being depreciated	\$ 942,457	\$ -	\$ -	\$ 942,457
Asset being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	(58,126)	(3,230)	-	(61,356)
Net Depreciable Capital Assets	<u>54,898</u>	<u>(3,230)</u>	<u>-</u>	<u>51,668</u>
Total Business-type Capital Assets	<u>\$ 997,355</u>	<u>\$ (3,230)</u>	<u>\$ -</u>	<u>\$ 994,125</u>

ECONOMIC FACTORS 2024

General Fund Highlights: 2024 revenue from the District's mill-levy (i.e., tax on residential and commercial properties) increased by \$683,971. The District's 2024 net position for the General Fund was \$5,086,464 an increase of \$484,787 over the prior year (2023 net position was \$4,601,677).

Enterprise Highlights: The Water Activity Enterprise's net position increased in 2024 by \$349,071 primarily related to an increase in unrestricted net assets associated with the sale of 91 augmentation base units.

Government Wide Activities: In 2024, the District saw an overall increase in Government-Wide Program Revenue (i.e., General Fund and Enterprise) of \$855,830 and charges for services overall increased by \$194,191. The District's 2024 government-wide net position was \$8,249,813 representing an increase in 2024 of \$919,893 over the prior year. A very positive indicator of the District's continuing strong financial position.

Next Year's Budget (2026)

At the time of the writing of this MD&A, there is significant economic uncertainty due to the federal administration's imposition of tariffs on global trading partners. Higher prices for materials like pipe and steel may increase the cost of water conservation and efficiency projects happening throughout the basin.

The District currently maintains 6 full-time employees and 1 part-time employee as well as temporary seasonal staffing (numbers vary year to year). Wage pressure remains due to high local housing costs and high interest rates for borrowing which may impact employment retention in the District. In addition, inflation remains high, impacting the costs of goods and services for things like groceries, utilities, gasoline, etc. The District will also likely see an 8 - 13 percent increase for health insurance in 2026 as people across the nation start to seek medical care not obtained during pandemic years (2020-2023).

**Upper Gunnison River Water Conservancy District
Management's Discussion and Analysis
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On the positive side, District staff have been able to raise significant annual outside grant program funding to support implementation of water resource projects throughout the basin and leverage the District's investment in water resource infrastructure and programming. Because of their strong technical and administrative skillsets, the District has been able to offset payroll expenses through grant reimbursements related to salaries and benefits because our staff are able to deliver many of the services identified in the grants the District receives and manages.

Finally, interest rates on District investments (certificates of deposit and treasury bonds) remain high at 3.8 to 4.3 percent compared to historical levels which supports our on-going strong net position (i.e., pre-COVID return on investment was around 1%). The District is also seeing additional stable income from the lease of District office spaces to conservation focused entities as a result of our investment in and full ownership of the Spencer Avenue building.

Request for Information

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Government-Wide
Statement of Net Position
December 31, 2024

	Primary Government		Totals
	Governmental Activities	Business Type Activities	
Assets			
Current Assets:			
Cash & equivalents	\$ 160,374	\$ 137,844	\$ 298,218
Certificates of deposits	369,080	-	369,080
Investments-ColoTrust	1,546,973	298,947	1,845,920
Accounts receivable	188,533	-	188,533
Due from other Governments	9,388	-	9,388
Property taxes Receivable	2,108,343	-	2,108,343
Accrued Interest Receivable	14,816	6,180	20,996
Prepaid expenses	22,631	-	22,631
Total Current Assets	4,420,138	442,971	4,863,109
Long-term Assets:			
Lease receivable	78,015	-	78,015
Investments	3,075,111	300,125	3,375,236
Total Long-term Assets	3,153,126	300,125	3,453,251
Capital Assets:			
Office equipment	122,525	-	122,525
Office building & land	1,664,795	-	1,664,795
Vehicle	91,111	-	91,111
Dam rehabilitation	-	113,024	113,024
Meridian Lake Reservoir	-	942,457	942,457
Less accumulated depreciation	(391,398)	(61,356)	(452,754)
Net Capital Assets	1,487,033	994,125	2,481,158
TOTAL ASSETS	9,060,297	1,737,221	10,797,518
Liabilities			
Accounts payable	287,114	-	287,114
Accrued liabilities	13,328	-	13,328
Total Current Liabilities	300,442	-	300,442
Noncurrent Liabilities:			
Compensated absences	60,905	-	60,905
TOTAL LIABILITIES	361,347	-	361,347
Deferred Inflow of Resources			
Lease income	78,015	-	78,015
Property taxes	2,108,343	-	2,108,343
TOTAL DEFERRED INFLOWS	2,186,358	-	2,186,358
Net Position			
Investment in capital assets	1,487,033	994,125	2,481,158
Restricted for TABOR reserve	83,490	-	83,490
Unrestricted	4,942,069	743,096	5,685,165
TOTAL NET POSITION	\$ 6,512,592	\$ 1,737,221	\$ 8,249,813

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Government-Wide
Statement of Activities
December 31, 2024

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
Expenses Programs			
Salaries & Benefits	\$ 814,514	\$ 36,173	\$ 850,687
Public Outreach	57,220	-	57,220
Legal & Accounting	47,178	1,960	49,138
Occupancy Expenses	40,200	1,052	41,252
Bonding & Insurance	15,818	650	16,468
Office Expense	138,743	1,045	139,788
Board of Directors Expenses	13,553	649	14,202
Board of Directors Fees	11,700	-	11,700
General & Administrative	26,834	1,402	28,236
Membership & Dues	17,539	-	17,539
Computer Expense	16,141	-	16,141
Vehicle Expense	2,769	-	2,769
Lake Fork Conservancy	10,000	-	10,000
Fish Recovery	750	-	750
Taylor Park Project	7,436	-	7,436
Aspinall Expense	25,223	-	25,223
Consulting & Engineering Expense	19,913	2,088	22,001
Regional Water Supply Improvement	396,364	-	396,364
Lake San Cristobal	13,972	-	13,972
Watershed program costs	19,450	-	19,450
Wet Meadows program costs	10,000	-	10,000
Water Quality Monitoring program costs	3,887	-	3,887
Water Supply	(4,498)	-	(4,498)
Watershed Management General	389,708	-	389,708
Wet Meadows - General	98,091	-	98,091
Water Quality Monitoring-General	230,998	-	230,998
Grant Program Expense	200,708	-	200,708
Donation-Dust on Snowpack	3,500	-	3,500
Depreciation	68,774	3,230	72,004
TOTAL PROGRAM EXPENSES	<u>2,696,485</u>	<u>48,249</u>	<u>2,744,734</u>
Program Revenue			
Basin Wide Planning	543,763	-	543,763
Cloud Seeding Program	141,850	-	141,850
Charges for services	26,662	375,446	402,108
Total Program Revenue	<u>712,275</u>	<u>375,446</u>	<u>1,087,721</u>
NET PROGRAM REVENUE(EXPENSES)	<u>(1,984,210)</u>	<u>327,197</u>	<u>(1,657,013)</u>
General Revenues			
Property taxes	2,321,700	-	2,321,700
Interest on deposits and investments	225,647	21,874	247,521
Miscellaneous	61,868	-	61,868
TOTAL GENERAL REVENUES	<u>2,609,215</u>	<u>21,874</u>	<u>2,631,089</u>
Change in Net Position	<u>625,005</u>	<u>349,071</u>	<u>974,076</u>
Net Position - January 1	5,887,587	1,388,150	7,275,737
Net Position - December 31	<u>\$ 6,512,592</u>	<u>\$ 1,737,221</u>	<u>\$ 8,249,813</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Balance Sheet - General Fund
December 31, 2024

Assets

Current Assets:

Cash & equivalents	\$	160,374
Certificates of deposits		369,080
Investment-ColoTrust		1,546,973
Due from other Governments		9,388
Accounts receivable		188,533
Property taxes receivable		2,108,343
Accrued interest receivable		14,816
Prepaid expense		22,631
Total Current Assets		4,420,138

Long-term Assets:

Lease Receivable		78,015
Investments		3,075,111
Total long-term Assets		3,153,126
TOTAL ASSETS		7,573,264

Liabilities

Accounts payable		287,114
Accrued Liabilities		13,328
TOTAL LIABILITIES		300,442

Deferred Inflow of Resources

Lease income		78,015
Property taxes		2,108,343
TOTAL DEFERRED INFLOW OF RESOURCES		2,186,358

Fund Balance

Restricted for TABOR reserve		83,490
Nonspendable		22,631
Unassigned		4,980,343
TOTAL FUND BALANCE		\$ 5,086,464

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Reconciliation of the General Fund Balance to
the Statement of Net Position
December 31, 2024

Total General Fund Balance	\$	5,086,464
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the governmental funds.		1,487,033
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported as expenditures in the funds.		(60,905)
Net position of Governmental Activities.	<u>\$</u>	<u>6,512,592</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures and Change in Fund Balance - General Fund
For the Year Ended December 31, 2024

Revenues	
Taxes	\$ 2,321,700
Charges for services	26,662
Interest on deposits and investments	225,647
Watershed Management Income	197,256
Cloud seeding program	141,850
Wet Meadows Income	301,443
Water Quality Monitoring Income	42,393
Water Supply Income	2,671
Miscellaneous	61,868
TOTAL REVENUES	3,321,490
Expenditures	
Current:	
Salaries & Benefits	815,670
Public Outreach	57,220
Legal & Accounting	47,178
Occupancy Expenses	40,200
Bonding & Insurance	15,818
Office Expense	138,743
Board of Directors Expenses	13,553
Board of Directors Fees	11,700
General & Administrative	26,834
Membership & Dues	17,539
Computer Expense	16,141
Vehicle Expense	2,769
Lake Fork Conservancy	10,000
Fish Recovery	750
Taylor Park Project	7,436
Aspinall Expense	25,223
Consulting & Engineering Expense	19,913
Regional Water Supply Improvement	396,364
Lake San Cristobal	13,972
Watershed program costs	19,450
Coal Creek Watershed Coalition	10,000
Drought Contingency Contribution	3,887
Water Supply Costs	(4,498)
Watershed Management General	389,708
Wet Meadows - General	98,091
Water Quality Monitoring-General	230,998
Grant Program Expense	200,708
Donation-Dust on Snowpack	3,500
Capital Outlay	153,653
TOTAL EXPENDITURES	2,782,520
NET CHANGE IN NET POSITION	538,970
Fund Balance January 1	4,547,494
Fund Balance December 31	\$ 5,086,464

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
 Reconciliation of the General Fund Statement of Revenues, Expenditures,
 and Changes in Fund Balance to the Statement of Activities
 December 31, 2024

Net Change in Fund Balance - General Fund

Amounts reported for governmental activities in the statement of activities are different because:	\$	538,970
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount by which capital outlays exceeded depreciation in the current period.</p>		
Fixed assets added during year	\$ 153,653	
Depreciation	<u>(68,774)</u>	84,879
Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds		1,156
Change in Net Position of Governmental Activities	<u>\$</u>	<u><u>625,005</u></u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Net Position
Enterprise Fund
December 31, 2024

	<u>Water Enterprise Fund</u>
<i>Assets</i>	
<i>Current Assets:</i>	
Cash & equivalents	\$ 137,844
Accrued interest receivable	6,180
Investments-ColoTrust	298,947
Total Current Assets	<u>442,971</u>
 <i>Non-Current Assets:</i>	
Investments	<u>300,125</u>
 <i>Capital Assets:</i>	
Meridian Lake Reservoir	942,457
Dam Rehabilitation	113,024
Less Accumulated Depreciation	<u>(61,356)</u>
Net Capital Assets	<u>994,125</u>
Total Assets	<u>\$ 1,737,221</u>
 <i>Liabilities</i>	
<i>Current Liabilities</i>	
Accounts Payable	<u>\$ -</u>
Total Current Liabilities	<u>-</u>
 <i>Net Position</i>	
Invested in Capital Assets, Net of Related Debt	994,125
Unrestricted	743,096
Total Net Position	<u>\$ 1,737,221</u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenses and Change in Net Position
Enterprise Fund
For The Year Ended December 31, 2024

	Water Enterprise Fund
Operating Revenues:	
Charges for Services	\$ 375,446
Total Operating Revenue	<u>375,446</u>
Operating Expenses:	
Salaries & Benefits	36,173
Accounting & Legal	1,960
Occupancy Expenses	1,052
Bonding & Insurance	650
Office Expenses	1,045
General & Administrative	1,402
Board Expenses	649
Consulting & Engineering	2,088
Depreciation	3,230
Total Operating Expenses	<u>48,249</u>
Operating Income (Loss)	<u>327,197</u>
Non-Operating Revenues (Expenses)	
Interest Income	<u>21,874</u>
Total Non-Operating Revenues (Expense)	<u>21,874</u>
Income (Loss) Before Transfers	349,071
Total Net Position, January 1	1,388,150
Total Net Position, December 31	<u><u>\$ 1,737,221</u></u>

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

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Cash Flows
Enterprise Fund
For The Year Ended December 31, 2024

	Water Enterprise Fund
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 369,778
Payments to and on behalf of employees	(36,173)
Cash Payments for Goods and Services	(8,847)
Net Cash Provided (Used) by Operating Activities	324,758
Cash Flows From Investing Activities	
Increase in Investment	(208,545)
Interest on Investments	21,874
Net Cash Provided (Used) by Investing Activities	(186,671)
Net Increase (Decrease) in Cash & Cash Equivalents	138,087
Cash Balance, January 1	(243)
Cash Balance, December 31	\$ 137,844
Reconciling of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ 327,197
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	3,230
Assets (Increased) Decreased	
Accounts Receivable	269
Accrued Interest	(6,180)
Liabilities Increased (Decreased)	
Accounts Payable	243
Total Adjustments	(2,438)
Net Cash Provided (Used) by Operating Activities	\$ 324,759

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

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Water Enterprise Fund

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

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

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

Use of Estimates

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

Property Taxes Receivable

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

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of \$2,000 or greater.

Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets – continued

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

Office equipment	5-10 years
Dam rehabilitation	35 years

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

Compensated Absences

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

Net Position

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

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

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

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

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

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

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024

NOTE 4 – BUDGETS

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of the uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations secured by first lien mortgages on real property located in the state. PDPA allows the institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

On December 31, 2024, the carrying amounts of the District’s deposits were \$667,298. Of the bank balances, \$537,906 is covered by FDIC depository insurance, \$11,257 is covered by SPIC, and \$118,135 is covered by PDPA. Of the above bank balance, the General Fund’s share is \$529,454 and the Water Fund’s share is \$137,844.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain US government agency securities, certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's investment policy follows Colorado statutes. On December 31, 2024, the District's investments included certificates of deposit, funds held in COLOTRUST and long-term government bonds. The CD has a maturity of July 2025. The long-term Government investment maturities range from April 2025 to December 2029.

	Carrying Value	Cost	
Federal Farm Credit Banks (Level 2)	\$ 618,041	\$ 625,000	Moodys AAA; S&P AA+
Certificates of Deposits	243,830	245,000	
Federal Home Loan Bank (Level 2)	1,764,571	1,815,000	Moodys AAA; S&P AA+
Federal Home Mortgage (Level 2)	448,669	450,000	Moodys AAA; S&P AA+
	<u>\$ 3,075,111</u>	<u>\$ 3,135,000</u>	

Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024

NOTE 5 - DEPOSITS AND INVESTMENTS – continued

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

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

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

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

Level 3: Unobservable inputs for an asset or liability.

Net Asset Value Investment

The District had invested \$1,845,920 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes, and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. The Water Fund's share of the amount is \$298,947, and the General Fund's share is \$ 1,546,973 *These Investments are measured at Net Asset Value.*

**Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024**

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Increase	Decrease	Balance 12/31/2024
Governmental Funds				
Capital assets being depreciated				
Building and Land	\$ 1,528,247	\$ 136,548	\$ -	\$ 1,664,795
Office Equipment	105,420	17,105	-	122,525
Vehicle	91,111	-	-	91,111
Less Accumulated Depreciation	(322,625)	(68,773)	-	(391,398)
Governmental Activities Capital Assets, Net.	<u>\$ 1,402,153</u>	<u>\$ 84,880</u>	<u>\$ -</u>	<u>\$ 1,487,033</u>
Business-type Activities				
Capital assets not being depreciation	<u>\$ 942,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,457</u>
Capital assets being depreciated				
Dam Rehabilitation	113,024	-	-	113,024
Less Accumulated Depreciation	(58,126)	(3,230)	-	(61,356)
Total Capital Assets Being Depreciated	<u>54,898</u>	<u>(3,230)</u>	<u>-</u>	<u>51,668</u>
Business-Type Activities Capital Assets, Net.	<u>\$ 997,355</u>	<u>\$ (3,230)</u>	<u>\$ -</u>	<u>\$ 994,125</u>

Total depreciation expense for the General Fund for the year ended December 31, 2024, was \$ 68,773 which was charged to the General and Administrative function. Water Enterprise Fund had depreciation expense of \$3,230.

NOTE 7 - RETIREMENT PLANS

The District participates in the Colorado Retirement Association (CRA) that provides retirement benefits through a defined contribution money purchase plan (the Plan) to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. All employees must participate in the plan immediately after employment. The District has agreed to contribute 8% of employee compensation. The employee is required to contribute an amount equal to the District's contribution and may contribute up to 10% of the compensation. Employees are 100% vested once they are eligible to participate in the Plan. The covered payroll for the Plan was \$562,429 for the year ending December 31, 2024. The District and employees, each, contributed \$44,327, which is 8% of the covered payroll. The employer can authorize the term benefits and has the right to amend those terms.

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

NOTE 8 - RISK MANAGEMENT

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

**Upper Gunnison River Conservancy District
Notes to the Financial Statements
December 31, 2024**

NOTE 9 - COMMITMENTS

In 2007, the District entered into an agreement with Hinsdale County and the Town of Lake City to commission a feasibility study for a controlled outlet structure for Lake San Cristobal and the District. That project was ongoing as of December 31, 2024.

NOTE 10 – LEASES

The District leases a copier. The lease term is 60 months at \$243 per month. Below is the remaining lease payment schedule on December 31, 2024.

2025 \$ 972

The District also leases office space to three individuals. The leases are for one year only and are not automatically renewed. The rent is \$3,700 per month for the three leases. The lease terms run from July 2024 to November 2025. Rent collected in 2024 was \$19,985.

The District also is the lessor in a 3 year lease for office space. This lease is not automatically renewed at the end of the lease period and must be renegotiated. The monthly lease is \$2,500. A 5% interest was used in determining the future payments. The following shows the future lease receivable amount for the lease term.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 26,706	\$ 3,294	\$ 30,000
2026	28,072	1,928	30,000
2027	23,237	513	23,750
	<u>\$ 78,015</u>	<u>\$ 5,735</u>	<u>\$ 83,750</u>

NOTE 11 – FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

During 2024, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted funds constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision-making authority, in the District’s case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the District’s case that is the General Manager and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classifications in 2024.

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

The District does have fund classifications as follows:

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

NOTE 12 – RESTATEMENT OF FINANCIAL STATEMENTS

During 2024, the beginning net position was restatement for general administrative costs that should have been accrued in 2023. The effect on Net Position is as follows.

Beginning net position	\$ 5,941,770
Amount reinstated	<u>(54,183)</u>
Ending net position	<u>\$ 5,887,587</u>

REQUIRED SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Statement of Revenues, Expenditures and Change in Fund Balance - Budget & Actual
General Fund
For the Year Ended December 31, 2024

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes:			
Property	\$ 2,190,598	\$ 2,321,700	\$ 131,102
Total Taxes	<u>2,190,598</u>	<u>2,321,700</u>	<u>131,102</u>
Cloud Seeding Program	120,600	141,850	21,250
Watershed Management Program	231,914	197,256	(34,658)
Water Contract Sales	21,920	26,662	4,742
Water Quality Monitoring	42,393	42,393	-
Wet Meadows Program	320,470	301,443	(19,027)
Earnings on Deposits & Investments	60,000	225,647	165,647
Water Supply Income	-	2,671	2,671
Miscellaneous	68,696	61,868	(6,828)
Total Revenues	<u>3,056,591</u>	<u>3,321,490</u>	<u>264,899</u>
Expenditures			
Salaries & Benefits	799,151	815,670	(16,519)
Public Outreach	72,485	57,220	15,265
Legal & Accounting	61,000	47,178	13,822
Occupancy Expenses	32,310	40,200	(7,890)
Bonding & Insurance	15,000	15,818	(818)
Office Expense	119,410	138,743	(19,333)
Board of Directors Expenses	20,000	13,553	6,447
Board of Directors Fees	13,360	11,700	1,660
General & Administrative	64,000	26,834	37,166
Membership & Dues	16,475	17,539	(1,064)
Computer Expense	23,300	16,141	7,159
Vehicle Expense	7,000	2,769	4,231
Lake Fork Conservancy	10,000	10,000	-
Fish Recovery	3,000	750	2,250
Taylor Park Project	7,436	7,436	-
Aspinall Expense	27,420	25,223	2,197
Consulting & Engineering Expense	46,000	19,913	26,087
Regional Water Supply Improvement	450,500	396,364	54,136
Lake San Cristobal	13,464	13,972	(508)
Watershed program costs	-	19,450	(19,450)
Coal Creek Watershed Coalition	10,000	10,000	-
Drought Contingency Contribution	30,000	3,887	26,113
Water Supply	-	(4,498)	4,498
Watershed Management General	379,914	389,708	(9,794)
Wet Meadows - General	330,470	98,091	232,379
Water Quality Monitoring-General	169,930	230,998	(61,068)
Grant Program Expense	430,190	200,708	229,482
Capital Outlay	207,000	153,653	53,347
Other Expense	2,000	-	2,000
Donation-Dust on Snowpack	3,500	3,500	-
Total Expenditures	<u>3,364,315</u>	<u>2,782,520</u>	<u>581,795</u>
Excess of Revenues Over (Under) Expenditures	(307,724)	538,970	846,694
Fund Balance, January 1,	1,132,936	4,547,494	3,414,558
Fund Balance December 31,	<u>\$ 825,212</u>	<u>\$ 5,086,464</u>	<u>\$ 4,261,252</u>

OTHER SUPPLEMENTARY INFORMATION

UPPER GUNNISON RIVER WATER CONSERVANCY DISTRICT
Schedule of Revenues, Expenses and Change in Available Resources - Budget & Actual
Water Enterprise Fund
For the Year Ended December 31, 2024

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Annual Meridian Dues	\$ 53,000	\$ 55,503	\$ 2,503
Other Income	-	319,943	319,943
Earnings on Deposits & Investments	20,000	21,874	1,874
Total Revenues	<u>73,000</u>	<u>397,320</u>	<u>324,320</u>
Expenses			
Salaries & Benefits	28,900	36,173	7,273
Accounting & Legal	4,564	1,960	(2,604)
Occupancy Expenses	1,220	1,052	(168)
Bonding & Insurance	1,263	650	(613)
Office Expenses	2,429	1,045	(1,384)
General & Administrative	7,787	1,402	(6,385)
Board Expenses	810	649	(161)
Repairs & Maintenance	5,000	2,088	(2,912)
Total Expenses	<u>51,973</u>	<u>45,019</u>	<u>(6,954)</u>
Excess of Revenues Over (Under) Expenses	21,027	352,301	331,274
Reconciliation to Statement of Activities:			
Depreciation	-	(3,229)	(3,229)
Available Resources, January 1	29,657	1,388,150	1,358,493
Available Resources, December 31	<u>\$ 50,684</u>	<u>\$ 1,737,222</u>	<u>\$ 1,686,538</u>