LOWER SOUTH PLATTE WATER

CONSERVANCY DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Table of Contents

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net position	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet-Governmental Funds	9
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net position	10
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13-21
Required Supplementary Information	
General Fund	
Budgetary Comparison Schedule	22
Notes to the Required Supplementary Information	23-24
Other Supplementary Information	
General Fund	
Schedule of Revenues-Budget and Actual	25
Schedule of Expenditures-Budget and Actual	26
Combining Schedule of Assets, Liabilities and Fund Balance By Project	27
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance by Project	28
Combining Schedule of Revenues by Project	29
Combining Schedule of Expenditures by Project	30

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lower South Platte Water Conservancy District
Sterling, Colorado

Opinions

We have audited the accompanying financial statements of the aggregate governmental activities including the general fund, special revenue fund and capital reserve fund of the Lower South Platte Water Conservancy District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Lower South Platte Water Conservancy District as of December 31, 2025, and the respective changes in financial position 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 Lower South Platte 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Lower South Platte Water Conservancy District's ability to continue as a going concern for twelve months beyond the financial statement date, including and 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Lower South Platte 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt the Lower South Platte 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.

Other Matters

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 on pages 3-6 and 22-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Fort Morgan, Colorado

September 24, 2026

This section of the Lower South Platte Water Conservancy District's (District) annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- The District remains in good financial condition.
- The assets of the District exceeded its liabilities at the close of 2025 by $2,590,047. Of this amount $1,972,518 or 77% is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- During the year, the District's revenue from taxes and other revenues for governmental programs were greater than the expenses by $777,939

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the District's assets, liabilities and deferred inflows and outflows, with the difference between the groups reported as net position. Over time, 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 fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the District are as follows:

- **Governmental activities**. All of the District's basic services are included here, such as the District's meter certification program, water accounting services, Northeast Colorado Water Cooperative management, well augmentation management under the Julesburg Recharge Project, District 64 Reservoir Company management, water supply development feasibility, South Platte Water Related Activities Program technical services and administration, Platte Valley Water Partnership planning and implementation, in addition to other technical services, general administration, and regional education. Property taxes finance general administration, management, and water supply development feasibility. User fees finance the Julesburg Recharge Project, water accounting services, meter certification services, and other technical services.

The government-wide financial statements can be found starting on page 7 of this report.

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. Some funds are required to be established by State law, however, the District's Board has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (General Fund and the Capital Reserve Fund). Both of the funds of the District are governmental funds.

Governmental funds. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them. The basic governmental fund financial statements can be found starting on page 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by $2,590,047 at the close of 2025.

Net Position

Combined net position of the District as of December 31, 2025 and 2024 are shown in Table 1 below. For comparative purposes deferred outflows and inflows have been show as assets and liabilities as in the past.

Table 1
NET POSITION

	2025	2024	% Change
Current and other assets	$ 2,068,342	$ 1,673,373	23,61%
Capital assets	583,129	632,637	(7.83)%
Total assets	$ 2,651,471	$ 2,306,010	14.98%
Long-term debt outstanding	$ -	$ -	0%
Other liabilities	61,424	126,716	(51.53)%
Total liabilities	61,424	126,716	(51.53)%
Deferred Inflows of Resources			
Net position			
Invested in capital assets	583,129	632,637	(7.83)%
Restricted for emergencies	34,400	35,197	(2.27)%
Unrestricted	1,972,518	1,144,274	72.39%
Total net position	2,590,047	1,812,108	42.93%
Total liabilities and net position	$ 2,651,471	$ 2,306,010	14.98%

Net Position (continued)
The largest portion of the Districts net position, 77% reflects unrestricted net position that may be used to meet the Districts ongoing obligations to its citizens and creditors. In addition, a portion of the District's net position, 22%, reflects it's investment in capital assets. The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. The remaining balance of restricted net position, 1% represents resources that are subject to external restrictions on how they may be used.

At the end of 2025 the District is able to report positive balances in all three categories of net position.

Changes in net position

The District's total revenue of $1,950,181 was greater than program expenses of $1,172,242 for an increase in net position of $777,939.

Changes in Net position as of December 31, 2025 and 20224 are shown in Table 2 below.

Table 2
CHANGES IN NET POSITION

Program revenues	2025	2024	% Change
Charges for services	$ 1,494,542	$ 342,490	336.38%
Operating grants and contributions	-	-	0.00%
General revenues			
Property and related taxes	403,947	862,155	(53.15)%
Miscellaneous	1,749	6,585	(73.44)%
Investment earnings	49,943	40,488	23.36%
Total revenues	1,950,181	1 251 718	55.80%
Program expenses			
General government	735,246	578,924	27,01%
Conservation	387,488	452,961	(14.46)%
Depreciation	49,508	51,825	(4.47)%
Interest on long-term debt	-	-	0.00%
Total expenses	1,172,242	1,083,710	8.17%
Change in net position	777,939	168,008	363.04%
Net position at beginning of year	1,812,108	1,644,100	10.22%
Net position at end of year	$ 2,590,047	$ 1,812,108	42.93%

Governmental Activities

Revenue for the District's governmental activities totaled $1,950,181 for 2025. Tax revenue produced 21% of these revenues. Tax revenue includes property and specific ownership taxes.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance of $2,000,409.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were $53,384 greater than the final budget amounts due to higher than expected operating project costs.

CAPITAL ASSETS AND DEBT ADMINSTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2025, amounts to $583,129 (net of accumulated depreciation). This amount includes a broad range of capital assets, including buildings and improvements, equipment, furniture & fixtures and transportation equipment, and the Heyborne wetlands project.

The District remains committed to the upkeep and maintenance of the District's assets. More detailed information about the District's capital assets is presented in Table 3.

Table 3
CAPITAL ASSETS ON DECEMBER 31, 2024

Buildings and improvements	$ 446,391
Equipment and furniture	493
Transportation equipment	54,172
Heyborne wetlands project	82,073
Total	$ 583,129

Long-term debt. The District does not have any long-term debt outstanding at year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District is in a good financial position. The District's 2025 revenues were noticeably higher than expenditures due to increased service revenue. Expenditures are projected to decrease slightly in the future with reduced consulting work for water supply development. In addition, tax revenues will significantly decrease over the next few years to provide temporary tax credit to taxpayers for the overcollection of tax revenue from 2020 through 2024. However, service revenue is expected to increase during the same timeframe, due to increasing services provided by the District, and the further advancement of water supply projects for District water users.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Lower South Platte Water Conservancy District, 615 South 10th Avenue, Sterling, Colorado 80751.

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
As of December 31, 2025

	Governmental Activities
Assets	
Cash	$ 155,434
Cash with county treasurer	5,471
Investments	1,608,579
Accounts receivable	274,703
Prepaid expenses	24,155
Capital assets, net of depreciation	583,129
Total Assets	2,651,471
Deferred Outflows of Resources	-
Liabilities	
Accounts payable	61,424
Total Liabilities	61,424
Deferred Inflows of Resources	
Deferred revenue	-
Net Position	
Invested in capital assets	583,129
Restricted	34,400
Unrestricted	1,972,518
Total Net Position	$ 2,590,047

-

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

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

	Governmental Activities
Water Conservancy:	
General government	$ 735,246
Conservation	387,488
Depreciation	49,508
Total Program Expenses	1,172,242
Program Revenues:	
Charges for services	1,494,542
Total Program Revenue	1,494,542
Net Program Expense	(322,300)
General Revenues:	
Property and related taxes	403,947
Miscellaneous	1,749
Investment earnings	49,943
Total General Revenues	455,639
Change in Net Assets	777,939
Net Position at Beginning of Year	1,812,108
Net Position at End of Year	$ 2,590,047

The accompnaying notes are and integral part of these financial statements.

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2025

	General Fund
Assets	
Cash	$ 155,434
Cash with county treasurer	5,471
Investments	1,608,579
Accounts receivable	274,703
Prepaid Expenses	17,646
Total Assets	2,061,833
Deferred Outflows of Resources	-
Total Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	$ 2,061,833
Liabilities	
Accounts payable	$ 61,424
Total Liabilities	61,424
Deferred Inflows of Resources	
Deferred revenue	-
Total Deferred Inflows of Resources	-
Fund Balance	
Restricted for emergencies (TABOR)	34,400
Committed for capital purchases	78,838
Unassigned	1,887,171
Total Fund Balance	2,000,409
Total Liabilites, Deferred Inflows of Resources and Fund Balance	$ 2,061,833

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

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2025

Differences between the amounts reported for govenmental activities in the statement of net assets and amounts reported in the governmental funds:	
Total Fund Balance - Governmental Funds	$2,000,409
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	583,129
In the statement of activities, insurance (an operating expense) is measured by the amount incurred during the year. In the governmental funds, however, expenditure for this item is measured by the amount of financial resources used (essentially, the amount actually paid)	6,509
Net Position of the Governmental Activities	$2,590,047

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

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund
Revenues	
Taxes	$ 403,947
Charges for services	1,494,542
Miscellaneous	51,692
Total Revenues	1,950,181
Expenditures	
Current	
General Government	735,246
Conservation	387,488
Capital outlay	-
Debt Service	
Principal	-
Interest and fiscal charges	-
Total Expenditures	1,122,734
Net Change in Fund Balance	827,447
Fund Balance at Beginning of Year	1,172,962
Fund Balance at End of Year	$ 2,000,409

The accompanying notes are an intergral part of these fianancial statements.

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Differences between the amounts reported as changes in net assets in the statement of activites compared to the change in fund balance are as follows:

Net change in Fund Balance - Governmental Funds	$	827,447
Capital outlays to purchase or build capital assets are reported in the govenmental funds as expenditures. However, for governmental activites, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which captial outlays exceeded depreciation in the current period.		(49,508)
Change in Net Position of Governmental Activites	$	777,939

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

Note A – Summary of significant accounting policies

This summary of the Lower South Platte Water Conservancy District's significant accounting policies is presented to assist the reader in interpreting the financial statements and data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 - Reporting Entity

The Lower South Platte Water Conservancy District is a special district governed by a 15-member board. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund Accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary or fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following is the District's major governmental fund:

Note A – Summary of significant accounting policies (Continued)

General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and augmentation fees.

Expenditures include all costs associated with the daily operation of the District.

The District does not have any other governmental funds to report.

A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds, if applicable.

The government wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of the proprietary fund financial statements (where applicable) but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Note A – Summary of significant accounting policies (Continued)

As of December 31, 2025, fund equity balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes determined by a formal action of the Board of Directors.

Assigned – amounts intended to be used for specific purposes that are neither restricted nor committed.

Unassigned - all other spendable amounts.

A.4 – Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected with the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Augmentation fees, which are billed shorty after year-end, may or may not be received within the sixty day period. These fees are expected to be collected within the sixty day period, and thus are recognized as revenues in the current period, even if receipt is delayed.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenses / expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balances.

Note A – Summary of significant accounting policies (Continued)

A.6 – Short-term Inter fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Property Taxes

The District does not accrue revenue from property taxes or other tax sources. These taxes are recorded as revenue at the time of receipt since they are not susceptible to accrual because they are measurable but not available. Property taxes which are measurable but not available, and hence not susceptible to accrual, are recorded as an asset on the balance sheet of the fund entitled to such taxes under the heading "Property Taxes Receivable" with an equal amount of "Deferred Revenue" recorded as a deferred inflow of resources. This method of reporting the ensuing year's property taxes is considered preferable in order to disclose property taxes to be received from the adoption of the ensuing year's budget.

The District's property taxes, levied by December 15th on assessed valuation as of the preceding January 1, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January of the year in which payable. The taxes are payable under tow methods: 1) in full on or before April 30, 2) one-half on or before February 28 and the remaining one-half on or before June 15,

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than $1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized: the cost of normal maintenance and repairs that do not add to the value of the asset of materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	5-10 years

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

All permanent, full-time employees earn annual vacation at a rate based on the following table:

Up to 5 Years Service	1 day for each full month of service
6 to 15 Years Service	1.5 days for each full month of service
Above 15 Years Service	2 days for each full month of service

A maximum of 20 days or 150 hours may be accumulated and carried over at the end of the fiscal year. Vacation leave is a vested benefit and all accumulated days are paid upon termination.

Employees earn one day of sick leave per month with a maximum of ninety days accumulation. No payment is made for accumulated sick leave upon termination of employment.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect the balance sheet date.

No amount is reported at year-end as all employees who are qualified to receive the benefit have used their allotted hours for the year.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statement.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts, issuance costs and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withhold from the actual debt proceeds received, are reported as debt service expenditures.

Note A – Summary of significant accounting policies (Continued)

A.12 – Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other Interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of Interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and specials items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

A.15 - Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports 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 future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District does not have any deferred outflows for 2025.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources, represents an acquisition of net position that apply to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: Deferred tax revenues that are measureable but will not be considered revenue until 2025.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral included obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Note B – Cash and investments (Continued)

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the bank balance of $155,334 of which all $250,000 was insured by the FDIC. Any remaining balance would be covered by the PDPA.

Investments

Authorized investments – Investment policies are governed by Colorado state statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investments pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market fund
- Guaranteed investment contracts

At year-end, the District had the following investment in ColoTrust (a local government investment pool). ColoTrust had no limitations imposed on withdrawals from the investment pool at December 31, 2025.

Type of investment	Maturities	Fair value
Investment in Colotrust	Weighted average not To exceed 60 days	$ 1,608,578

Credit Risk – State law limits investments in commercial paper, corporate bonds and mutual bond funds to the highest rating from at least on nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investments choices. The District invests funds in ColoTrust, a state investment pool operated under C.R.S. 24-75-701, with the Colorado Securities Commissioner having oversight authority. The pool operates similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. At year end, the District's investment in the state investment pool was rated AAA by Standard & Poor's.

Note C – Receivables

Receivables at year-end consist of the following:

Water Augmentation Receivables	$ 274,703
Total	$ 274,703

Note D – Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	$ 556,292	$ -	$ -	$ 556,292
Equipment	100,321	-	-	100,321
Furniture and fixtures	3,254	-	-	3,254
Transportation equipment	175,588	-	-	175,588
Heyborne wetlands project	139,688	-	-	139,688
Total capital assets, being depreciated	975,143	-	-	975,143
Less accumulated depreciation for:				
Buildings and improvements	(89,711)	(20,190)	-	(109,901)
Equipment	(97,259)	(2,569)	-	(99,828)
Furniture and fixtures	(3,254)	-	-	(3,254)
Transportation equipment	(98,159)	(23,257)	-	(121,416)
Heyborne wetland project	(54,123)	(3,492)	-	(57,615)
Total accumulated depreciation	(342,506)	(49,508)	-	(392,014)
Governmental activities Capital assets, net	$ 632,637	$ (49,508)	$ -	$ 583,129

Note E – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees: and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. The District's deductible for vehicle and property coverage is $1,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note F – Commitments and Restrictions

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfer, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 5, 1996 the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in 1996 and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation.

The District was found in violation of TABOR for the years 2020 through 2024 where it had collected tax in excess of its approved levy. In compliance with the District Court order and board resolution for the TABOR violation, the District is providing the taxpayers a tax credit on the District's tax levy to pay the over collection back. The District anticipates this will take between 7 to 10 years to refund the tax with interest to the taxpayers. The District believes it is currently in compliance with the requirements of TABOR.

The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required for 1995 and all years thereafter. For the year, the District's Board of Directors have reserved funds in the General Fund in the amount of $34,400 for the emergency reserve in compliance with TABOR.

Committed for Capital

The District has committed $78,838 of its ending fund balance towards future capital expenditures. In addition the Board of Directors has authorized a commitment of $81,000 of current operating funds towards the purchase of equipment.

Note G– Subsequent Events

The District has evaluated subsequent event information through the date of the report, which is the date the financial statements are available to be issued. No events were noted that would require adjustment to or disclosure in the financial statements.

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	$ 387,986	$ 387,986	$ 403,947	$ 15,961
Charges for services	251,725	251,725	1,494,542	1,242,817
Miscellaneous	14,840	14,840	51,692	36,852
Total Revenues	662,051	662,051	1,950,181	1,288,130
Expenditures				
Current				
General Government	598,850	598,850	735,246	(136,396)
Conservation	396,500	396,500	387,488	9,012
Capital outlay	74,000	74,000	-	74,000
Total Expenditures	1,069,350	1,069,350	1,122,734	(53,384)
Net Change in Fund Balance	(407,299)	(407,299)	827,447	1,234,746
Fund Balance at Beginning of Year			1,172,962	
Fund Balance at End of Year			$ 2,000,409	

Lower South Platte Water Conservancy District
Notes to the Required Supplementary Information

Note A – Budgetary Data

Annual budgets are adopted as required by Colorado Statues. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amounts included in the financial statements are based on the final amended budget. After initial budget approval, the District's board of directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. No supplemental appropriations were made during the year. Expenditures may not legally exceed appropriations as adopted by resolution at the fund level.

On or before October 15, the executive director submits the proposed budget to the board of directors. A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments. Prior to December 15, the District must adopt the budget by formal resolution and certify the mill levies to the County Commissioners. On or before December 31, the District must enact a resolution making appropriations for the following calendar year.

Lower South Platte Water Conservancy District
Other Supplementary Information

General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents and accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and augmentation fees. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements. It is adopted for the specific time period of January 1 to December 31, and all revenues and expenditures for the General Fund must be completed within the budget year.

General Fund Supplementary Information is on pages 25-30.

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
SCHEDULE OF REVENUE
BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes				
Property Taxes	$ 367,186	$ 367,186	$ 365,651	$ (1,535)
Specific ownership taxes	20,000	20,000	33,417	13,417
Delinquent taxes and interest	800	800	4,879	4,079
Total Taxes	387,986	387,986	403,947	15,961
Intergovernmental				
Grant revenues	7,500	7,500	-	(7,500)
Total Intergovernmental	7,500	7,500	-	(7,500)
Charges for Services				
Water lease			23,059	23,059
Accounting services	31,250	31,250	17,069	(14,181)
District 64 reservoir company	10,000	10,000	10,000	-
PRRIP-SRWAP credits	25,000	25,000	27,480	2,480
Net billing revenue	70,000	70,000	45,651	(24,349)
SPRWAP - O&M	46,100	46,100	58,344	12,244
Certification services	25,000	25,000	22,278	(2,722)
Administration services	15,000	15,000	28,177	13,177
Julesburg recharge project	29,375	29,375	55,728	26,353
Water Rights Development			1,206,756	1,206,756
Total Charges for Services	251,725	251,725	1,494,542	1,242,817
Miscellaneous				
Interest on investments	8,840	8,840	49,943	41,103
Other revenues	6,000	6,000	1,749	(4,251)
Total Miscellaneous	14,840	14,840	51,692	36,852
Total Revenues	$ 662,051	$ 662,051	$ 1,950,181	$ 1,288,130

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures				
General Government				
Salaries	$ 271,000	$ 271,000	$ 248,667	$ 22,333
Retirement	10,850	10,850	10,207	643
Workman's compensation	4,500	4,500	4,152	348
Employee insurance	71,900	71,900	76,489	(4,589)
Payroll taxes	22,200	22,200	20,548	1,652
Directors fees and expenses	12,000	12,000	4,959	7,041
Hospitality	1,500	1,500	1,188	312
Insurance and bonds	500	500	-	500
Rent	1,000	1,000	960	40
Field equipment expendable	13,000	13,000	1,764	11,236
Office supplies	22,800	22,800	16,155	6,645
Utilities	17,200	17,200	6,355	10,845
Postage	1,200	1,200	827	373
Equipment maintenance	6,700	6,700	37,322	(30,622)
Auto	7,500	7,500	8,185	(685)
Organizational dues	5,000	5,000	10,591	(5,591)
Legal fees	70,000	70,000	252,488	(182,488)
Engineering expense	15,000	15,000	-	15,000
Audit and acccounting	16,200	16,200	5,000	11,200
Executive director's expenses	500	500	-	500
Conventions and seminars	7,500	7,500	3,361	4,139
Liability insurance	13,100	13,100	18,524	(5,424)
Treasurer's fees	7,700	7,700	7,504	196
Total General Government	598,850	598,850	735,246	(136,396)
Conservation				
Education program	4,000	4,000	4,355	(355)
District water recorder supply	500	500	861	(361)
District 64 Reservoir Expenses	100	100	-	100
Public relations and tours	2,000	2,000	1,687	313
Water related activity program	750	750	-	750
Water Cooperative program	5,200	5,200	337	4,863
Water Festival expense	10,000	10,000	-	10,000
Water Rights Development	293,000	293,000	340,175	(47,175)
Meter reading	3,000	3,000	-	3,000
Meter certification	2,000	2,000	-	2,000
Conveyance costs	10,000	10,000	8,321	1,679
Recharge site credits	25,000	25,000	23,746	1,254
Site maintenance	500	500	-	500
Heyborne project	14,100	14,100	-	14,100
Lease credits	350	350	2,734	(2,384)
JID Operations Cost	1,000	1,000	-	1,000
PRRIP-SRWAP payments	10,000	10,000	5,272	4,728
Net billing refund	15,000	15,000	-	15,000
Total Conservation	396,500	396,500	387,488	9,012
Capital Outlay	74,000	74,000	-	74,000
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Debt Servcie	-	-	-	-
Total Expenditures	$ 1,069,350	$ 1,069,350	$ 1,122,734	$ (53,384)

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE BY PROJECT
As of December 31, 2025

	General Fund	Julesburg Recharge Project	Eliminations	Total
Assets				
Cash	$ 108,963	$ 46,471		$ 155,434
Cash with county treasurer	5,471	-		5,471
Investments	1,524,035	84,544		1,608,579
Accounts receivable	157,779	152,885	(35,961)	274,703
Prepaid expenses	17,646			17,646
Property taxes receivable	-	-		-
Total Assets	1,813,894	283,900	(35,961)	2,061,833
Deferred Outflows of Resources	-	-		-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 1,813,894	$ 283,900	$ (35,961)	$ 2,061,833
Liabilities				
Accounts payable	$ 1,100	$ 96,285	$ (35,961)	$ 61,424
Total Liabilities	1,100	96,285	(35,961)	61,424
Deferred Inflows of Resources				
Deferred revenue	-	-		-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Restricted for emergencies (TABOR)	31,000	3,400		34,400
Committed for capital purchases	78,838	-		78,838
Unreserved	1,702,956	184,215		1,887,171
Total Fund Balance	1,812,794	187,615	-	2,000,409
Total Liabilites, Deferred Inflows of Resources and Fund Balance	$ 1,813,894	$ 283,900	$ (35,961)	$ 2,061,833
	-	-		

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
For the Year Ended December 31, 2025

	General Fund	Julesburg Recharge Project	Eliminations	Total
Revenues				
Taxes	$ 403,947	$ -	$ -	$ 403,947
Charges for services	1,393,889	124,534	(23,881)	1,494,542
Miscellaneous	47,599	4,093	-	51,692
Total Revenues	1,845,435	128,627	(23,881)	1,950,181
Expenditures				
Current				
General Government	684,845	70,169	(19,768)	735,246
Conservation	348,024	43,577	(4,113)	387,488
Capital outlay	-	-		-
Total Expenditures	1,032,869	113,746	(23,881)	1,122,734
Net Change in Fund Balance	812,566	14,881	-	827,447
Fund Balance at Beginning of Year	1,000,228	172,734		1,172,962
Fund Balance at End of Year	$ 1,812,794	$ 187,615	$ -	$ 2,000,409

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
COMBINING SCHEDULE OF REVENUE BY PROJECT
For the Year Ended December 31, 2025

	General Fund	Julesburg Recharge Project	Eliminations	Total
Revenues				
Taxes				
Property Taxes	$ 365,651	$ -		$ 365,651
Specific ownership taxes	33,417	-		33,417
Delinquent taxes and interest	4,879	-		4,879
Total Taxes	403,947	-	-	403,947
Charges for Services				
District water recorder supply	-	-		-
Water lease	-	23,059		23,059
Accounting services	31,569	-	(14,500)	17,069
District 64 reservoir company	10,000	-		10,000
PRRIP-SRWAP credits	-	27,480		27,480
Net billing revenue	-	45,651		45,651
SPRWAP - O&M	30,000	28,344		58,344
Certification services	26,391	-	(4,113)	22,278
Administration services	33,445	-	(5,268)	28,177
Julesburg recharge project	55,728	-		55,728
Water Rights Development	1,206,756	-		1,206,756
Total Charges for Services	1,393,889	124,534	(23,881)	1,494,542
Miscellaneous				
Interest on investments	46,199	3,744		49,943
Other revenues	1,400	349		1,749
Total Miscellaneous	47,599	4,093	-	51,692
Total Revenues	$ 1,845,435	$ 128,627	$ (23,881)	$ 1,950,181

LOWER SOUTH PLATTE WATER CONSERVANCY DISTRICT
GENERAL FUND
COMBINING SCHEDULE OF EXPENDITURES BY PROJECT
For the Year Ended December 31, 2025

	General Fund	Julesburg Recharge Project	Eliminations	Total
Expenditures				
General Government				
Salaries	$ 248,667	$ -		$ 248,667
Retirement	10,207	-		10,207
Workman's compensation	4,152	-		4,152
Employee insurance	76,489	-		76,489
Payroll taxes	20,548	-		20,548
Directors fees and expenses	4,959	-		4,959
Hospitality	1,188	-		1,188
Rent	960	-		960
Field equipment expendable	1,764	-		1,764
Office supplies	13,803	2,352		16,155
Utilities	6,355	-		6,355
Postage	827	-		827
Equipment maintenance	3,713	33,609		37,322
Auto	8,185	-		8,185
Organizational dues	3,191	7,400		10,591
Legal fees	252,488	-		252,488
Engineering expense	-	5,268	(5,268)	-
Audit and acccounting	5,000	14,500	(14,500)	5,000
Conventions and seminars	3,361	-		3,361
Liability insurance	11,484	7,040		18,524
Treasurer's fees	7,504	-		7,504
Total General Government	684,845	70,169	(19,768)	735,246
Conservation				
Education program	4,355	-		4,355
District water recorder supply	861	-		861
District 64 reservoir expense	-	-		-
Public relations and tours	1,687	-		1,687
Water Cooperative program	337	-		337
Water Rights Development	340,175	-		340,175
Meter reading	-	3,536	(3,536)	-
Meter certification	-	577	(577)	-
Conveyance costs	-	8,321		8,321
Recharge site credits	-	23,746		23,746
Heyborne project	-	-		-
Lease credits	-	2,734		2,734
PRRIP-SRWAP payments	609	4,663		5,272
Net billing refund	-	-		-
Total Conservation	348,024	43,577	(4,113)	387,488
Capital Outlay				-
Debt Service				
Principal	-	-		-
Interest and fiscal charges	-	-		-
Total Debt Servcie	-	-	-	-
Total Expenditures	$ 1,032,869	$ 113,746	$ (23,881)	$ 1,122,734