



RSM US LLP

555 17th St  
Suite 1000  
Denver, CO 80202  
T +1 303 298 6400  
F +1 303 298 6401  
[www.rsmus.com](http://www.rsmus.com)

June 27, 2018

Board of Directors  
Colorado River Water Conservation District  
Glenwood Springs, Colorado

This letter is to inform the Board of Directors of Colorado River Water Conservation District (the District) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2017, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

#### **The Respective Responsibilities of the Auditor and Management**

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated April 12, 2018. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

#### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated April 12, 2018 regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

#### **Significant Accounting Practices, Including Policies, Estimates and Disclosures**

In our meeting with you, we will discuss our views about the qualitative aspects of the District's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Depreciable lives of capital assets
- Fair value of investments
- Allowance for forgiveness of notes receivable

#### **Audit Adjustments**

There was one audit adjustment made to the original trial balance presented to us to begin our audit, which is attached as Exhibit A.

#### **Uncorrected Misstatements**

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

**Internal Control Matters**

We have separately communicated a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards dated June 27, 2018, which is attached to this letter.

**Disagreements With Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matter, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultation With Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed or Subject to Correspondence With Management**

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

**Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in performing the audit.

**Management Representations**

Attached is a copy of the management representation letter.

**Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

*RSM US LLP*

**Colorado River Water Conservation District**

**Exhibit A – Adjusting Journal Entry**

<b>Number</b>	<b>Date</b>	<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
AJE 1	12/31/2017	Accounts Payable	04-2000	15,000.00	
AJE 1	12/31/2017	Utilities	04-6330		15,000.00
		Entry to agree the general ledger to the accounts payable aging			



RSM US LLP

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditor's Report**

To the Board of Directors  
Colorado River Water Conservation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of Colorado River Water Conservation District (District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Denver, Colorado  
June 27, 2018

---

Colorado River Water Conservation District  
**Financial Statements**

December 31, 2017

---

# Contents

<b>2018 BOARD OF DIRECTORS .....</b>	<b>3</b>
<b>GENERAL BACKGROUND AND TRANSMITTAL .....</b>	<b>4</b>
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>13</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS .....</b>	<b>15</b>
<b>FINANCIAL STATEMENTS .....</b>	<b>23</b>
STATEMENT OF NET POSITION .....	23
STATEMENT OF ACTIVITIES.....	24
GOVERNMENTAL FUNDS BALANCE SHEET.....	25
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES .....	26
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL .....	27
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES.....	28
STATEMENT OF NET POSITION – PROPRIETARY FUNDS .....	29
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS .....	30
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS .....	31
STATEMENT OF FIDUCIARY NET POSITION .....	32
NOTES TO THE BASIC FINANCIAL STATEMENTS .....	33
1. <i>Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Flows, Basis of Accounting and Summary of Significant Accounting Policies .....</i>	33
2. <i>Interfund Receivables/Payables and Transfers .....</i>	38
3. <i>Stewardship, Compliance, and Accountability.....</i>	38
4. <i>Cash, Cash Equivalents, and Investments .....</i>	38
5. <i>Pension and Deferred Compensation and RHS Plans .....</i>	42
6. <i>Net Investment in Sales-Type Lease for the year ended December 31, 2013 .....</i>	42
7. <i>Long-term Debt .....</i>	43
8. <i>Capital Assets.....</i>	44
9. <i>Commitments and Contingencies .....</i>	45
10. <i>Joint Ventures.....</i>	46
11. <i>Water-purchase Contracts .....</i>	46
12. <i>Employee Home Ownership Program.....</i>	46
<b>REQUIRED SUPPLEMENTARY INFORMATION .....</b>	<b>47</b>
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND.....	48
<b>SUPPLEMENTARY INFORMATION .....</b>	<b>49</b>
STATEMENT OF PROPERTY TAXES COLLECTED COMPARED TO BUDGET – GENERAL FUND.....	50
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND.....	51
STATEMENT OF REVENUES, LEASE RECEIPTS, EXPENDITURES AND CHANGES IN NET POSITION– BUDGET AND ACTUAL (BUDGETARY BASIS) COLORADO RIVER WATER PROJECTS ENTERPRISE FUND.....	52
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND .....	53

**Colorado River Water Conservation District  
2018 Board of Directors**

<b>Name</b>	<b>Position</b>	<b>County</b>
Thomas M. Alvey	President	Delta
Dave Merritt	Vice President	Garfield
Kathy Chandler-Henry	Director	Eagle
Mike Ritschard	Director	Grand
William S. Trampe	Director	Gunnison
Stan Whinnery	Director	Hinsdale
Steve Acquafresca	Director	Mesa
Tom Gray	Director	Moffat
Marc Catlin	Director	Montrose
Martha “Marti” Whitmore	Director	Ouray
John M. Ely	Director	Pitkin
Alden “Al” Vanden Brink	Director	Rio Blanco
Doug Monger	Director	Routt
Rebie Hazard	Director	Saguache
Karn Stiegelmeier	Director	Summit



# Colorado River Water Conservation District General Background

## GENERAL BACKGROUND AND TRANSMITTAL

### A. BACKGROUND

The Colorado River Water Conservation District was created by the Colorado General Assembly in 1937. The River District boundary includes all or parts of 15 West Slope counties and encompasses all or parts of the Colorado River main-stem, Yampa, White, Green, Gunnison, Uncompahgre and Dolores River drainages within the state of Colorado.

Under the 1937 legislation, the River District included Summit, Eagle, Garfield, Mesa, Pitkin, Delta, Gunnison and Montrose Counties. In 1955, Grand, Moffat, Routt, Rio Blanco and Ouray Counties joined the District and in 1961, the portions of Hinsdale and Saguache Counties within the Colorado River Basin became a part of the River District.

Within Colorado, there are two other water conservation districts, the Southwestern Water Conservation District which was created in 1951 and the Rio Grande Water Conservation District, created in 1961.

### B. GENERAL POWERS AND MISSION

The River District's general powers and mission are described in its legislative charter. The legislative declaration states:

**37-46-101. Legislative declaration.** "In the opinion of the general assembly of the state of Colorado, the conservation of the water of the Colorado river in Colorado for storage, irrigation, mining, and manufacturing purposes and the construction of reservoirs, ditches, and works for the purpose of irrigation and reclamation of additional lands not yet irrigated, as well as to furnish a supplemental supply of water for lands now under irrigation, are of vital importance to the growth and development of the entire district and the welfare of all its inhabitants and that, to promote the health and general welfare of the state of Colorado, an appropriate agency for the conservation, use, and development of the water resources of the Colorado river and its principal tributaries should be established and given such powers as may be necessary to safeguard for Colorado, all waters to which the state of Colorado is equitably entitled under the Colorado river compact."

The statute gives the River District broad powers to carry out its declaration. These powers are described in detail in § 37-46-107 (a) and through (l). In general, the River District can appropriate water rights, litigate water matters, 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.

#### **Mission Statement**

**To lead in the protection, conservation, use and development of the water resources of the Colorado River basin for the welfare of the District, and to safeguard for Colorado all waters of the Colorado River to which the state is entitled.**

### C. BOARD OF DIRECTORS

The District’s legislation states that the District shall be managed and controlled by a board of fifteen directors, one from each of the 15 member counties. Board members are appointed by the board of county commissioners from each county and serve three year terms. Each January five board members are up for appointment. In January 2018 those counties are Garfield, Gunnison, Montrose, Ouray, and Rio Blanco Counties.

The Board elects a president and vice president and appoints a secretary (normally the General Manager) and treasurer. In 2002, the Board adopted a two term limit commencing in 2003, for its president and vice president.

The Board utilizes committees as necessary. The duties of the officers and procedures for committee meetings are further described in the District bylaws.

Regular Board meetings are held in Glenwood Springs beginning on the third Tuesday of January, April, July and October and run one or two days. For 2018 the start dates are:

**January 16, 2018**  
**April 17, 2018**  
**July 17, 2018**  
**October 16, 2018**

The Board also holds special meetings and tours as necessary, including a budget workshop typically scheduled in mid-September.

### D. RESOURCES

The available River District resources include its water resources (projects, contracts, absolute and conditional water rights), staff resources and budget resources.

The River District owns and operates two reservoir projects, Wolford Mountain Reservoir, located on Muddy Creek north of Kremmling and Elkhead Reservoir, located in the Yampa River basin near Craig. It also has contracted interests in water through its shares in the Grand County Mutual Ditch and Reservoir Company, Eagle Park Reservoir, the Homestake Reservoir exchange, water from the Twin Lakes Reservoir and Canal Co. enlargement decree, contracts with the Bureau of Reclamation for Ruedi Reservoir water and a contracted interest in the Taylor Park Reservoir second fill.

The River District financial statements are divided into “Governmental Activities” and “Business-Type Activities”. The Governmental Activities are financed through the Board’s authority to levy taxes as provided in:

**37-46-109. Authority of board to levy taxes.** (1) (a) In addition to other means of providing revenue for the district, the board of directors has the power to fix the amount of an assessment upon the property within the district, not to exceed two and one-half mills for every dollar of valuation for assessment therein as a level or general levy to be used for the purpose of paying the expenses of organization, for surveys and plans, to pay the salaries of officers and the per diem allowed to directors and their expenses, for the costs and expenses of construction or partial construction of any project designed or intended to accomplish the utilization of water, by storage or otherwise, for any beneficial uses or purposes, and for other incidental expenses which may be incurred in the administration of the affairs of the district.

The Governmental Funds are further divided into a “General Fund” and a “Capital Projects Fund”.

The River District’s Business-Type Activities are managed by an enterprise formally named the Colorado River Water Projects Enterprise of the Colorado River Water Conservation District. The Board of Directors of the River District is the Board of Directors of its Enterprise. The River District and its Enterprise share the same staff.

The Enterprise is a “government-owned business” as referred to in Colorado Constitution Article X, § 20, a/k/a “TABOR (Taxpayer Bill of Rights)” or “Amendment One”. Therefore, it is subject to judicial interpretations of TABOR and the provisions of the Water Activity Enterprise Act.

The Enterprise develops and operates the District’s water supply assets. The Enterprise’s water supplies are contracted for beneficial use pursuant to a water marketing policy. The Enterprise currently markets three basic supplies: (1) Colorado River Supply, which is provided from the Enterprise’s Wolford Mountain Reservoir Project and the Enterprise’s Ruedi Reservoir (Bureau of Reclamation) water contracts; and (2) Eagle River Supply, which is provided from the Enterprise’s interest as a shareholder in Eagle Park Reservoir Company and that Company’s sources of supply (Eagle Park Reservoir and a Homestake Reservoir exchange supply), and (3) the Elkhead Reservoir, in the Yampa River basin.

A full-time staff of 24 consisting of managers, general and associate counsels, water resource engineers and specialists, a project caretaker and other public affairs, legal and administrative support personnel carries out the activities of the District as directed by the Board. Personnel costs are split between the Enterprise and General Funds based on estimated percentage of time spent.

## **REGIONAL / ECONOMIC CONDITIONS AND OUTLOOK**

### **A. REGIONAL SETTING**

The River District covers a large and diverse area. There are four major river basins within the district; the Yampa, the White, the Gunnison and the Colorado main-stem. The River District’s economics are also quite diverse. It includes areas that are highly dependent on winter and summer recreation and a second home market. Resort development in Summit County, Aspen, Gore Creek and Eagle River Valleys, Winter Park, Steamboat Springs and Crested Butte areas have resulted in a significant increase in the District’s tax base in the last decade.

In the summer of 2008, the national economic slowdown began impacting most areas within the District. This slowdown impacted the rate of growth in the energy and second home sectors. The River District’s assessed valuation peaked in 2009. It dropped significantly in 2010, 2011 and 2013. This can be attributed to a dramatic decrease in Oil and Gas development and related foreclosures. There were slight improvements in 2015 and 2017. The 2017 valuations are 26% off of the 2009 peak.

The primary agricultural areas within the District include the Uncompahgre Valley, Grand Valley, Gunnison River Basin, Upper White River Basin and the Lower Yampa River Basin.

The major urban center within the River District is Grand Junction. Other towns with populations of over 10,000 include Montrose, Craig, Delta, Rifle, Steamboat Springs and Glenwood Springs. There are numerous other smaller towns and cities within the District.

**B. POPULATION TRENDS**

The population of the 15 River District counties is in the following table:

From 1980 to 2016, the population of the River District increased by 97.8%. This is a greater rate of growth than the six counties in the Denver Metro area, which increased from 1,618,461 to 2,794,512 (72.7%) or the state of Colorado which increased from 2,889,964 to 5,538,180 (91.6%).

<u>County</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>% Chg.1980-2016</u>
Delta	21,225	20,980	27,834	30,889	30,471	43.56%
Eagle	13,320	21,928	41,659	52,057	53,928	304.86%
Garfield	22,514	29,974	43,791	56,150	58,984	161.99%
Grand	7,475	7,966	12,445	14,790	15,039	101.19%
Gunnison	10,689	10,273	13,956	15,309	16,394	53.37%
Hinsdale	408	467	790	843	775	89.95%
Mesa	81,530	93,145	116,225	147,155	150,731	84.88%
Moffat	12,133	11,357	13,184	13,806	13,088	7.87%
Montrose	24,352	24,423	33,432	41,188	41,421	70.09%
Ouray	1,925	2,295	3,742	4,446	4,844	151.64%
Pitkin	10,338	12,661	14,872	17,156	17,773	71.92%
Rio Blanco	6,255	5,972	5,986	6,617	6,497	3.87%
Routt	13,404	14,088	19,690	23,439	24,679	84.12%
Saguache	3,935	4,619	5,917	6,144	6,404	62.74%
Summit	8,848	12,881	23,598	28,073	30,367	243.21%
<b>TOTALS</b>	<b>238,351</b>	<b>273,029</b>	<b>377,121</b>	<b>458,062</b>	<b>471,395</b>	<b>97.77%</b>

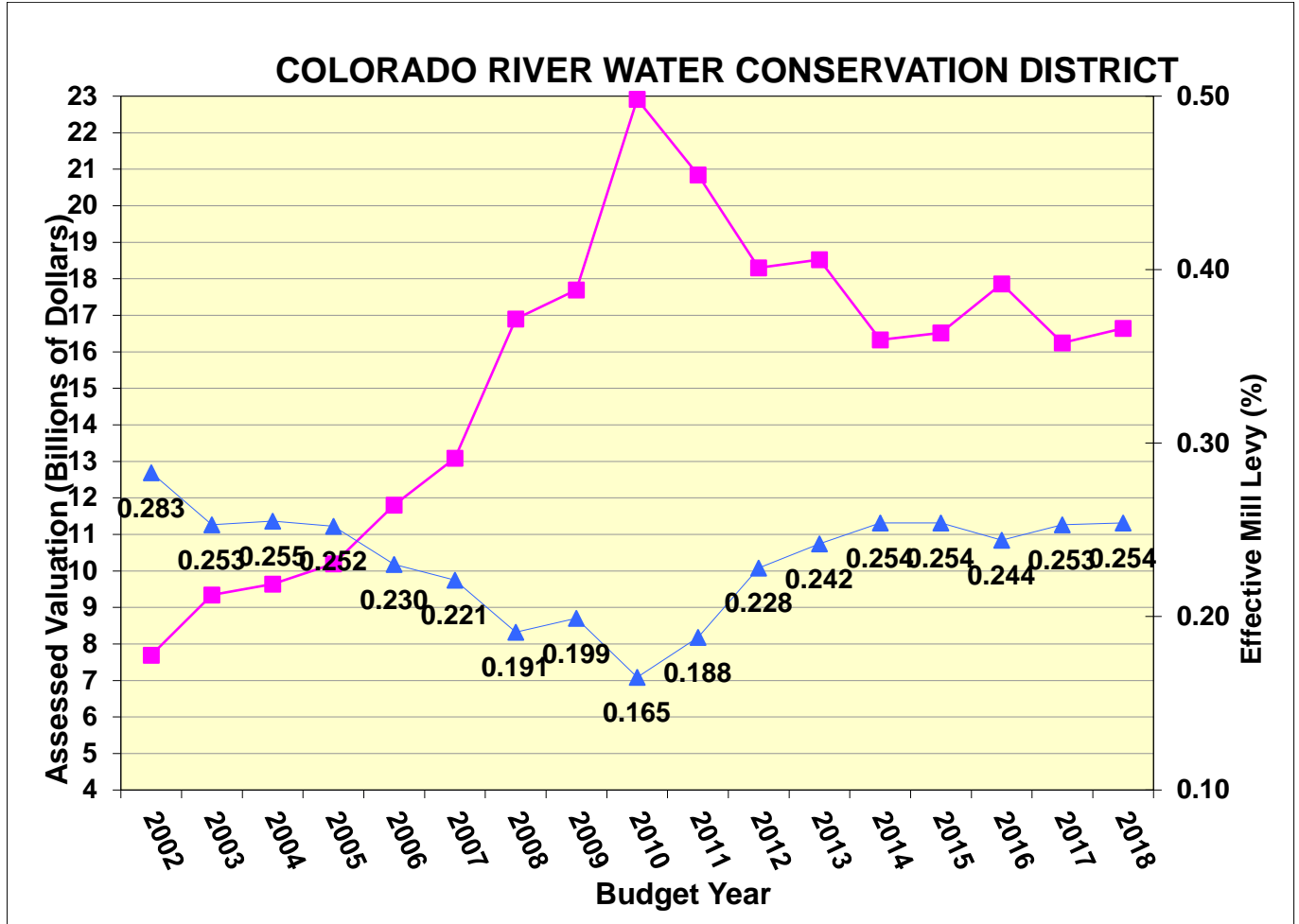
Management believes that the most recent population trends both within the District and within Colorado as a whole have grown at rates above the historical average. Growth rates are likely to continue to increase in the near future. Meeting the water needs of the District population, which includes the maintenance of stream flows necessary for a thriving recreation based economy, will continue to challenge the District’s financial and personnel resources. Continued growth along the Colorado Front Range will put significant pressure for the diversion of additional Colorado River water to the Front Range resulting in more demands on District staff and Board.

**C. DISTRICT TAX BASE AND TAX REVENUES**

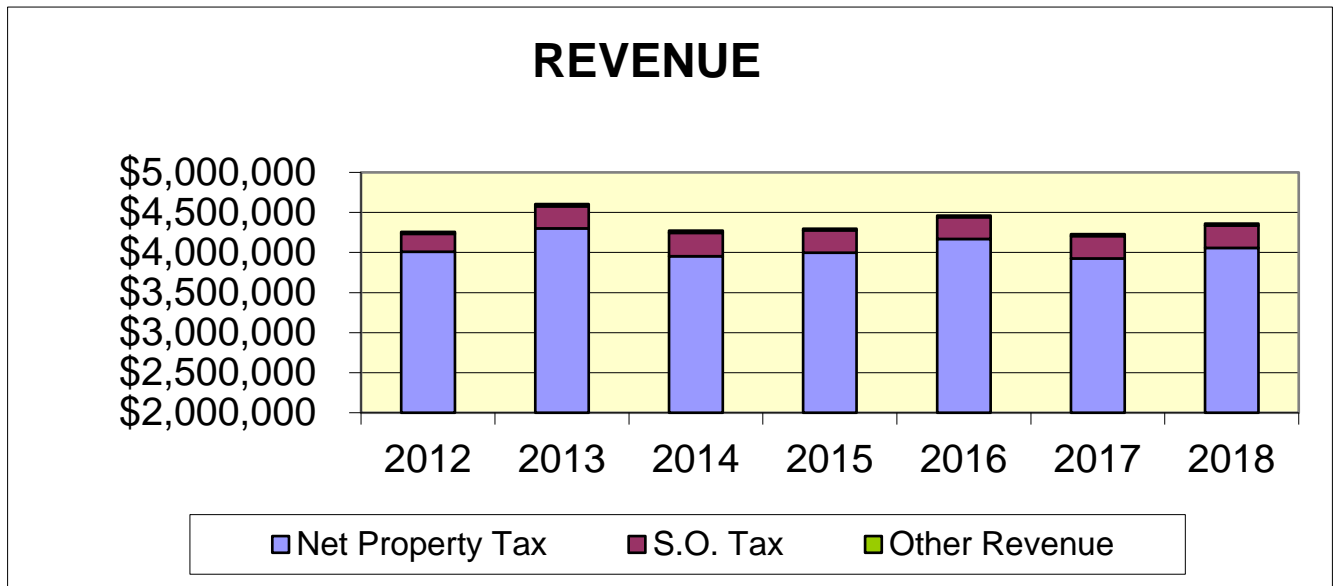
Since the mid 1990’s the River District’s tax base has grown at a significant rate. A graph of the District mill levy and the total property taxes collected are shown in Figure A and Figure B. Certain provisions of the Colorado constitution (commonly referred to as TABOR), limit the increase in tax revenues and expenditures to the rate of inflation plus new growth.

Consequently, the mill levy changes as an inverse relationship to the change in the assessed valuation.

**FIGURE A: ASSESSED VALUATION VS. MILL LEVY**



**FIGURE B: BUDGETED GENERAL REVENUES**



In addition to the property taxes, the River District has revenues from the specific ownership tax and interest. In 2017 the River District collected \$306,446 in specific ownership taxes (an increase of 13.3% from 2016).

River District management believes that the River District tax base will be relatively flat. Growth will probably increase as population increases, however, the anticipated potential lowering of the Residential Assessment Rate (during the 2019 legislative session) from 7.22% to 6.22% or lower would take over 15% out of the General Fund revenue budget.

Collections of the specific ownership (S.O.) tax, which make up 7.1% of the District's total General Fund revenues, are highly dependent on the purchase of new personal vehicles and business equipment. The S.O. tax collection is quite variable and difficult to predict from year to year. Interest earnings only make up a small portion of District's General Fund revenues (less than 1.0%).

#### **D. ENTERPRISE REVENUES**

The District's Enterprise revenues are primarily based on water sales and lease revenues. The primary source of income to the Enterprise is a \$3 million dollar per year lease payment from the Denver Water Board. Denver Water holds a 40.0% interest in the capacity and water storage of the Enterprises' primary asset – Wolford Mountain Reservoir. The Denver water lease payments will end in 2020, after which Denver Water will pay a 40.0% share of the actual costs of operating and maintaining the Wolford Mountain Reservoir.

The concept of the River District-Denver Water agreement for Wolford Mountain Reservoir was that the Denver Water's lease revenues provide the Enterprise with a revenue stream that exceeds the actual cost of the project's construction. These excess revenues would then provide a source of "seed money" to assist with the development of additional Enterprise assets.

In addition to the Denver Water lease revenues, the Enterprise receives revenue from its water marketing programs. Under the water marketing program, the Enterprise has 8,100 acre feet of Wolford Mountain Reservoir water, 432 acre feet of Eagle River Projects water, 2,457 acre feet of Elkhead Reservoir water, and 11,413 acre feet of Ruedi Reservoir water.

Each year the water marketing contract pricing is analyzed and recommendations are presented to the Board. Any increases are subject the following contractual parameters: Pre-2006 water contracts can be adjusted for the operation and maintenance component every five years. The adjustment is limited by the Boulder-Denver Consumer Price Index. Post-2006 contracts can be adjusted on an annual basis. In January of 2015, the River District sold Tri-State Generation & Transmission Associates, Inc. 1250 acre feet of permanent storage capacity in Elkhead Reservoir for \$4,800,000. This is not reflected on the 2014-15 line of the table below. It is reflected in the available acre feet of Elkhead Reservoir water noted above (3,707-1,250=2,457). In January, 2018, the Board approved an adjustment to the post 2006 water contracts by 3%.

The following table shows the total water sold through contracts and water sales revenues received or billed for water project years for 2002-2017.

<u>Water Project Year</u>	<u>Water Under Contract</u>	<u>Revenue Received</u>
2002/2003	3603 a.f.	\$488,612
2003/2004	4178 a.f.	\$415,597
2004/2005	4106 a.f.	\$737,643
2005/2006	3758 a.f.	\$782,440
2006/2007	4131 a.f.	\$825,631
2007/2008	4428 a.f.	\$719,347
2008/2009	5406 a.f.	\$719,804
2009/2010	4884 a.f.	\$832,590
2010/2011	6105 a.f.	\$952,206
2011/2012	6129 a.f.	\$1,086,718
2012/2013	7207 a.f.	\$1,330,562
2013/2014	7226 a.f.	\$1,501,421
2014/2015	7229 a.f.	\$1,572,562
2015/2016	6608 a.f.	\$1,342,903
2016/2017	6075 a.f.	\$1,212,065

There is not a direct correlation between the acre feet of water under contract and revenue received. The table reflects a pricing strategy that ended in 2007. The strategy allowed water users to pay the Capital Recovery fee up front in their contract period with only the Operation and Maintenance fee (O&M) in subsequent contract years. A significant number of water users took advantage of this pricing strategy. Management expects that the demand for Enterprise water will continue to grow. While the water supply available for purchase in certain areas will be limited, the River District continues to take advantage of opportunities to increase its inventory.

Operating successful water projects will present new challenges to both management and the Board. Enterprise projects will need to be carefully analyzed and pricing strategies developed to cover, on a long term basis, the full costs of operating the Enterprise’s various projects and to provide a source for financing additional projects to meet future water needs.

## **MAJOR INITIATIVES AND ISSUES**

### **A. REGIONAL HYDROLOGIC CONDITIONS**

Beginning in the summer of 2000, the entire state of Colorado including the District, began a period of extended and severe drought. Drought conditions prevailed through 2004. There was some relief from the drought from 2005 through 2011. Wolford Mountain Reservoir filled and spilled each year from 2006-2011. 2012 saw a return to drought conditions. Any reemergence of drought conditions may require the River District to redirect resources to help alleviate drought related problems.

The following graph (Figures C) show storage levels in the District’s Wolford Mountain Reservoir from January, 2005 through January, 2018. The second graph (Figure D) shows reservoir levels at Lake Powell, a large reservoir operated by the United States Bureau of

Reclamation. The drop in storage at Lake Powell is indicative of drought conditions throughout the Upper Colorado River region.

FIGURE C: WOLFORD MOUNTAIN RESERVOIR STORAGE

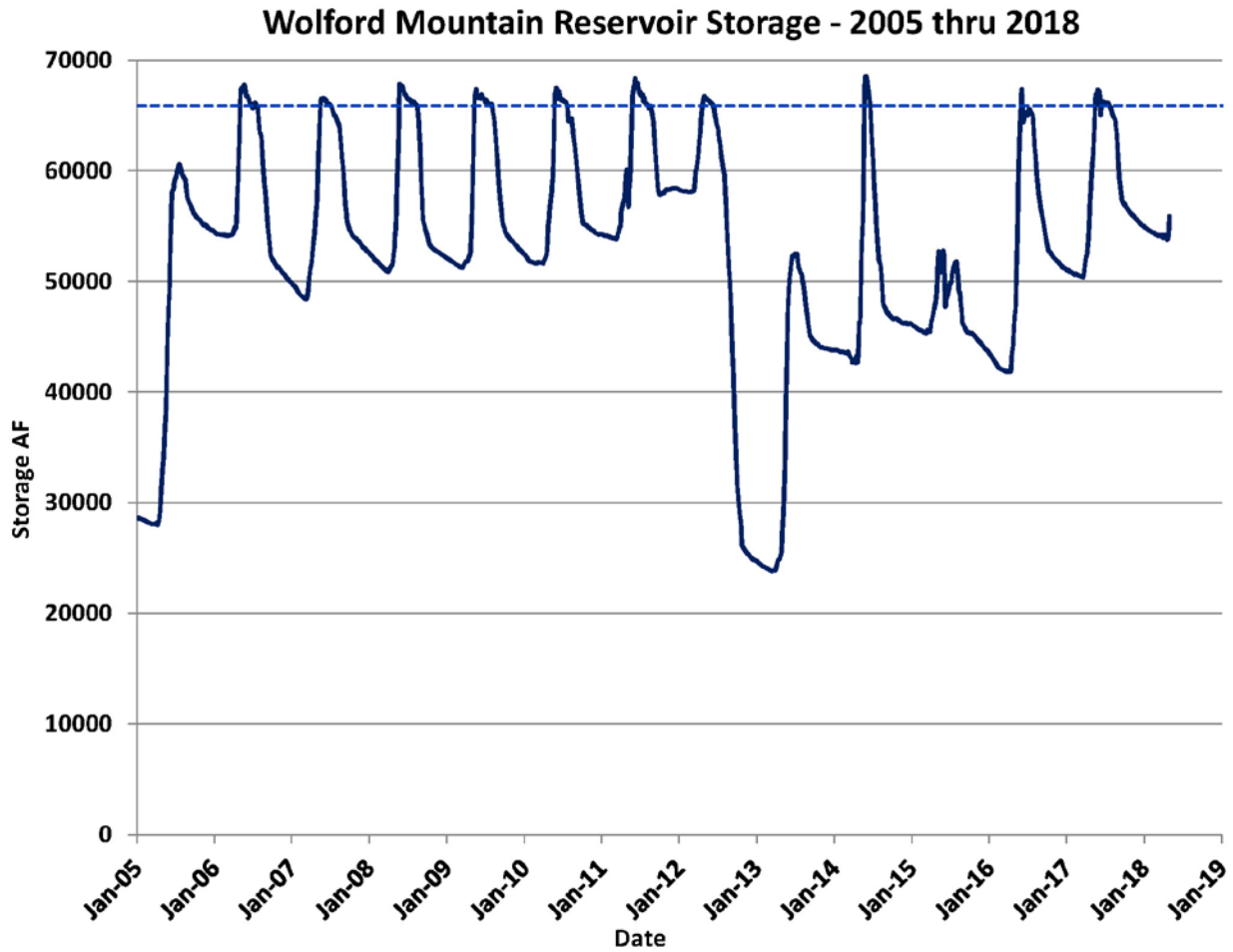
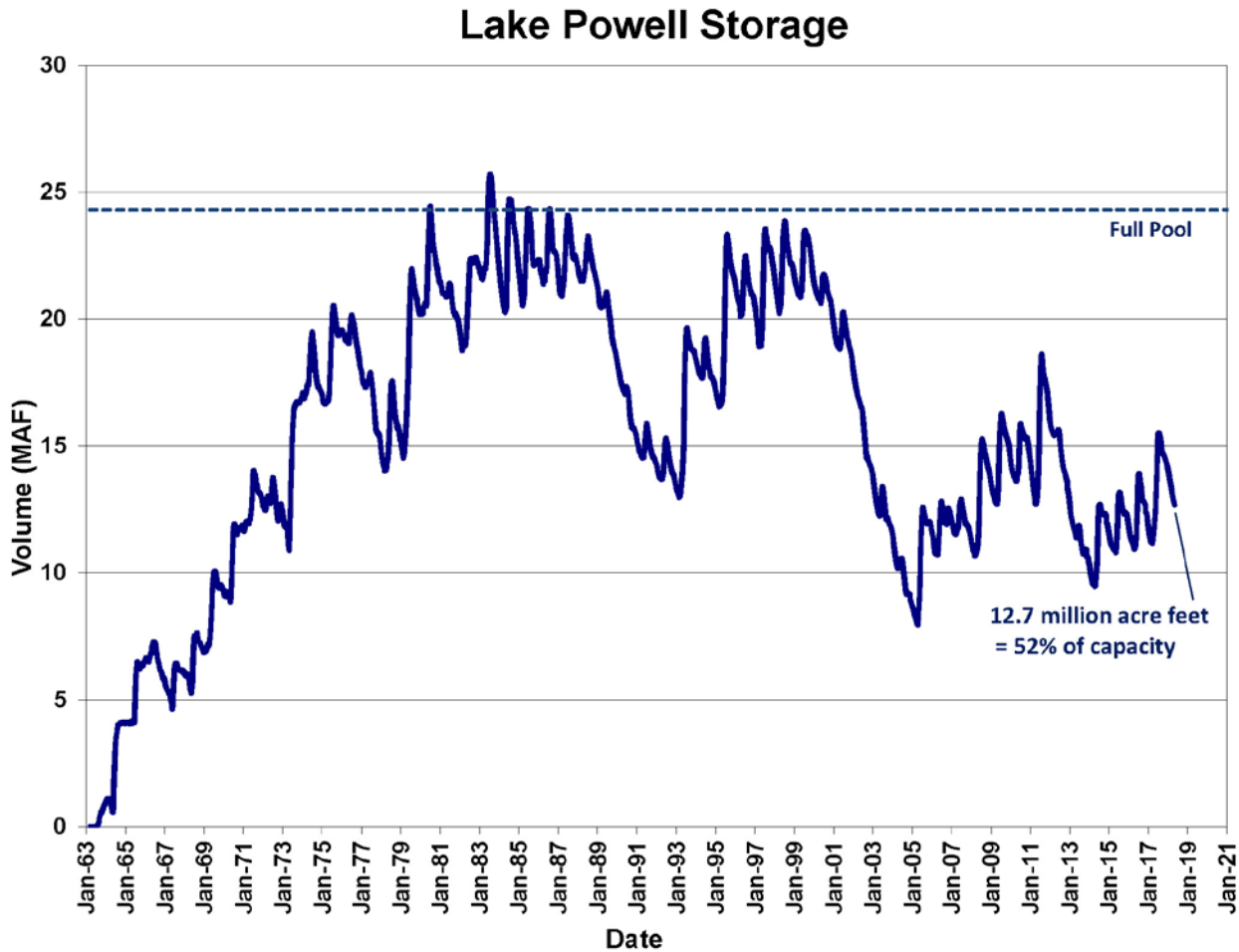




FIGURE D: LAKE POWELL STORAGE



**B. LITIGATION AND LEGAL FUNDING**

The River District’s General Council is responsible for the management of all of the legal matters of the River District and its Enterprise. The River District is involved in a wide-variety of legal matters that include litigation related to water rights, the negotiation and mediation of litigation settlements, the negotiation of contractual relationships, governmental compliance, and legislative proposals. Budgeting for litigation related matters is very difficult because of the uncertain nature of the litigation schedule and possible settlement options. Occasionally unanticipated financial liability results from pending litigation.

In addition to in-house counsel, the River District has retained special counsel for advice on a variety of matters. Generally those matters involve anticipated complex-litigation, issues beyond the particular expertise of in-house counsel, and “overflow” work delegated to special counsel on an as-needed basis. The River District expended \$231,401 on special counsel, mediation and expert consultants related to pending and anticipated litigation during the year 2017. Those costs are expected to increase in 2018 due to pending litigation and the retention of counsel and consultants to work on a special project.

## Independent Auditor's Report

To the Board of Directors  
Colorado River Water Conservation District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colorado River Water Conservation District (District), Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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, each major fund, and the aggregate remaining fund information of the District as of December 31, 2017, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule as listed in the table of contents, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information Section as listed in the table of contents 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. Such 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*RSM US LLP*

Denver, Colorado  
June 27, 2018

## Colorado River Water Conservation District Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the District's financial condition and operating results and to disclose to the reader important financial activities and issues related to the District's basic operations and mission. The MD&A should be read in conjunction with the detailed Background and Transmittal letter which precedes this MD&A and the District's basic financial statements.

The District has two separate financial categories or activities - government-type activities and those covered or referred to as business type activities. Within the government type activities, the Board has designated two separate budgets; a General Fund and a Capital Projects Fund. The government type activities are funded through the District's ad-valorem property tax. The business type activities are managed through the District's Colorado River Water Projects Enterprise (Enterprise). The Enterprise is funded through water sales contracts and leases.

### ▪ DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements *Notes* explain some of the information in the financial statements and provide more detailed data. The statements are followed by *required supplementary information and supplementary information sections* that further explains and supports the information in the financial statements.

## Government-wide Statements

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include *all* assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. The District's net position – the difference between assets, liabilities, and deferred inflows of resources – are one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base are needed to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

- **Governmental Activities** – The activity of the River District for its General and Capital Projects funds are reported here. Property taxes, specific ownership taxes, and interest income finances most of these activities
- **Business-Type Activities** – The District manages an enterprise formally named the Colorado River Water Projects Enterprise of the Colorado River Water Conservation District which develops and operates the District's water supply assets. The activity of this Enterprise is reported here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds – not the District as a whole. The District's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

*Governmental fund* – The River District's activity of its General and Capital Project funds are reported as a governmental fund, which focuses on how money flows into and out of the General fund and the balances left at year-end that are available for transfer to its Capital Projects fund. This fund is 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 fund statement provides a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

*Proprietary (Enterprise) fund* – The activity of the River District's Enterprise fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provide more detail and additional information, such as cash flows.

The other financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

## HIGHLIGHTS for fiscal year 2017

### Governmental Activities

- As of December 31, 2017, the District's governmental activities held \$11,259,208 in total assets.

### Business-Type Activities

- As of December 31, 2017, total Enterprise assets were \$92,381,322 a 0.6% decrease from the prior year.
- In 2017, revenues from water sales decreased 9.5% to \$1,219,665.
- Total Business-type activities liabilities decreased 16.4% to \$856,650.

## HIGHLIGHTS for fiscal year 2016

### Governmental Activities

- As of December 31, 2016, the District's governmental activities held \$10,681,457 in total assets.

### Business-Type Activities

- As of December 31, 2016, total Enterprise assets were \$92,934,859 a 10.1% decrease from the prior year.
- In 2016, revenues from water sales decreased 78.9% to \$1,347,303.
- The District's Enterprise paid off the one loan with the Colorado Water Conservation Board and also paid off the long-term contracts for water.
- Total Business-type activities liabilities decreased 88.6% to \$1,042,904.

## STATEMENT OF NET POSITION

The following table is a year-to-year summary of the District's net position:

Net Position (In Thousands)

Years ended December 31,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets:</u>						
Current Assets	\$ 10,313	\$ 9,678	\$ 26,496	\$ 24,255	\$ 36,809	\$ 33,933
Capital assets, Net	770	823	55,467	55,415	56,237	56,238
Other Assets	177	180	10,419	13,265	10,596	13,445
Restricted Assets	-	-	-	-	-	-
Total Assets	<u>\$ 11,260</u>	<u>\$ 10,681</u>	<u>\$ 92,382</u>	<u>\$ 92,935</u>	<u>\$ 103,642</u>	<u>\$ 103,616</u>
<u>Liabilities:</u>						
Current Liabilities	481	387	857	1,043	1,338	1,430
Long-Term Liabilities	-	-	-	-	-	-
Total Liabilities	<u>\$ 481</u>	<u>\$ 387</u>	<u>\$ 857</u>	<u>\$ 1,043</u>	<u>\$ 1,338</u>	<u>\$ 1,430</u>
<u>Deferred inflows of resources,</u>						
unavailable revenue-property taxes	<u>\$ 4,227</u>	<u>\$ 4,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,227</u>	<u>\$ 4,110</u>
<u>Net Position</u>						
Net Investment in Capital Assets	770	823	55,467	55,415	56,237	56,238
Restricted for emergencies	132	129	-	-	132	129
Restricted for debt collateralization	-	-	-	-	-	-
Unassigned	5,650	5,232	36,058	36,477	41,708	41,709
Total Net Position	<u>\$ 6,552</u>	<u>\$ 6,184</u>	<u>\$ 91,525</u>	<u>\$ 91,892</u>	<u>\$ 98,077</u>	<u>\$ 98,076</u>

## STATEMENT OF ACTIVITIES

The following table reflects a year-to-year change in the District's Net Position:  
(In Thousands)

Years ended December 31,	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Program Revenues:</u>						
Charges for Services	\$ -	\$ -	\$ 1,907	\$ 2,156	\$ 1,907	\$ 2,156
Grants/Contributions	-	-	1,586	1,374	1,586	1,374
Total Program Revenues	\$ -	\$ -	\$ 3,493	\$ 3,530	\$ 3,493	\$ 3,530
<u>General Revenues:</u>						
Property Taxes	4,129	4,317	-	-	4,129	4,317
Specific Ownership Taxes	306	271	-	-	306	271
Interest/Investments	58	-	248	(191)	306	(191)
Miscellaneous	8	4	-	-	8	4
Total General Revenues	\$ 4,501	\$ 4,592	\$ 248	\$ (191)	\$ 4,749	\$ 4,401
Total Revenues	\$ 4,501	\$ 4,592	\$ 3,741	\$ 3,339	\$ 8,242	\$ 7,931
<u>Program Expenses</u>						
General Government	539	530	-	-	539	530
Projects & Engineering	794	581	4,108	5,652	4,902	6,233
Professional & Legal	2,686	2,779	-	-	2,686	2,779
Other Administration	62	57	-	-	62	57
Unallocated Depreciation	54	58	-	-	54	58
Loss on Disposal - Unallocated	-	2	-	-	-	2
Total Expenses	\$ 4,135	\$ 4,007	\$ 4,108	\$ 5,652	\$ 8,243	\$ 9,659
Increase(decrease) in Net Position	\$ 366	\$ 585	\$ (367)	\$ (2,313)	\$ (1)	\$ (1,728)

The year to year change in the Governmental revenues is primarily due to property taxes. The year to year change in the Business-Type revenues is primarily due to the change in water contracts, the addition of rental income from the purchase of Unit 1A of the Two Rivers Park Plaza Office Condominiums, and the change in project contributions. The year to year decrease in Business-Type expenses is primarily due the installation of a fish net at Elkhead Reservoir in 2016.

## GOVERNMENTAL FUNDS

### BALANCE SHEET

(In Thousands)

Years ended December 31,	2017	2016
Total Assets - General Fund	\$ 6,854	\$ 6,145
Total Assets - Capital Fund	4,184	4,096
Total Assets	\$ 11,038	\$ 10,241
Total Liabilities - General Fund	743	515
Total Liabilities - Capital Fund	14	-
Total Liabilities	\$ 757	\$ 514
Deferred inflows of resources, unavailable revenue-property taxes	\$ 4,227	\$ 4,110
Fund Balance		
Restricted (approx. TABOR 3%)	132	129
Assigned (3 months expenses)	1,097	1,164
Assigned (Capital Projects Fund)	4,171	4,096
Unassigned	656	226
Total Fund Balance	\$ 6,056	\$ 5,615

The increase in Total Fund Balance is primarily due to an increase in cash and cash equivalents.

### **REVIEW OF EXPENSES - BUDGETARY COMPARISON - GOVERNMENTAL FUNDS**

(In Thousands)

Years ended December 31,	2017 Actual	2017 Budget
County Treasurer's Fees	\$ 147	\$ 144
Director's Fees, Salary & Expenses	62	66
Professional and Legal	2,666	3,196
General Government	221	222
External Affairs	161	217
Project Expenses	785	1,024
Emergency and Contingency	-	129
Capital Outlay	20	64
Total Expenses	\$ 4,062	\$ 5,062

### **BUDGETARY HIGHLIGHTS**

Changes between actual expenditures and budgeted amounts were primarily due to efforts to reduce expenses and the Litigation budget not being fully utilized. Additionally, the District has not spent emergency and contingency budgeted amounts. In 2017, actual expenses were less than budgeted by approximately \$889,000 for the General Fund and \$112,000 for the Capital Projects Fund.



**PROPRIETARY FUND (Enterprise Fund)**

**STATEMENT OF NET POSITION**

(In Thousands)

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>
Current Assets	\$ 26,496	\$ 24,573
Capital Assets (Net)	55,467	55,415
Other Assets	10,419	13,265
Restricted Assets	-	-
<b>Total Assets</b>	<b>\$ 92,382</b>	<b>\$ 93,253</b>
Current Liabilities	857	1,361
Long-term Liabilities	-	-
<b>Total Liabilities</b>	<b>\$ 857</b>	<b>\$ 1,361</b>
Net Position		
Net Investment in Capital Assets	55,467	55,415
Restricted	-	-
Unrestricted	36,058	36,477
<b>Total Net Position</b>	<b>\$ 91,525</b>	<b>\$ 91,892</b>

**REVIEW OF REVENUES AND LEASE RECEIPTS**

(In Thousands)

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>
Water Sales & Leases	\$ 4,220	\$ 4,347
Interest Income (Loss)	230	(213)
Management Fee	7	22
Elkhead Operations Reimbursements	1,005	149
Grants & Contributions	580	1,225
Miscellaneous & Others	117	72
<b>Total Revenues</b>	<b>\$ 6,159</b>	<b>\$ 5,602</b>

The overall increase in revenue for the Proprietary Fund was due primarily to the reimbursement of Elkhead Reservoir operations which included the installation of a fish net.

**CAPITAL ASSETS AND DEBT ADMINISTRATION - DISTRICT WIDE**

(In Thousands)

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>
Governmental Type Activities:		
Land	\$ 115	\$ 115
Building	1,201	1,201
Equipment, Furniture & Fixtures	403	403
Total Governmental Assets	1,719	1,719
Accumulated Depreciation	(949)	(896)
Net Governmental Assets	\$ 770	\$ 823
Business Type Activities:		
Land	\$ 3,091	\$ 3,091
Building	1,483	591
Dam Project	64,845	64,771
Recreation Area	1,074	1,061
Vehicles & Other Equipment	312	259
Total Business Type Activity Assets	70,805	69,773
Accumulated Depreciation	(15,338)	(14,359)
Net Business Type Assets	\$ 55,467	\$ 55,414
Other Assets:		
Contracts & Shares	6,148	6,409
Total Business Type & Other Assets (Net)	\$ 61,615	\$ 61,823

The changes in 2017 are due to the purchase of Unit 1A of the Two Rivers Park Plaza Office Condominiums. Please see figure 9 for more details.

**DEBT OUTSTANDING**

The District does not have any Business-Type long term debt. The River District paid off the Elkhead Reservoir loan in 2016. The River District paid off the Wolford Mountain Reservoir loan in 2012. This business decision was approved by the District's Board since the interest on the loan was far greater than our investment income.

The District has four long-term contracts with the United States Bureau of Reclamation for water from Ruedi Reservoir. These contracts are legally subject to annual appropriations by the Board of Directors. These contracts were paid in full in 2016.

## **ECONOMIC AND OTHER FACTORS**

The economic outlook of the 15 county regions, comprising the District, is pointed in an upward direction, rebounding nicely from the recession thanks to a diversification of the economy. The State of Colorado's Demographer is predicting that the Western Slope will grow by two-thirds by 2050. From 2004 to 2009, the District's increase in assessed valuations was primarily due to the development of natural gas and oil resources in Western Colorado. District management believes that the assessed valuation will be flat or checked in the near term, but return to historical growth trends after that. Additional information is included in the Background and Transmittal letter.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the general public with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

General Manager  
Colorado River Water Conservation District  
P. O. Box 1120  
Glenwood Springs, CO 81602  
Tel: (970) 945-8522  
Fax: (970) 945-8799

## Statement of Net Position

December 31, 2017

<b>Assets</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 5,017,063	\$ 9,604,032	\$ 14,621,095
Investments	958,810	13,669,818	14,628,628
Property taxes receivable	4,286,818	-	4,286,818
Internal balances	(141,577)	141,577	-
Current portion of lease contract receivable	-	2,584,112	2,584,112
Accrued interest	9,405	278,928	288,333
Other current assets	182,558	217,100	399,658
Total Current Assets	<u>10,313,077</u>	<u>26,495,567</u>	<u>36,808,644</u>
<b>Noncurrent Assets</b>			
Lease contract receivable	-	4,212,510	4,212,510
Investments in reservoir stock and contracts	-	6,147,954	6,147,954
Notes receivables, net	176,569	58,766	235,335
<b>Capital Assets</b>			
Nondepreciable	115,000	3,091,477	3,206,477
Depreciable	1,603,896	67,713,259	69,317,155
Less accumulated depreciation	(949,334)	(15,338,211)	(16,287,545)
Total Noncurrent Assets	<u>946,131</u>	<u>65,885,755</u>	<u>66,831,886</u>
Total Assets	<u>\$ 11,259,208</u>	<u>\$ 92,381,322</u>	<u>\$ 103,640,530</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 207,673	\$ 165,166	\$ 372,839
Accrued salaries and payroll taxes	-	8,848	8,848
Compensated absences	273,498	111,297	384,795
Unearned revenues	-	571,339	571,339
Total Liabilities	<u>481,171</u>	<u>856,650</u>	<u>1,337,821</u>
<b>Deferred Inflows of Resources,</b>			
Property taxes	<u>4,226,504</u>	<u>-</u>	<u>4,226,504</u>
<b>Net Position</b>			
Investment in capital assets	769,562	55,466,525	56,236,087
Restricted for:			
Emergencies	131,680	-	131,680
Unrestricted	<u>5,650,291</u>	<u>36,058,147</u>	<u>41,708,438</u>
Total Net Position	<u>6,551,533</u>	<u>91,524,672</u>	<u>98,076,205</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 11,259,208</u>	<u>\$ 92,381,322</u>	<u>\$ 103,640,530</u>

See Notes to the Basic Financial Statements

## Statement of Activities

December 31, 2017

Functions/Programs	Program Revenues			Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
County treasurers' fees	\$ 147,169	-	-	\$ (147,169)	-	\$ (147,169)
Directors' fees, salary & expense	61,908	-	-	(61,908)	-	(61,908)
Professional and legal	2,685,927	-	-	(2,685,927)	-	(2,685,927)
General government	231,620	-	-	(231,620)	-	(231,620)
External affairs	160,546	-	-	(160,546)	-	(160,546)
Project expense	794,069	-	-	(794,069)	-	(794,069)
Depreciation - unallocated	53,459	-	-	(53,459)	-	(53,459)
Total Governmental Activities	4,134,698	-	-	(4,134,698)	-	(4,134,698)
<b>Business-Type Activities</b>						
Water Supply & Project Mgmt.	4,108,168	1,906,886	1,585,516	-	(615,766)	(615,766)
Total Business-Type Activities	4,108,168	1,906,886	1,585,516	-	(615,766)	(615,766)
Total District	\$8,242,866	\$1,906,886	\$1,585,516	(\$4,134,698)	(\$615,766)	(4,750,464)
<b>General Revenues</b>						
Taxes						
Property taxes				\$ 4,129,456	\$ -	\$ 4,129,456
Specific ownership taxes				306,446	-	306,446
Interest and investment earnings				57,847	248,483	306,330
Miscellaneous				7,637	-	7,637
Total General Revenues				4,501,386	248,483	4,749,869
Changes in Net Position				366,688	(367,283)	(595)
Net Position - Beginning of the Year				6,184,845	91,891,955	98,076,800
Net Position - End of the Year				\$ 6,551,533	\$ 91,524,672	\$ 98,076,205

See Notes to the Basic Financial Statements

## Governmental Funds Balance Sheet

<b>December 31, 2017</b>	General	Capital Projects	Total
<b>Assets</b>	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u> <u>Funds</u>
Cash and cash equivalents	\$ 2,208,215	\$ 2,808,848	\$ 5,017,063
Investments	-	958,810	958,810
Property taxes receivable	4,286,818	-	4,286,818
Due from other funds	-	407,285	407,285
Accrued Interest	-	9,405	9,405
Other current assets	182,558	-	182,558
Notes receivable (net of allowance of \$145,334)	176,569	-	176,569
Total Assets	<u>\$ 6,854,160</u>	<u>\$ 4,184,348</u>	<u>\$ 11,038,508</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 194,004	\$ 13,669	\$ 207,673
Due to other funds	548,862	-	548,862
Total Liabilities	<u>742,866</u>	<u>13,669</u>	<u>756,535</u>
<b>Deferred inflows of Resources</b>			
Unavailable revenue-property taxes	<u>4,226,504</u>	<u>-</u>	<u>4,226,504</u>
<b>Fund Balances</b>			
Restricted for emergencies	131,680	-	131,680
Assigned (3 months expenses)	1,097,335	-	1,097,335
Assigned for Capital Projects	-	4,170,679	4,170,679
Unassigned	655,775	-	655,775
Total Fund Balances	<u>1,884,790</u>	<u>4,170,679</u>	<u>6,055,469</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,854,160</u>	<u>\$ 4,184,348</u>	<u>\$ 11,038,508</u>

See Notes to the Basic Financial Statements

**Reconciliation of the Governmental Funds Balance Sheet to Net Position  
of Governmental Activities**

December 31, 2017

**Total Fund Balances - Governmental Funds** \$ 6,055,469

*Amounts reported for governmental activities in the statement of net position  
are different because:*

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in governmental funds 769,562

Certain liabilities are not due and payable in the current period and  
therefore are not reported in the funds: Compensated absences (273,498)

**Total Net Position - Governmental Activities** \$ 6,551,533

See Notes to the Basic Financial Statements

**Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental**

<b>December 31, 2017</b>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 4,129,456	\$ -	\$ 4,129,456
Specific ownership taxes	306,446	-	306,446
Investment income	12,440	39,910	52,350
Property tax interest	5,497	-	5,497
Miscellaneous	7,637	-	7,637
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 4,461,476	\$ 39,910	\$ 4,501,386
<b>Expenditures</b>			
<b><i>Current Operating</i></b>			
County treasurers' fees	147,169	-	147,169
Directors' fees, salary and expense	61,908	-	61,908
Professional and legal	2,665,778	-	2,665,778
General government	211,803	19,817	231,620
Project expenses	449,041	9,554	458,595
External affairs	160,546	-	160,546
Grant program	-	335,474	335,474
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 3,696,245	\$ 364,845	\$ 4,061,090
Excess of Revenues Over (Under) Expenditures	765,231	(324,935)	440,296
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	-	400,000	400,000
Operating transfers out	(400,000)	-	(400,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(400,000)	400,000	-
Net Change in Fund Balance	\$ 365,231	\$ 75,065	\$ 440,296
<b>Fund Balance</b>			
Fund Balances - Beginning of Year	<hr/> 1,519,559	<hr/> 4,095,614	<hr/> 5,615,173
Fund Balances - End of Year	<hr/> <hr/> \$ 1,884,790	<hr/> <hr/> \$ 4,170,679	<hr/> <hr/> 6,055,469

See Notes to the Basic Financial Statements



**Reconciliation of Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances with the Statement of  
Activities**

December 31, 2017

**Total Change in Fund Balances - Governmental Funds** \$ 440,296

*Amounts reported for governmental activities in the statement of activities  
are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed (are less than) depreciation expense in the period:

Depreciation Expense (53,459)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase in compensated absences (20,149)

**Change in Net Position of Governmental Activities** \$ 366,688

See Notes to the Basic Financial Statements

## Statement of Net Position – Proprietary Funds

December 31, 2017	Business-Type Activity Enterprise Fund
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 9,604,032
Investments	13,669,818
Accounts receivable	217,100
Due from other funds	141,577
Current portion of lease contract receivable	2,584,112
Accrued interest receivable	278,928
Total Current Assets	26,495,567
<b>Capital Assets</b>	
<b>Nondepreciable</b>	
Land	3,091,477
<b>Depreciable</b>	
Office building	1,482,571
Vehicles, equipment, furniture and fixtures	311,868
Dam project	64,844,634
Recreation area	1,074,186
Total Capital Assets	70,804,736
Less accumulated depreciation	(15,338,211)
Net Capital Assets	55,466,525
<b>Other Assets</b>	
Investment in Eagle Park Reservoir Company	2,306,083
Investment in Grand County Mutual Ditch & Reservoir Company	221,261
Investment in Ruedi Reservoir Contracts (net of accumulated amortization of \$3,630,589)	3,620,610
Lease contract receivable	4,212,510
Notes receivable (net of allowance of \$48,445)	58,766
Total Other Assets	10,419,230
Total Assets	\$ 92,381,322
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	165,166
FICA/Medicare Payable	8,848
Compensated absences	111,297
Unearned revenue	571,339
Total Liabilities	856,650
<b>Net Position</b>	
Investment in capital assets	55,466,525
Unrestricted	36,058,147
Total Net Position	91,524,672
Total Liabilities and Net Position	\$ 92,381,322

See Notes to the Basic Financial Statements

**Statement of Revenues, Expenses and Changes in Net Position –  
Proprietary Funds**

<b>December 31, 2017</b>	Business-Type Activity Enterprise Fund
<b>Operating Revenues</b>	
Denver Water interest income	\$ 581,867
Sale of water	1,219,665
Management fee	6,952
Other operating revenue	<u>98,402</u>
 Total Operating Revenue	 1,906,886
<b>Operating Expenses</b>	
Operating expenses	555,931
Depreciation and amortization	1,258,482
Administrative expense	<u>2,293,755</u>
 Total Operating Expenses	 4,108,168
 Operating Income (loss)	 (2,201,282)
<b>Nonoperating Revenue (Expenses)</b>	
Investment loss	230,263
Joint venture gain	18,220
Intergovernmental revenue	1,585,516
Interest expense	<u>-</u>
 Total Nonoperating Revenues	 1,833,999
 Change in net position	 (367,283)
 Total Net Position - Beginning of Year	 91,891,955
Total Net Position - End of Year	<u><u>\$ 91,524,672</u></u>

See Notes to the Basic Financial Statements

## Statement of Cash Flows – Proprietary Funds

December 31, 2017	Business-Type Activity Enterprise Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 1,895,403
Payments to suppliers	(2,201,559)
Payments to employees	(834,381)
Net Cash (used for) Operating Activities	<u>(1,140,537)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchase of capital assets	(1,031,055)
Net Cash (used for) Capital and Related Financing Activities	<u>(1,031,055)</u>
<b>Cash Flows From Non-capital Financing Activities</b>	
Intergovernmental	1,585,516
Interfund borrowing	(459,535)
Net Cash provided by Non-capital Financing Activities	<u>1,125,981</u>
<b>Cash Flows From Investing Activities</b>	
Purchase of investments	(1,225,004)
Proceeds from sale or maturity of investments	1,004,219
Interest received on investments and cash deposits	279,455
Principal received on lease contract	2,418,133
Net Cash provided by Investing Activities	<u>2,476,803</u>
Net Increase in Cash	1,431,192
Cash, Beginning of Year	8,172,840
Cash, End of Year	<u>\$ 9,604,032</u>
<b>Reconciliation of operating loss to net cash used for operating activities</b>	
Operating income	\$ (2,201,282)
<i>Adjustments to reconcile net operating income to net cash used in operating activities:</i>	
Depreciation and amortization	1,258,482
Increase in accounts and notes receivable	(11,483)
Decrease in accounts payable	(127,498)
Increase in accrued expenses	783
Decrease in prepaid water fees (unearned revenue)	(69,386)
Increase in compensated absences	9,847
Net Cash (used for) Operating Activities	<u>\$ (1,140,537)</u>
<b>Noncash investing and financing activities:</b>	
Income in joint ventures	\$ 18,220
See Notes to the Basic Financial Statements	

## **Statement of Fiduciary Net Position**

December 31, 2017

### Agency Fund

Assets	
Cash and investments	<u>\$ 13,455</u>
Liabilities	
Due to others	<u>\$ 13,455</u>

See Notes to the Basic Financial Statements

**Notes to the Basic Financial Statements**

**1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Flows, Basis of Accounting and Summary of Significant Accounting Policies.**

**A. Nature of Operations and Reporting Entity**

The Colorado River District's boundaries include all or part of 15 west central and northwest Colorado counties. The River District was created by the Colorado Legislature in 1937 and is governed by a 15-member board of directors. Each county in the River District has one director appointed to a three-year term by his or her Board of County Commissioners.

Accounting principles generally accepted in the United States of America require the reporting entity include (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 District has the statutory authority to levy taxes and to issue bonded debt without approval of another government. It has the right to be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the District is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements. The District does, however, participate in joint ventures. See Note 10 regarding these relationships.

**B. Government-Wide and Fund Financial Statements**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing governmental accounting and financial reporting standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expense as appropriate. The District has the following funds:

## Notes to the Basic Financial Statements

Governmental Fund Types: Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

*The General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*The Capital Projects Fund* is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Fund Types: Proprietary funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District reports the Enterprise fund as a major fund and is known as the Colorado River Water Projects Enterprise. The Enterprise Fund currently has one major revenue project known as the Wolford Mountain Reservoir Project. The District's major customer for the water stored in the reservoir is Denver Water that accounts for 29% of the total revenues in this fund. Other revenues to this fund include the sale of water from the Colorado and Eagle river systems plus project contributions.

Fiduciary Fund Types: The Agency Fund accounts for monies held on behalf of others in an agency capacity and cannot be used to support District activities. The District's Agency Fund reports resources held by the District in a purely custodial capacity. In 2015, the District managed the assets of the Middle Colorado River Water Partnership, the Colorado River Cooperative Agreement's (CRCA) West Slope Fund, and CRCA's two Forest Restoration Funds for Summit County and Grand County.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund financial statements. The agency fund does not have a measurement focus but is reported using the accrued 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or has matured.

Property taxes and property tax interest, specific ownership taxes and investment income are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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. The principal operating revenues of the District enterprise fund are charges to customers for sales and services. Operating expenses for the District's Enterprise Fund include the

**Notes to the Basic Financial Statements**

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

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances**

***Deposits and Investments***

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, which includes local government investment pools and money market funds. State statutes govern the District’s deposits of cash and investments. Investments for the District are reported at fair value, except for money market funds which are reported at amortized cost. 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 is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same – that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

***Receivables and Payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “internal balances.” Notes receivable represent receivable from employees for the home ownership program as discussed in Note 12, net of an allowance for forgiveness of accounts of \$178,031.

***Investments in Reservoir Stock and Contracts***

The District has certain contracted interests in water through its shares in the Grand County Mutual Ditch and Reservoir Company, Eagle Park Reservoir Company and purchase of water rights through contracts with Ruedi Reservoir. See Note 10 regarding the participation in joint ventures related to the Grand County Mutual Ditch and Reservoir Company and the Eagle Park Reservoir Company. See Note 11 regarding Ruedi Reservoir water contracts with the Bureau of Reclamation.

***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of the District’s Enterprise Fund is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current year.

Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Dam	75 years
Building	40 years
Recreation area	20 - 40 years
Equipment	4 - 10 years

***Compensated Absences***



## Notes to the Basic Financial Statements

The District has the following policy for earning compensated vacation pay.

1 – 6 years	12 days
6 – 12 years	18 days
12 – 18 years	24 days
18 or more years	30 days

The liabilities for accumulated vacation are accrued when incurred in the District-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

The District has the following policy for compensated sick leave pay: Regular Full-Time employees accrue sick leave at the rate of 1 day per month (12 days per year). Regular Part-Time employees accrue sick leave at the rate of ½ day per month (6 days per year). Employees are allowed to accumulate sick leave throughout the entire period of employment, up to a maximum of 90 days. Sick leave below the maximum of 90 days unused upon termination does not convey any monetary benefit to the employee, nor can it be used for continuation of pay or benefits beyond normal termination. Upon the end of each calendar year, accrued sick leave above 90 days must be converted at the rate of 2 to 1 as a cash equivalent contribution to the employee's Retirement Health Savings Account (RHS) plan in January of the following year. The accrued compensated absences, attributable to the governmental activities, are generally liquidated by the General Fund.

### ***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

### ***Unearned Revenues***

In the Enterprise fund and business type activities column of the statement of net position, unearned revenue represents billings on the sale of water that have not yet been earned.

### ***Interfund activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### ***Deferred outflows/inflows of resources***

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet and in the District-wide Statement of Net Position, which represents unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period for which the taxes are levied.

## *Notes to the Basic Financial Statements*

### ***Fund Balance***

The District has adopted GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and clarifying the definitions of existing governmental fund types. As a result, fund balances are reported in classifications based on the extent to which the District is bound to honor constraints for specific purposes on which amounts in the Fund can be spent. In the governmental fund financial statements, fund balances can be classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the District’s intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the General Manager, or designee.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

### ***Fund balance flow assumption***

When both unassigned and restricted or assigned resources are available for use, it is the District’s policy to use restricted or assigned resources first, then unassigned resources as needed.

### ***Net Position***

Represent the difference between assets, liabilities, and deferred inflows of resources. Net investment in capital assets, consists 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, if any. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. As of December 31, 2017, the District has \$131,680 of restricted net position for enabling legislation for emergencies. Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### ***Net position flow assumption***

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### ***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid in two equal payments. To avoid penalties, the first half must be paid before March 1, and the second half must be paid on or before June 15. Alternatively, the taxes may be paid in full by April 30. All unpaid tax becomes delinquent June 16. Property taxes are levied and collected on behalf of the District by various counties and are reported as revenue by the District in the year in which the tax is budgeted and levied. Since the 2017 tax levy is budgeted and levied for the fiscal year 2018, the revenue from this tax levy has been reported as a deferred inflow of resources in both the Fund and the District-wide financial statements.

**Notes to the Basic Financial Statements**

**2. Interfund Receivables/Payables and Transfers**

Figure 1 - Individual interfund receivable and payable balances as of December 31, 2017 are as follows:

	Due From Other Funds	Due to Other Funds
Major funds:		
General fund	\$ -	\$ 548,862
Capital projects fund	407,285	-
Enterprise fund	141,577	
	\$ 548,862	\$ 548,862

Interfund balances result from the time lag between the dates that 1) interfund goods or services are provided or reimbursable expenditures occur, 2) transactions are recorded and 3) payments between funds are made.

The following is a schedule of transfers as included in the basic financial statements of the District:

	Transfers In	Transfers Out
General fund	\$ -	\$ 400,000
Capital projects fund	400,000	-
	\$ 400,000	\$ 400,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**3. Stewardship, Compliance, and Accountability**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Capital Project funds. The Enterprise fund is presented on the basis of revenue, lease receipts, and expenditures. All annual appropriations lapse at fiscal year-end. Encumbrances are not employed by the District.

**4. Cash, Cash Equivalents, and Investments**

A reconciliation of cash, cash equivalents and investments as shown in the financial statements is as follows:

**Figure 2 - Cash and Investments**

	Balance as of December 31, 2017		
Cash on hand	\$ 776		
Deposits	2,696,912		
Investments	26,565,490		
	\$ 29,263,178		
	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash on Hand/Checking/Money Market	\$ 2,701,804	\$ 13,455	\$ 2,715,259
Local Government Investment Pools (LGIP)	11,919,291	-	11,919,291
<b>Total Cash and Cash Equivalents</b>	14,621,095	13,455	14,634,550
Investments	\$ 14,628,628	\$ -	14,628,628
<b>Total cash, cash equivalents, and investments reported in District financial statements</b>	\$ 29,249,723	\$ 13,455	\$ 29,263,178

**Notes to the Basic Financial Statements**

**Interest rate risk:** Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to five years for the General Fund and ten years for the Enterprise Fund, as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Investments subject to interest rate risk disclosures are shown below.

**Figure 3 - Investments as of December 31, 2017**

Investment name	Maturity	Fair value
Certificates of Deposit:		
JP Morgan Chase	03/22/18	244,912
EverBank	12/19/18	244,241
BMW	12/26/18	244,201
Wells Fargo	03/11/19	244,123
Ally	04/27/20	243,503
Sallie Mae	04/27/20	243,503
First Bank	12/07/20	109,454
CCB Utah	10/29/21	237,795
CapOne	11/02/21	237,804
CapOne	11/02/21	237,804
Discover	11/02/21	237,804
Amer. Express	12/01/21	240,845
Goldman Sachs	04/26/22	245,512
Amer. Express	05/03/22	243,314
Synchrony	06/02/22	135,150
U.S. Government Agencies:		
FFCB	02/19/19	495,645
FFCB	02/22/19	494,715
FFCB	05/23/19	495,475
FFCB	03/02/20	492,830
FFCB	03/01/21	492,075
FFCB	09/08/26	948,300
FFCB	07/13/20	1,010,677
FNMA	09/24/20	491,915
FNMA	12/23/20	489,810
FNMA	07/27/21	966,826
FHLB	10/11/19	492,480
FHLB	10/25/23	482,410
FHLB	07/19/24	958,810
FHLMC	07/27/26	476,685
FHLMC	03/30/21	496,015
FHLMC	04/28/21	982,920
U.S. Treasury Note	10/31/21	971,074
<b>Total</b>		<u>\$ 14,628,627</u>

**Notes to the Basic Financial Statements**

**Credit Risk:** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. 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
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

State law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. At December 31, 2017, the District’s investments in debt securities were rated as follows:

**Figure 4**

Investment	Rating	Company	Rating	Company
FHLB	AA+	Standard & Poor's	Aaa	Moody's
FFCB	AA+	Standard & Poor's	Aaa	Moody's
FNMA	AA+	Standard & Poor's	Aaa	Moody's
FHLMC	AA+	Standard & Poor's	Aaa	Moody's

The Districts certificates of deposit were not rated but were FDIC insured.

**Concentration of credit risk:** The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal and state statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. In addition, it is also the policy of the District that no more than 50% of the District’s funds may be invested in any single money market mutual fund or in any single local government investment pool (LGIP). As of December 31, 2017, the District invested in three LGIPs (COLOTRUST PRIME, COLOTRUST PLUS and CSAFE) and one Institutional Money Market Funds none of which exceeded 50% of the total District funds.

COLOTRUST PRIME, COLOTRUST PLUS and CSAFE are Registered Local Government Investment Pools with the Colorado Division of Securities and meet Standard & Poor’s investment guidelines to achieve an AAAM Rating, the highest attainable rating for a LGIP. All three pools are regulate by the Colorado Securities Commissioner, with quarterly reporting and annual audits required. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools 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 the specific pool. The pools seek to maintain a constant net asset value of \$1 per share and are reported at fair value measured using NAV by the District.

The District also maintains other investment policies to ensure proper diversification by security type and institution. Investments in any one issuer that represent 5 percent or more of the District’s total investments are as follows:

## Notes to the Basic Financial Statements

FFCB – 30.28%  
FNMA – 13.32%  
FHLB – 13.22%  
FHLMC – 13.37%

Investments issued or explicitly guaranteed by the US government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk.

### Custodial Credit risk:

#### **Deposits**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's monies from various funds are consolidated into a unified portfolio to maximize earnings. Earnings from the portfolio are distributed based on monthly Funds' balances.

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 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are 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. The District's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute.

#### **Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g. broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2017, the District's investments were not exposed to custodial credit risk.

The District was not subject to foreign currency risk as of December 31, 2017.

**Fair Value Measurement:** The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities and gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These measurements are described as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**Notes to the Basic Financial Statements**

The District has the following recurring fair value measurements as of December 31, 2017:

	12/31/2017	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>				
Certificates of Deposit	3,389,965	3,389,965	-	-
U.S. Government Agencies	10,267,588	10,267,588	-	-
U.S. Treasury Notes	971,075	971,075	-	-
		<u>14,628,628</u>	-	-
<b>Investments measured at NAV</b>				
Local Government Investment Pools	11,919,291			
<b>Investments measured at amortized cost</b>				
Money Market Mutual Funds	17,571			
	<u>26,565,490</u>			

**5. Pension and Deferred Compensation and RHS Plans**

**Pension Plan**

The District provides pension benefits for all of its full-time employees through a defined contribution plan known as the Colorado River Water Conservation District Pension Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by ICMA-RC. Employees are eligible to participate after one year of service. The District contributes 10% of the employee’s annual compensation. The pension contribution rate was established by, and can only be amended with, the approval of the Board of Directors. The District’s contributions for all currently active employees (and investment earnings allocated to the employee’s account) are now fully vested.

The District’s total gross payroll for 2017 was \$2,675,921. The District’s contributions were calculated using a base salary amount for eligible employees of \$2,653,671. The District made the required 10% contribution totaling \$265,367.

There are 34 participants in the plan (including 9 who are not current employees). As of December 31, 2017, the accumulated plan assets were \$5,992,289. The assets in the pension plan experienced a gain of \$703,870 in 2017. The plan assets are reported at fair value using quoted market prices.

**Deferred Compensation Plan**

The District provides all employees with the opportunity to participate in a deferred compensation plan. All assets of the plan belong to the plan participants. At December 31, 2017 the plan net assets were \$5,735,911. The District has elected to match employee contributions up to \$2,400 per year per employee between the 457 and RHS plans. The contributions are based on their age as follows: Under 40 - \$2,400; 40 up to 50 - \$1,600; 50 up to 55 - \$800; 55 and older – No Match. During the year, the District contributed \$19,233 in matching funds. This plan is administered by ICMA-RC.

**RHS (Retirement Health Saving) Plan**

The District contributes to employee plans by two defined methods: 1) Excess sick (over 720 hours) and excess vacation (2x annual accrual) on a 2-1 ratio, 2) Matching contributions up to \$2,400 depending on the employee’s age as follows: Under 40 – No Match; 40 up to 50 - \$800; 50 up to 55 - \$1,600; 55 and older - \$2,400. During the year the District contributed \$64,536 for a year-end accumulated plan asset balance of \$1,543,413. This plan is also administered by ICMA-RC.

**6. Net Investment in Sales-Type Lease for the year ended December 31, 2017**

**Notes to the Basic Financial Statements**

**Figure 5 - Components of Investment in Sales-type Lease**

<b>Description</b>	<b>Amount</b>
Net minimum lease payments receivable	\$ 7,500,000
Less unearned income (representing interest)	(703,378)
Net investment in sales-type lease	<u>\$ 6,796,622</u>

The District's leasing operation consists of the leasing of storage space in a reservoir and use of water therein to Denver Water. The revenues under this lease are pledged as collateral under the loan with the Colorado Water Conservation Board (see note 7), prior to the loan being paid off in 2016.

**Figure 6 - Maturities Under Sales-type Lease**

<b>Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Total</b>
2018	415,888	2,584,112	3,000,000
2019	238,518	2,761,482	3,000,000
2020	48,972	1,451,028	1,500,000
Total	<u>\$ 703,378</u>	<u>\$ 6,796,622</u>	<u>\$ 7,500,000</u>

**7. Long-term Liabilities**

**Figure 7 - Long-term Liabilities Activity for the year ended December 31, 2017**

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Government Activities:</b>					
Compensated absences	\$ 253,349	\$ 171,081	\$ 150,932	\$ 273,498	\$ 273,498
<b>Long-term Liabilities</b>	<u>\$ 253,349</u>	<u>\$ 171,081</u>	<u>\$ 150,932</u>	<u>\$ 273,498</u>	<u>\$ 273,498</u>
<b>Business-type Activities:</b>					
Compensated absences	\$ 101,450	\$ 61,831	\$ 51,984	\$ 111,297	\$ 111,297
<b>Long-term Liabilities</b>	<u>\$ 101,450</u>	<u>\$ 61,831</u>	<u>\$ 51,984</u>	<u>\$ 111,297</u>	<u>\$ 111,297</u>

The District does not have any note payables as of December 31, 2017.



Notes to the Basic Financial Statements

8. Capital Assets

Figure 9 - Capital Asset Activity for the year ended December 31, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
<b>Total capital assets, not being depreciated</b>	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Capital Assets, being depreciated:				
Building	1,201,289	-	-	1,201,289
Equipment, Furniture and Fixtures	402,607	-	-	402,607
<b>Total capital assets, being depreciated</b>	<u>1,603,896</u>	<u>-</u>	<u>-</u>	<u>1,603,896</u>
Less accumulated depreciation for:				
Building	(541,010)	(33,786)	-	(574,796)
Equipment, Furniture and Fixtures	(354,865)	(19,673)	-	(374,538)
<b>Total accumulated depreciation</b>	<u>(895,875)</u>	<u>(53,459)</u>	<u>-</u>	<u>(949,334)</u>
<b>Total capital assets, being depreciated, net</b>	<u>708,021</u>	<u>(53,459)</u>	<u>-</u>	<u>654,562</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 823,021</u>	<u>\$ (53,459)</u>	<u>\$ -</u>	<u>\$ 769,562</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,091,477	\$ -	\$ -	\$ 3,091,477
<b>Total capital assets, not being depreciated</b>	<u>3,091,477</u>	<u>-</u>	<u>-</u>	<u>3,091,477</u>
Capital assets, being depreciated:				
Building	591,075	891,496	-	1,482,571
Dam Project	64,771,384	73,250	-	64,844,634
Recreation Area	1,060,518	13,668	-	1,074,186
Vehicles and Other Equipment	259,227	52,641	-	311,868
<b>Total capital assets, being depreciated</b>	<u>66,682,204</u>	<u>1,031,055</u>	<u>-</u>	<u>67,713,259</u>
Less accumulated depreciation for:				
Building	(264,466)	(37,306)	-	(301,772)
Dam Project	(13,343,115)	(891,377)	-	(14,234,492)
Recreation Area	(520,948)	(33,308)	-	(554,256)
Vehicles and Other Equipment	(230,093)	(17,598)	-	(247,691)
<b>Total accumulated depreciation</b>	<u>(14,358,622)</u>	<u>(979,589)</u>	<u>-</u>	<u>(15,338,211)</u>
<b>Total capital assets, being depreciated, net</b>	<u>52,323,582</u>	<u>51,466</u>	<u>-</u>	<u>52,375,048</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 55,415,059</u>	<u>\$ 51,466</u>	<u>\$ -</u>	<u>\$ 55,466,525</u>

The depreciation expense, for governmental activities, is shown as unallocated on the Statement of Activities.

## Notes to the Basic Financial Statements

### **9. Commitments and Contingencies**

#### **Risk Management**

The District is exposed to various risks of loss related to injuries of employees while on the job, property loss and torts committed by the District or its employees. The District has purchased commercial insurance to cover these potential losses. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

#### **TABOR Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, also known as the Tax Payers Bill of Rights (TABOR) Amendment or Amendment 1, which has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance. As of December 31, 2017, the amount required as an emergency reserve in compliance with the amendment is \$131,680 and is shown as a restriction of fund balance and net position in the General Fund and governmental activities, respectively.

#### **Other Legal Matters**

As a result of its involvement with matters of water rights, in the normal course of business the District becomes party to various claims and litigation regarding such matters. While it is reasonable to expect that some of these cases will result in an unfavorable outcome to the District, legal counsel for the District believes any such unfavorable outcome would not materially affect the District's financial position.

#### **Commitments**

In a 2011 and 2012 agreement, the District committed to two credits for Tri-State Generation & Transmission Association, INC. In exchange for Tri-State abandoning and cancelling certain water rights, the District agrees to provide Tri-State a \$75,000 credit towards service charges for Elkhead Reservoir operations, water marketing, or a combination of the two. The credit is not to exceed \$12,500 in any year, redeemable at once and is non-transferrable. The 2011 agreement, for \$25,000, expires November 29, 2031. The 2012 agreement, for \$50,000, expires January 11, 2032.

## Notes to the Basic Financial Statements

### **10. Joint Ventures**

A) The District participates in a joint venture with the Bluestone Water Conservancy District. The original joint venture, the Bluestone Management Committee, was formed to provide for the collection of revenues on water that has been leased to outside parties. This joint venture does not meet the criteria for inclusion within the reporting entity because it has a separate governing board from that of the District, and the District appoints only half of the members of the Board. In March of 2015 the Bluestone Management Committee, formed the Kobe Water Authority and obtained their own EIN.

Financial statements of the Bluestone Management Committee and the Kobe Water Authority can be obtained from the District.

B) The District participates in a joint venture with Grand County Mutual Ditch and Reservoir Company, a nonprofit organization. The Company was formed to purchase shares of the Grand County Irrigation & Land Co including the right to request or receive delivery of water and all beneficial right, title and interest in and to all water rights represented by said shares. The Grand County Mutual Ditch and Reservoir Company issued twenty four shares of common stock allocated proportionally as four shares to the six separate legal entities, including the Colorado River Water Conservation District. The Board of Directors consists of 6 members, one from each of the six shareholders. The District has an ongoing equity interest in the Grand County Mutual Ditch and Reservoir Company of 16.7% or 1/6. As of December 31, 2017, the District's investment in this Company totaled \$221,261. Separate audited financial statements of the Grand County Mutual Ditch Company can be obtained from their office at P.O. Box 824 Winter Park, Colorado 80482.

C) The District participates in a joint venture with Eagle Park Reservoir Company, a nonprofit organization along with three other separate legal entities. The Company was formed to acquire water diversion, storage facilities and water rights and operate its water storage facilities located in Eagle County, Colorado, and to deliver water on behalf of its stockholders. The District has an ongoing equity interest in the Eagle Park Reservoir Company of 7.98% and currently owns 2,065 of Class A stock out of a total of 25,890 shares and 225 Class B stock of a total of 1000 shares. As of December 31, 2017, the District's investment in this Company totaled \$2,306,083. Separate audited financial statements of the Eagle Park Reservoir Company can be obtained from their office at 846 Forest Road, Vail Colorado 81657.

### **11. Water-purchase Contracts**

The District has four contracts in place for the purchase of water from the Bureau of Reclamation's Ruedi Reservoir. The District obtained these water contracts for use in the operations of its Colorado River Water Projects Enterprise fund. The investment in these contracts is being amortized over the life of the agreements (25 years) through 2032. The total value of these contracts is \$3,620,610, net of accumulated amortization of \$3,630,589 and is recorded as an investment in Ruedi Reservoir Contracts on the Statement of Net Position.

### **12. Employee Home Ownership Program**

In 2008, the Board approved an Employee Home Ownership Program. Employees may be eligible for up to 20% of the purchase price or \$50,000, whichever is less. Up to 60% of the loan could be forgiven contingent upon 15 years of continuous employment. As of December 31, 2017, ten employees have enrolled in this program. The balance of the note receivable from employees as of December 31, 2017 was \$235,335 net of an allowance for doubtful accounts of \$178,031, which is recorded in both the General Fund and the Enterprise Fund.

# **Required Supplementary Information**

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General Fund**

<b>December 31, 2017</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget <u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Property taxes	\$ 4,353,149	\$ 4,340,549	\$ 4,129,456	\$ (211,093)
Specific ownership taxes	275,000	267,107	306,446	39,339
Investment income	10,000	18,913	12,440	(6,473)
Property Tax Interest	-	-	5,497	5,497
Miscellaneous	4,000	6,338	7,637	1,299
<b>Total Revenues</b>	<b>\$ 4,642,149</b>	<b>\$ 4,632,907</b>	<b>\$ 4,461,476</b>	<b>\$ (171,431)</b>
<b>Expenditures</b>				
<i>Current Operating</i>				
County treasurers' fees	150,001	143,658	147,169	(3,511)
Directors' fees, salary and expense	61,551	66,030	61,908	4,122
Professional and legal	3,177,603	3,196,120	2,665,778	530,342
General government	206,133	212,213	211,803	410
External affairs	185,625	216,375	160,546	55,829
Project expense	697,222	621,123	449,041	172,082
Emergency and contingency	129,844	129,356	-	129,356
<b>Total Expenditures</b>	<b>\$ 4,607,979</b>	<b>\$ 4,584,875</b>	<b>\$ 3,696,245</b>	<b>\$ 888,630</b>
 Excess of Revenues Over Expenditures	 \$ 34,170	 \$ 48,032	 \$ 765,231	
<b>Other Financing (Uses)</b>				
Operating transfers in (out)	200,000	-	(400,000)	
<b>Total Other Financing (Uses)</b>	<b>200,000</b>	<b>-</b>	<b>(400,000)</b>	
 Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	 <u>\$ 234,170</u>	 <u>\$ 48,032</u>	 365,231	
 Fund Balance - Beginning of Year			 <u>1,519,559</u>	
 Fund Balance - End of Year			 <u>\$ 1,884,790</u>	

# **Supplementary Information**

**Statement of Property Taxes Collected Compared to Budget – General Fund**

<b>December 31, 2017</b>			Variance
<u>County</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Delta	\$ 78,983	\$ 78,836	\$ (147)
Eagle	743,141	742,455	(686)
Garfield	559,658	658,531	98,873
Grand	167,242	172,830	5,588
Gunnison	147,584	149,607	2,023
Hinsdale	14,446	14,373	(73)
Mesa	464,419	464,624	205
Moffat	103,654	102,379	(1,275)
Montrose	117,380	117,024	(356)
Ouray	39,846	39,686	(160)
Pitkin	744,506	743,043	(1,463)
Rio Blanco	224,763	224,495	(268)
Routt	262,227	271,026	8,799
Saguache	882	878	(4)
Summit	441,283	369,283	(72,000)
Total Property Taxes	<u>\$ 4,110,014</u>	<u>\$ 4,149,070</u>	<u>\$ 39,056</u>
Delinquent Taxes	-	1,639	1,639
<b>Less: Tax Credits &amp; Tax Abatements</b>	<u>-</u>	<u>(21,253)</u>	<u>(21,253)</u>
Total Property Taxes Collected	<u><u>\$ 4,110,014</u></u>	<u><u>\$ 4,129,456</u></u>	<u><u>\$ 19,442</u></u>

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund**

<b>December 31, 2017</b>	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Investment Income (Loss)	\$ 10,000	\$ 10,000	\$ 39,910	\$ 29,910
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 39,910</u>	<u>\$ 29,910</u>
<b>Expenditures</b>				
Grant program	\$ 150,000	\$ 402,895	\$ 335,474	\$ 67,421
Other capital outlay	193,450	64,400	19,817	44,583
Other	20,000	10,000	9,554	446
<b>Total Expenditures</b>	<u>\$ 363,450</u>	<u>\$ 477,295</u>	<u>\$ 364,845</u>	<u>\$ 112,450</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (353,450)</u>	<u>\$ (467,295)</u>	<u>\$ (324,935)</u>	
<b>Other Financing Sources</b>				
Transfers in	-	-	400,000	
<b>Total Other Financing Sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,000</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (353,450)</u>	<u>\$ (467,295)</u>	<u>\$ 75,065</u>	
Fund Balance - Beginning of Year			<u>\$ 4,095,614</u>	
Fund Balance - End of Year			<u>\$ 4,170,679</u>	



**Statement of Revenues, Lease Receipts, Expenditures and Changes in Net  
Position– Budget and Actual (Budgetary Basis) Colorado River Water Projects  
Enterprise Fund**

December 31, 2017	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Receipts</b>				
Denver Water lease receipts	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Sale of water including capital contributions	1,338,500	1,206,000	1,219,665	13,665
Investment Income (loss)	100,000	100,000	230,263	130,263
Miscellaneous	32,000	92,000	98,402	6,402
Joint Venture Income	-	10,000	18,220	8,220
Management Fee	30,000	10,000	6,952	(3,048)
Project Contributions	1,600,000	2,990,105	462,625	(2,527,480)
Grant	400,000	276,243	117,786	(158,457)
Old Dillon Reservoir Reimbursements	-	-	-	-
Elkhead Operations Reimbursements	893,000	1,005,105	1,005,105	-
<b>Total Receipts</b>	<b>\$ 7,393,500</b>	<b>\$ 8,689,453</b>	<b>\$ 6,159,018</b>	<b>\$ (2,530,435)</b>
<b>Expenditures</b>				
Directors' salaries, fees and expenses	23,610	21,110	20,124	986
Staff salaries	835,376	808,124	854,075	(45,951)
Salary overhead	311,793	304,221	312,628	(8,407)
Travel & Education	69,325	63,000	63,791	(791)
Legal	87,500	87,000	(23,756)	110,756
Administrative expenses	89,667	1,117,066	1,025,068	91,998
External affairs	68,375	67,375	56,826	10,549
Technical support	101,292	101,292	175,615	(74,323)
Capital outlay	-	-	-	-
Wolford Mountain	988,200	479,950	(632,628)	1,112,578
Mitigation	350,000	60,000	70,936	(10,936)
Yampa Projects	543,640	538,640	371,621	167,019
Eagle River projects	52,000	32,000	26,060	5,940
Roaring Fork Projects	83,000	28,851	28,851	-
Project Development	2,557,000	1,424,000	500,475	923,525
Debt service-principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 6,160,778</b>	<b>\$ 5,132,629</b>	<b>\$ 2,849,686</b>	<b>\$ 2,282,943</b>
<b>Excess of Receipts Over (Under) Expenditures</b>	<b>\$ 1,232,722</b>	<b>\$ 3,556,824</b>	<b>\$ 3,309,332</b>	
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Depreciation and amortization			(1,258,482)	
Remove Capital Outlay			-	
Remove Denver Water lease receipts			(3,000,000)	
Remove Debt Service Principal			-	
Add Denver Water interest income			581,867	
<b>Change in net assets - GAAP basis</b>			<b>\$ (367,283)</b>	

**Schedule of Changes in Assets and Liabilities - Agency Fund**

December 31, 2017

	<u>Balance</u> <u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2017</u>
<b>Assets</b>				
Cash and investments	\$ 5,543	\$ 7,912	\$ -	\$ 13,455
Total Assets	<u>\$ 5,543</u>	<u>\$ 7,912</u>	<u>\$ -</u>	<u>\$ 13,455</u>
<b>Liabilities</b>				
Due to Others	<u>\$ 5,543</u>	<u>\$ 7,912</u>	<u>\$ -</u>	<u>\$ 13,455</u>