



2021 Financial Report



Southeastern Colorado Water Conservancy District

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SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Southeastern Colorado Water Conservancy District
Pueblo, Colorado

Opinions

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 Southeastern Colorado Water Conservancy District (District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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.

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

Auditors' Responsibility for the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 inquires of management about the methods of preparing the information and comparing the

INDEPENDENT AUDITORS' REPORT - CONTINUED

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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.

Additional Information

In connection with our audit of the basic financial statements, our responsibility is to read the additional information and consider whether a material inconsistency exists between the additional information and the basic financial statements, or the additional information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the additional information exists, we are required to describe it in our report. The additional information comprises the Schedule of Revenues and Expenditures – Water Activity Enterprise Fund – Budget and Actual, the Schedule of Revenues and Expenditures – Hydro Project Enterprise Fund – Budget and Actual, the Schedule of Revenues and Expenditures – General Fund, and the Statement of Changes in Fiduciary Net Assets and Liabilities – Agency Fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

Erickson, Brown & Klester LLC

Colorado Springs, Colorado
April 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This discussion and analysis provide an overview of the Southeastern Colorado Water Conservancy District's financial condition and operating results of the past year and to inform our constituents about the District's financial issues and activities. We encourage readers to consider all of the information presented here including the independent auditors' report, the basic financial statements, notes, and supplementary information.

Government wide activities and assets include both the Governmental (District) and the Proprietary (Enterprise) Funds. The District functions as a Governmental Fund with one set of standard accounting policies and the Enterprise funds function as Business-type Proprietary Funds with a different set of standard accounting policies both in accordance with generally accepted accounting principles. These policies are discussed in the summary of significant accounting policies in Note 1 to the financial statements. Reconciliations for the Governmental Fund and its activities are necessary in order to make a consolidated presentation.

OVERVIEW

This annual report includes a series of financial statements. In addition to this Management's Discussion and Analysis (MD&A), the report consists of (1) government wide statements, (2) fund financial statements, (3) the notes to the financial statements, (4) required supplementary information, and (5) additional information.

The first two basic statements present a government wide view of the District's finances. All District operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic governmental and administrative services, the repayment of primary debt, and the protection of the District's water rights. The District's business-type activities carried out by the Proprietary Funds include the sale and administration of water and storage from the Fryingpan-Arkansas Project, related surcharges, and return flows. The Safety of Dams repayment obligation is a long-term debt of the business type activity. Other projects include: (1) The Arkansas Valley Conduit Project, (2) the Excess Capacity Master Contract, (3) Enlargement of the Pueblo Reservoir and Turquoise Lake, (4) the Lease of Power Privilege for Hydroelectric Power at the Pueblo Dam, as well as the construction and operation of the Hydroelectric Powerhouse facility, and (5) other water issues and projects as identified by the Board of Directors. These government wide statements are designed to present both the governmental and business-type activities as a consolidated total for the District.

FINANCIAL HIGHLIGHTS

1. Government wide assets exceed its liabilities and deferred inflows of resources to \$153,847,360 at December 31, 2021. The District's ongoing obligations may use the unrestricted net position of the governmental activities balance of \$10,745,138 at December 31, 2021. Unrestricted net position of the Business-type activity total \$9,529,267 at December 31, 2021 and may be used to meet ongoing

obligations. The combined total of unrestricted net position available to meet ongoing obligations is \$20,274,405.

2. The District's net position (government wide) increased from \$145,802,177 at December 31, 2020 to \$153,847,360 at December 31, 2021. This is an increase of \$8,045,183 or 5.52 percent for year-end December 31, 2021.
3. The most significant asset of the District is its perpetual water rights and are reported at \$132,237,478. Note 5 presents more detail information relating to the District's capital assets. To calculate the government wide Net Position of \$153,847,360, the carrying value of the perpetual water rights and land is combined with other assets and long-term liabilities, as well as deferred inflows of resources. The Statement of Net Position clearly illustrates these details.
4. The District's debt primarily consists of the amount due to the U.S. Bureau of Reclamation (Reclamation) and is associated with the Fryingpan-Arkansas Project construction contract totaling \$14,675,721 at December 31, 2021. Details of this obligation are reflected in Note 6.
5. Business-type activities debt includes the Safety of Dams obligation of \$130,820, as well as the ongoing Hydroelectric Power construction loan of \$17,220,000, for a total long-term debt of \$17,350,820. In 2021, the Business-type activities had no loan advances from the Colorado Water Conservation Board for construction purposes of the Hydroelectric Power Project at the Pueblo Dam. Details of this obligation are found in Note 6.

BASIC FINANCIAL STATEMENTS

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets of the District, the liabilities it owes and its deferred inflows and the net difference at December 31, 2021. The net difference is further separated into amounts for net investment in capital assets, restricted for specific purposes, and unrestricted amounts. Governmental and business type activities are reported on economic resource measurement focus and the accrual basis of accounting. The Statement of Net Position demonstrates that the District is in a solid position for future operations with a net position that has steadily increased in recent years.
- The Statement of Activities focuses on the gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's ability to determine the extent to which the programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on the governmental fund and the proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements and include a reconciliation of the governmental Fund Balance Sheet to the Statement of Net Position and a reconciliation of the governmental fund Statement of Revenues, Expenditures, and Changes in Funds Balance to the Statement of Activities. Statements for the District's proprietary fund follow the governmental fund and include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and Statement of Cash Flows.

- The notes to the financial statements provide additional disclosures required by generally accepted accounting principles and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes to the financial position and differences in operations between current and prior years. The MD&A includes currently known information that management is aware of at the date of the auditor's report. Please read it in conjunction with the District's financial statements that follow this section.

GOVERNMENT WIDE

District continued to move in a positive direction in 2021. The total Net Position is the best indicator in this presentation of a successful year as it displays the increase of net position at December 31, 2021.

**Government Wide
Condensed Statement of Net Position
December 31**

	2021	2020	Dollar Change
Current and other assets	\$46,402,307	\$38,782,159	\$7,620,148
Capital Assets, net	150,239,770	150,540,625	(300,855)
Total Assets	<u>196,642,077</u>	<u>189,322,784</u>	<u>7,319,293</u>
Current and other liabilities	2,572,599	2,250,589	322,010
Long-term liabilities	30,790,878	32,241,533	(1,450,655)
Total Liabilities	<u>33,363,477</u>	<u>34,492,122</u>	<u>(1,128,645)</u>
Deferred inflows of resources	<u>9,431,240</u>	<u>9,028,485</u>	<u>402,755</u>
Net investment in capital assets	118,344,049	118,644,903	(300,854)
Restricted for TABOR	150,000	150,000	0
Restricted for BOR	15,078,906	8,107,417	6,971,489
Unrestricted	20,274,405	18,899,857	1,374,548
Total Net Position	<u>\$153,847,360</u>	<u>\$145,802,177</u>	<u>\$8,045,183</u>

GOVERNMENTAL ACTIVITIES

The following table compares revenues and expenses for the governmental activities for 2021.

Condensed Comparative Statement of Activities Governmental Activities Year Ending December 31			
	2021	2020	Dollar Change
Revenues			
Program revenues			
Charges for services	\$7,116,498	\$7,158,829	(\$42,331)
Grants	-	-	-
General Revenues			
Property taxes	8,990,885	8,546,317	444,568
Specific ownership taxes	1,075,191	951,915	123,276
Investment earnings	(81,007)	144,617	(225,624)
Insurance Recovery	-	-	-
Other	24,044	23,700	344
Total Revenues	17,125,611	16,825,378	300,233
Expenses			
General government	8,524,396	13,678,311	(5,153,915)
Total Expenses	8,524,396	13,678,311	(5,153,915)
Change in net position	8,601,215	3,147,067	5,454,148
Net position, beginning of year	135,404,881	132,257,814	3,147,067
Net position, end of year	\$144,006,096	\$135,404,881	\$8,601,215

The contract between the District and Reclamation for the Fryingpan-Arkansas Project was first signed in 1982 for a period of 40 years, with an added 10 years for a total contract of 50 years. There has been a total of 11 amendments to the original Fryingpan-Arkansas contract between 1982 through 2018. The original contract required a contract review of the prior 40-year period. In 2021, the District and Reclamation negotiated and finalized a sustainable but similar contract to remain in perpetuity.

The Fryingpan-Arkansas contract stipulates that the District is responsible for repayment of a portion of the costs of the Fryingpan-Arkansas Project. The total original repayment obligation for the District was \$132,237,478. This represented \$74,348,993 allocated to agriculture and \$57,888,485 allocated to municipal and industrial. Each year the District also incurs operating and maintenance costs.

The Fryingpan-Arkansas contract requires that the District complete semi-annual installments payments of \$733,786 which totals \$1,467,572 annually to decrease the remaining debt of the Fryingpan-Arkansas Project through the remaining contract period, December 2031. The contract also requires an upfront or pre-payment of the District portion of the operations maintenance and replacement (OM&R) for the Project. This pre-payment is based on estimated costs and estimated

Reclamation credits as well as a true-up process of actual cost and credits calculated with each semi-annual installment. In 2021, Reclamation did not provide an invoice for OM&R or credits and has not provided a clear estimate as to what may be owed or due to the District as of December 31, 2021. Therefore, the District is unable to estimate an amount payable to Reclamation and there is a possibility that there may be amounts due to the District relating to 2021 operations.

The Fryingpan-Arkansas Contract also requires that the District hold a restricted reserve in the amount of the annual Fryingpan-Arkansas Project property tax collected, less the total annual installment payments made to Reclamation. For year-end 2021, the estimated excess tax collections was \$14,978,906.

Total installment payments made to the U.S. Bureau of Reclamation (Bureau) in 2021 was \$1,467,572, which includes the required June and December 2021 debt payments.

The U.S Bureau of Reclamation applies other miscellaneous revenues according to Public Law 111-11. These revenues are applied to the pay off the South Outlet construction at the Pueblo Dam, Ruedi Reservoir, and the Fountain Valley Authority primary debt. The future use of these funds will be applied towards the Arkansas Valley Conduit, a feature that has not yet been completed but part of the original Fryingpan-Arkansas Project authorization. It is estimated the repayment of the Arkansas Valley Conduit project will begin when final construction of the project is completed.

The District experienced an increase of \$444,568 in property tax revenues. Assessments of property taxes are done in the year prior to receipt of ad valorem tax. In 2021, Specific Ownership tax revenues experienced an increase of \$123,276, when compared to 2020. Specific Ownership taxes are assessed on personal vehicles, boats, etc.

The general government expense decreased 38 percent from 2020. This is a direct result of not receiving OM&R related invoices from Reclamation in 2021. The 2021 capital purchases for the District consisted of the replacement of a heating and air-condition unit at District headquarters office building. Capital purchases such as these ensures the District headquarters and grounds are up to date and maintained efficiently. Total capital expenditures at year-end 2021 was \$11,420.

The District is charged annually for each acre foot of water that is stored in the Pueblo Reservoir as required by the Excess Capacity Contract. The District passes these fees to the participants of the Excess Capacity project. In addition, the District assesses surcharges that is retains and used as operating revenues for the Enterprise. Storage fees that were collected in the fourth quarter of 2020, were due and payable to the Bureau of Reclamations for the 2021 contract period represent a revenue and expenditure total of \$282,659. In the 2021 financial period the District collected fees for the 2022 contract period and reflects an advance deposit balance of \$288,597 for total charges.

BUSINESS TYPE ACTIVITIES

The Business Activity Enterprise (Enterprise) functions from a solid financial base; however, the success of the proprietary funds is more accurately measured by the impact that it has facilitating projects and programs within the District and that benefit our constituents. The Enterprise includes the Arkansas Valley Conduit Project as well as the Hydroelectric Power Project at the Pueblo Dam. The Hydroelectric Power Project provides additional revenue resources and will significantly increase the future financial support within the Proprietary Funds.

In 2021, there were no additional loan funds drawn from the Colorado Water Conservation Board (CWCB) loan for the Hydroelectric Power Project. In December 2021, \$343,456 was incurred to CWCB for construction interest.

The Arkansas Valley Conduit continued to gain momentum in 2021. In 2020, the U.S. Bureau of Reclamation received \$28 million in federal funding to support the first reach of the project. This first reach of the AVC project is in final design stages with construction expected to start in 2022. In 2021, ongoing communication meetings were held with Arkansas Valley Conduit participants and the County Commissioners of Pueblo, Crowley, Otero, Bent, and Prowers counties all of which the conduit resides. As a result of these meeting, the Arkansas Valley Conduit received commitments of American Rescue Plan Act funds from several counties and municipalities. These funds relating to the American Rescue Plan Act of 2021 will be used in future years for the design and in some cases help with construction costs of the Arkansas Valley Conduit.

In 2021, project water and return flow water sales produced \$318,130 in revenues. Water sales have a direct effect on related surcharges that the Enterprise collects. The type of surcharges collected include the Safety of Dams for Pueblo Dam, Environmental Stewardship, Augmentation, and the Water Storage Activity Enterprise. In 2021, the Safety of Dams for Pueblo Dam surcharge was \$172,576, the Environmental Stewardship surcharge was \$167,119, Augmentation surcharge was \$6,935 and the Water Storage Activity surcharge was \$206,907. Total 2021 surcharge revenue was \$553,536.

The following table compares revenues and expenses for the business type activities separated by the Water Storage Activities, Arkansas Valley Conduit, and the Hydroelectric Project for 2021 compared to 2020.

	2021 Water Storage Activity	2021 Arkansas Valley Conduit Project	2021 Hydro Project	2021 Total	2020 Total	Dollar Change 2021 from 2020
Revenues						
Program Revenues						
Charges for services & sales	\$1,210,953	\$248,439	\$888,819	\$2,348,211	\$3,448,144	(\$1,099,933)
Intergovernmental revenue	-	193,176	-	193,176	124,183	68,993
Misc Revenues	-	-	(1,026)	(1,026)	(248)	(778)
Investment earnings (Loss)	(33,037)	(28,673)	(8,064)	(69,774)	119,005	(188,779)
Total Revenues	1,177,916	412,942	879,729	2,470,587	3,691,084	(1,220,497)
Expenses						
Operating Expenses	1,386,071	614,001	683,091	2,683,163	2,635,763	47,400
Interest Expense	-	-	343,456	343,456	345,826	(2,370)
Transfers	-	-	-	-	-	-
Total Expenses	1,386,071	614,001	1,026,547	3,026,619	2,981,589	45,030
Change in net position	(208,155)	(201,059)	(146,818)	(556,032)	709,495	(1,265,527)
Net position, January 1	7,746,340	4,664,106	(2,013,150)	10,397,296	9,687,801	709,495
Net position, December 31	\$7,538,185	\$4,463,047	(\$2,159,968)	\$9,841,264	\$10,397,296	(\$556,032)

BUDGET ANALYSIS

In December 2020, the District's Board of Directors adopted a budget for the Governmental Fund for the calendar year 2021 following a public hearing as required by state law. The original budget appropriations for year ending December 31, 2021 totaled \$14,028,281. The District's Board of Directors chose not to modify the expenditures by amendment in 2021. Actual expenditures for 2021 totaled \$9,726,148. The budget variance of \$4,302,133 is mainly due to the estimated cost of the Fryingpan-Arkansas contract.

In December 2021 and following a public hearing as required by law, the Enterprise Board of Directors adopted a 2021 expenditure budget of \$2,264,276 for the Water and Storage Activity. The Board of Directors for the Water and Storage Activity chose not to modify the expenditures by amendment in 2021. Actual expenditures for 2021 totaled \$1,581,444. The budget variance of \$682,832 is mainly due to legislative and water education, contingency, and capital outlay.

In December 2021 and following a public hearing as required by law, the Enterprise Board of Directors adopted a 2021 expenditure budget of \$2,959,483 for the Arkansas Valley Conduit. The Board of Directors for the Arkansas Valley Conduit chose not to modify the expenditures by amendment in 2021. Actual expenditures for 2021 totaled \$614,001. The budget variance of \$2,345,482 is mainly due to outside services, personnel services, and contingency.

In December 2021 and following a public hearing as required by law, the Enterprise Board of Directors adopted a 2021 expenditure budget of \$968,001 for the Hydroelectric Power Fund. The Board of Directors for the Hydroelectric Power Fund chose not to modify the expenditures by amendment in 2021. Actual expenditures for 2021 totaled \$661,260. The budget variance of \$306,741 is mainly due to outside services, personnel services, and contingency.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At year-end December 31, 2021, the District had \$132,257,570 invested in perpetual water rights and land classified as a non-depreciable capital asset. Note 5 details the capital assets activity.

The District utilizes the collection of ad valorem property tax to retire the debt and pay for OM&R of the Fryingpan-Arkansas Project. Any annual collected ad valorem tax that are applicable to the Fryingpan-Arkansas Project and are not paid to Reclamation are deposited in the restricted Fryingpan-Arkansas reserve held by the District, as required by the Fryingpan-Arkansas contract.

The repayment contract period is 40 years with an extension of ten years. The Fryingpan-Arkansas contract amortized the debt payment over 50 years ending December 2031. The District principal balance owed at December 31, 2021 is \$14,675,721. Future payments will continue to be applied at a total of \$1,467,572 annually to decrease the debt remaining on schedule. The contract does not contain a provision for interest and therefore has an effective interest rate of 0%.

In addition to the obligation for the original reimbursable construction costs, another contract was entered into on July 15, 1998 with Reclamation for the repayment of funds expended for a federally performed Safety of Dams modification program. The Water Activity fund pays \$60,000 per year from surcharge fees collected on water activities within the District boundaries for the agricultural portion

of the debt. The municipal portion was paid off in 2010. The balance of this contract obligation at December 31, 2021 totals \$130,820.

In 2021 the Enterprise had no advances on a loan from the Colorado Water Conservation Board for construction of the Hydroelectric Power Project at the Pueblo Dam. The Hydroelectric Power Project construction was completed and put into service in 2019. The total loan balance at December 31, 2021 is \$17,220,000. The Colorado Water Conservation Board loan will be closed in 2022.

In 2019, the Enterprise started depreciating the Hydroelectric Power Plant under a 50-year useful life expectancy. In 2021, the Restoration of Yield partnership purchased land, of which the Enterprise's share was \$135,373. The Restoration of Yield land will be used in the future for water storage purposes and is listed as Land non-depreciable asset.

Governmental Activities

Capital Assets

as of December 31

	2021	2020
Nondepreciable Assets		
Perpetual water rights	\$132,237,478	\$132,237,478
Land	20,092	20,092
Construction in Progress	-	-
	132,257,570	132,257,570
Depreciable Assets		
Buildings and Improvements	1,462,960	1,462,960
Furniture & Equipment	350,042	350,492
	1,813,002	1,813,452
Accumulated Depreciation	(1,262,799)	(1,192,308)
Capital Assets, Net	\$132,807,773	\$132,878,714

Business-Type Activities

Capital Assets

as of December 31

	2021	2020
Nondepreciable Assets		
Land and Non-Depreciable Assets	135,373	-
	135,373	-
Depreciable Assets		
Buildings and Improvements	15,691,251	15,691,251
Hydroelectric Turbines & Equipment	2,547,495	2,547,495
	18,238,746	18,238,746
Accumulated Depreciation	(942,122)	(576,835)
Capital Assets, Net	17,431,997	17,661,911

FINANCIAL CONTACT

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. Any questions should be directed to the Administrator of Finance and Administration, Leann Noga at the Southeastern Colorado Water Conservancy District office at 31717 United Avenue, Pueblo, Colorado, 81001.

BASIC FINANCIAL STATEMENTS

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 692,401	\$ 867,469	\$ 1,559,870
Cash and cash equivalents - restricted	6,959,228	-	6,959,228
Investments	7,671,080	11,377,518	19,048,598
Investments - restricted	8,019,678	100,000	8,119,678
Receivables	9,533,768	161,612	9,695,380
Internal balances	2,128,628	(2,128,628)	-
Prepaid contract obligation and other assets	1,019,553	-	1,019,553
Capital assets -			
Land and nondepreciable capital assets	132,257,570	135,373	132,392,943
Other capital assets, net of accumulated depreciation	550,203	17,296,624	17,846,827
Total Capital Assets	132,807,773	17,431,997	150,239,770
TOTAL ASSETS	168,832,109	27,809,968	196,642,077
LIABILITIES			
Accounts payable	55,291	250,887	306,178
Accrued interest payable	-	343,456	343,456
Other advance deposits	288,597	23,541	312,138
Long-term liabilities -			
Due within one year -			
Contracts	1,467,572	60,000	1,527,572
Compensated absences	83,255	-	83,255
Due in more than one year -			
Loan contract	-	17,220,000	17,220,000
Contracts	13,208,149	70,820	13,278,969
Compensated absences	291,909	-	291,909
TOTAL LIABILITIES	15,394,773	17,968,704	33,363,477
DEFERRED INFLOWS OF RESOURCES			
Property taxes	9,431,240	-	9,431,240
NET POSITION			
Net investment in capital assets	118,132,052	211,997	118,344,049
Restricted for labor	150,000	-	150,000
Restricted for Bureau of Reclamation	14,978,906	100,000	15,078,906
Unrestricted	10,745,138	9,529,267	20,274,405
TOTAL NET POSITION	\$ 144,006,096	\$ 9,841,264	\$ 153,847,360

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities -			
General government	\$ 8,524,396	\$ 7,116,498	\$ 14,543
Total governmental activities	8,524,396	7,116,498	14,543
Business-type activities -			
Water activity	1,386,071	1,210,953	-
Arkansas Valley Conduit	614,001	248,439	193,176
Hydro project	1,026,547	888,819	-
Total business-type activities	3,026,619	2,348,211	193,176
TOTAL	\$ 11,551,015	\$ 9,464,709	\$ 207,719
General revenues -			
Property taxes levied for general government purposes			
Property taxes levied for specific purposes			
Specific ownership taxes			
Unrestricted investment earnings (loss)			
Other			
Total general revenues			
Change in net position			
Net position, January 1			
Net position, December 31			

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue
and Change in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (1,393,355)	\$ -	\$ (1,393,355)
<u>(1,393,355)</u>	<u>-</u>	<u>(1,393,355)</u>
-	(175,118)	(175,118)
-	(172,386)	(172,386)
<u>-</u>	<u>(137,728)</u>	<u>(137,728)</u>
<u>-</u>	<u>(485,232)</u>	<u>(485,232)</u>
<u>(1,393,355)</u>	<u>(485,232)</u>	<u>(1,878,587)</u>
334,357	-	334,357
8,656,528	-	8,656,528
1,075,191	-	1,075,191
(81,007)	(69,774)	(150,781)
<u>9,501</u>	<u>(1,026)</u>	<u>8,475</u>
<u>9,994,570</u>	<u>(70,800)</u>	<u>9,923,770</u>
8,601,215	(556,032)	8,045,183
<u>135,404,881</u>	<u>10,397,296</u>	<u>145,802,177</u>
<u>\$ 144,006,096</u>	<u>\$ 9,841,264</u>	<u>\$ 153,847,360</u>

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2021**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 692,401
Cash and cash equivalents - restricted	6,959,228
Investments	7,671,080
Investments - restricted	8,019,678
Receivables	9,533,768
Due from other fund	38,479
Advance to other fund	2,799,105
Prepaid contract obligation and other prepaid items	<u>1,019,553</u>
TOTAL ASSETS	<u><u>\$ 36,733,292</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities -	
Accounts payable	\$ 55,291
Other advance deposits	288,597
Due to other fund	<u>708,956</u>
Total Liabilities	<u>1,052,844</u>
Deferred inflows of resources -	
Property taxes	<u>9,431,240</u>
Total deferred inflows of resources	
Total liabilities and deferred inflows of resources	<u>10,484,084</u>
Fund balances -	
Nonspendable	3,530,061
Restricted	15,128,906
Committed	3,500,000
Assigned	1,148,686
Unassigned	<u>2,941,555</u>
Total fund balances	<u>26,249,208</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 36,733,292</u></u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total fund balance - governmental fund \$ 26,249,208

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 in the governmental fund. The cost of these assets is capitalized and expensed over their estimated useful lives in the statement of net position and the statement of activities

Cost of capital assets	\$ 134,070,572	
Accumulated depreciation	<u>(1,262,799)</u>	132,807,773

Liabilities that are not due and payable in the current period are not reported in the governmental fund but are reported in the statement of net position as follows:

Contract payable	(14,675,721)	
Compensated absences	<u>(375,164)</u>	<u>(15,050,885)</u>

Total net position - governmental activities \$ 144,006,096

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 8,990,885
Specific ownership taxes	1,075,191
Fountain Valley Authority contract revenue	5,336,538
Winter water storage	85,449
Excess capacity contract	282,659
Charges for services	1,411,852
Intergovernmental	14,543
Investment revenue (loss)	(81,007)
Other	9,501
TOTAL REVENUES	<u>17,125,611</u>
EXPENDITURES	
Current -	
Outside and professional services	337,912
Human resources	1,673,422
Meeting and travel	40,994
Headquarter operations	223,099
Collection fees	148,204
Water conservation and education	11,983
Winter water storage	85,449
Excess capacity contract	282,659
Fountain Valley Authority contract payments	5,336,538
Bureau operations, maintenance, repairs and credits	-
Planning and development	255,099
Capital outlay	11,420
Debt service -	
Principal	1,467,573
TOTAL EXPENDITURES	<u>9,874,352</u>
NET CHANGE IN FUND BALANCE	7,251,259
FUND BALANCE, January 1	<u>18,997,949</u>
FUND BALANCE, December 31	<u>\$ 26,249,208</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net change in fund balance - governmental fund \$ 7,251,259

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

Capital outlays are reported in the governmental fund as expenditures; however, these costs are reported in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay:

Depreciation expense	(82,361)	
Capital outlay	11,420	(70,941)

The governmental fund reports the principal repayment of the contract obligation as an expenditure. 1,467,573

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amounts actually paid. This year the amount earned \$(129,932) was more than the amount paid \$(83,255). (46,676)

Change in net position - governmental activities \$ 8,601,215

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities			
	Water and Storage Activity	Arkansas Valley Conduit	Hydro Project	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 241,465	\$ 626,004	\$ 867,469
Investments	39,204	1,022,237	6,654	1,068,095
Investments - restricted	100,000	-	-	100,000
Accounts receivable	85,739	51,944	14,268	151,951
Accrued interest receivable	4,291	3,956	1,414	9,661
Due from other funds	708,956	-	-	708,956
TOTAL CURRENT ASSETS	938,190	1,319,602	648,340	2,906,132
NONCURRENT ASSETS				
Investments	5,421,255	3,304,558	1,583,610	10,309,423
Advance to other funds	1,190,000	-	-	1,190,000
Capital assets -				
Land and nondepreciable capital assets	135,373	-	-	135,373
Other capital assets, net of accumulated depreciation	-	-	17,296,624	17,296,624
Total capital assets	135,373	-	17,296,624	17,431,997
TOTAL NONCURRENT ASSETS	6,746,628	3,304,558	18,880,234	28,931,420
TOTAL ASSETS	7,684,818	4,624,160	19,528,574	31,837,552
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	4,272	113,136	133,479	250,887
Accrued interest payable	-	-	343,456	343,456
Contract with Bureau of Reclamation	60,000	-	-	60,000
Due to other funds	-	35,977	2,502	38,479
Other advance deposits	11,541	12,000	-	23,541
TOTAL CURRENT LIABILITIES	75,813	161,113	479,437	716,363
NONCURRENT LIABILITIES				
Contract with Bureau of Reclamation	70,820	-	-	70,820
Advance from other fund	-	-	3,989,105	3,989,105
Loan contract	-	-	17,220,000	17,220,000
TOTAL NONCURRENT LIABILITIES	70,820	-	21,209,105	21,279,925
TOTAL LIABILITIES	146,633	161,113	21,688,542	21,996,288
NET POSITION				
Net investment in capital assets	135,373	-	76,624	211,997
Restricted	100,000	-	-	100,000
Unrestricted	7,302,812	4,463,047	(2,236,592)	9,529,267
TOTAL NET POSITION	\$ 7,538,185	\$ 4,463,047	\$ (2,159,968)	\$ 9,841,264

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities			
	Water and Storage Activity	Arkansas Valley Conduit	Hydro Project	Total
OPERATING REVENUES				
Charges for services	\$ 1,210,953	\$ 248,439	\$ 888,819	\$ 2,348,211
TOTAL OPERATING REVENUES	<u>1,210,953</u>	<u>248,439</u>	<u>888,819</u>	<u>2,348,211</u>
OPERATING EXPENSES				
Outside and professional services	88,179	319,786	91,273	499,238
Office and administrative expenses	1,105,548	285,986	113,096	1,504,630
Meetings and travel	-	1,746	749	2,495
Bureau operations, maintenance and repairs	-	-	112,686	112,686
Partnerships and other payments	192,344	6,483	-	198,827
Depreciation	-	-	365,287	365,287
TOTAL OPERATING EXPENSES	<u>1,386,071</u>	<u>614,001</u>	<u>683,091</u>	<u>2,683,163</u>
OPERATING INCOME (LOSS)	<u>(175,118)</u>	<u>(365,562)</u>	<u>205,728</u>	<u>(334,952)</u>
NONOPERATING REVENUES (EXPENSE)				
Intergovernmental revenue	-	193,176	-	193,176
Miscellaneous revenue	-	-	(1,026)	(1,026)
Interest expense	-	-	(343,456)	(343,456)
Investment earnings (loss)	(33,037)	(28,673)	(8,064)	(69,774)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(33,037)</u>	<u>164,503</u>	<u>(352,546)</u>	<u>(221,080)</u>
CHANGE IN NET POSITION	(208,155)	(201,059)	(146,818)	(556,032)
NET POSITION, January 1	<u>7,746,340</u>	<u>4,664,106</u>	<u>(2,013,150)</u>	<u>10,397,296</u>
NET POSITION, December 31	<u>\$ 7,538,185</u>	<u>\$ 4,463,047</u>	<u>\$ (2,159,968)</u>	<u>\$ 9,841,264</u>

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Water and Storage Activity	Arkansas Valley Conduit	Hydro Project	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,169,588	\$ 224,952	\$ 902,482	\$ 2,297,022
Cash paid for goods and supplies	(1,105,548)	(311,226)	(183,621)	(1,600,395)
Payments for interfund services	(286,611)	(344,126)	(105,019)	(735,756)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(222,571)</u>	<u>(430,400)</u>	<u>613,842</u>	<u>(39,129)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental revenue received	-	193,176	-	193,176
Miscellaneous revenue	-	-	(1,026)	(1,026)
Advances (to) from other funds	417,222	-	-	417,222
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>417,222</u>	<u>193,176</u>	<u>(1,026)</u>	<u>609,372</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment on contract obligation	(60,000)	-	-	(60,000)
Capital expenditures	(135,373)	-	-	(135,373)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(195,373)</u>	<u>-</u>	<u>-</u>	<u>(195,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	58,894	34,282	7,279	100,455
Maturity and sales of investments	5,531,307	3,165,000	-	8,696,307
Purchase of investments	(5,589,479)	(3,199,276)	(1,607,021)	(10,395,776)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>722</u>	<u>6</u>	<u>(1,599,742)</u>	<u>(1,599,014)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	(237,218)	(986,926)	(1,224,144)
CASH AND CASH EQUIVALENTS, January 1	<u>-</u>	<u>478,683</u>	<u>1,612,930</u>	<u>2,091,613</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ -</u>	<u>\$ 241,465</u>	<u>\$ 626,004</u>	<u>\$ 867,469</u>

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS (Cont'd.)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities Enterprise Funds			
	Water and Storage Activity	Arkansas Valley Conduit	Hydro Project	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (175,118)	\$ (365,562)	\$ 205,728	\$ (334,952)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities -				
Depreciation	-	-	365,287	365,287
Change in assets and liabilities -				
Accounts receivable	(41,365)	(23,487)	13,663	(51,189)
Prepaid expenses	-		25,641	25,641
Accounts payable	(6,088)	16,789	1,021	11,722
Due to other funds	-	(58,140)	2,502	(55,638)
	<u>\$ (222,571)</u>	<u>\$ (430,400)</u>	<u>\$ 613,842</u>	<u>\$ (39,129)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
	<u>\$ (222,571)</u>	<u>\$ (430,400)</u>	<u>\$ 613,842</u>	<u>\$ (39,129)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Change in fair value of investments	<u>\$ (93,719)</u>	<u>\$ (64,533)</u>	<u>\$ (16,757)</u>	<u>\$ (175,009)</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021**

	Custodial Funds		
	Winter Water Spill Credit Program	Regional Resource Planning	Total
ASSETS			
Investments	\$ 401,505	\$ 8,387	\$ 409,892
TOTAL ASSETS	401,505	8,387	409,892
LIABILITIES			
Accounts payable and other liabilities	-	-	-
TOTAL LIABILITIES	-	-	-
NET POSITION			
Restricted	401,505	8,387	409,892
TOTAL NET POSITION	\$ 401,505	\$ 8,387	\$ 409,892

The accompanying notes are an integral part of this statement.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021

	Custodial Funds		
	Winter Water Spill Credit Program	Regional Resource Planning	Total
ADDITIONS			
Investment earnings	\$ 42	\$ 1	\$ 43
TOTAL ADDITIONS	42	1	43
DEDUCTIONS			
Benefits paid to participants or beneficiaries	-	-	-
TOTAL DEDUCTIONS	-	-	-
Net increase (decrease) in fiduciary net position	42	1	43
NET POSITION - Beginning	401,463	8,386	409,849
NET POSITION - Ending	\$ 401,505	\$ 8,387	\$ 409,892

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southeastern Colorado Water Conservancy District (the District) was created in 1958 under Colorado statutes to manage water resources of the Arkansas River Basin and to function as the legal taxing agency for the administration of the Fryingpan-Arkansas project and contracting agent with the federal government for reimbursable costs of the project.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting practices used by the District are described below.

A. REPORTING ENTITY

As required by generally accepted accounting principles, the District (the primary government) includes, if applicable, component units in its financial statements based upon financial accountability. Inasmuch as no component unit meets the criteria for inclusion, no component unit financial statements have been included.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include, if applicable, (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other internally dedicated resources are reported as general revenues rather than program revenues. The net cost by function or business-type activity is normally covered by general revenues such as property taxes, specific ownership taxes or other unrestricted revenues.

Separate fund financial statements are provided for the major governmental fund, the major proprietary funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements.

The District's fiduciary fund is presented in the fund financial statements by type since by definition these assets are held for the benefit of third parties and cannot be used to assist the activities or obligations of the government. These funds are not incorporated into the government-wide statements.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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 are the fund financial statements for the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied, while grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund, while proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, interest and charges for services are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until received in cash.

Business-type activities and the proprietary funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the activity or fund are included on the statement of net position. The proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net position. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operation. The principal operating revenues of the District's water and storage activity enterprise funds and the hydro project enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, along with administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

GOVERNMENTAL FUND

The District reports the following major governmental fund:

- The general fund is the primary operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources of the District except those required to be accounted for in a separate fund. Major revenue sources include property taxes, specific ownership taxes, and contractual revenue. Primary expenditures include general government and debt service.

PROPRIETARY FUNDS

The following is a description of the major proprietary funds of the District:

- The water and storage activity fund includes the sale and administration of water for the Fryingpan-Arkansas project, related surcharges and return flows. In addition, this fund is responsible for the safety of dams repayment obligation. Other projects accounted for in this fund include (1) the Arkansas Valley Conduit; (2) the excess capacity master contract; and (3) possible enlargement of the Pueblo Reservoir and Turquoise Lake. This fund also may include other water related programs and projects as identified by the board of directors.
- The Arkansas Valley Conduit fund project reached final design stages in 2020. Activities of the fund include final design, construction, administration, and operations of the Arkansas Valley Conduit Project, along with any future accumulation of resources for the payment of principal and interest on long-term debt. The revenues generated many include state and/or federal loans or grants and participant revenues. All costs are financed through charges to customers with rates established based on contractual agreement and/or through state and/or federal grants and loans. Construction of the Arkansas Valley Conduit is anticipated to begin in 2022.
- The hydro project fund, which began construction during the latter part of 2017, was created to develop hydro power on the Pueblo Dam. Activities of the fund include construction, administration, operation and maintenance of the hydro project, along with accumulation of resources for the payment of principal and interest on long-term debt. The revenues generated by the hydro project are pledged as collateral for the repayment of the contract loan. All costs are financed through charges to customers with rates established based on contractual agreement.

FIDUCIARY FUNDS

The District reports two custodial funds that account for funds held and related investment income for the Winter Water Spill Credit Program and Regional Resource Planning.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is the administrative charge imposed on the water and storage activity enterprise fund by the general fund. Elimination of this charge would distort the direct costs and program revenues reported for the functions affected.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

D. BUDGETARY PRINCIPLES

The District adheres to the following procedures in establishing its budgets:

On or before October 15 of each year, the budget officer submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments and the District adopts budgets for all funds. All funds, including the enterprise funds, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budget are enacted into law through the passage of appropriation resolutions. Budgetary control exists at the total fund level and the budget amounts reported reflect all amendments, if any, enacted by the District.

E. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist of interest, non-interest-bearing demand deposits and money market accounts held at banks. Investments include money market mutual funds, and Colotrust, as well as brokered certificates of deposit and U.S. Treasury and agency securities that are reported at fair value. Any related unrealized gain or loss is included as part of investment revenue.

For purposes of the statement of cash flows, the District considers demand deposits to be cash and cash equivalents.

F. PROPERTY TAXES

Property taxes are levied by December 15 of each year based on the assessed value of property as certified by the County Assessor in each county within the District's boundaries by the previous December 10. Assessed values are a percentage of actual values and a reevaluation of all property must be made every two years. The last re-valuation date was January 1, 2022 for the 2020 base year specified by state law.

The taxes levied by December 15, 2021 reflect 2021 property taxes that will be collected in 2022 by the County Treasurer in each county within the District's boundaries. Taxes collected by each Treasurer are remitted to the District on a monthly basis. These taxes are due January 2, 2022 and may be paid in two installments (February 28 and June 15) or they may be paid in full April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November.

G. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified, if applicable, as "due from other funds" and "due to other funds" in the fund financial statements. Other amounts reported as "advances to other funds" and "advances from other funds" are not expected to be repaid within the short-term.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

H. PREPAID ITEMS

Prepaid items represent payments made for expenditures to be charged to a future accounting period and are recognized using the consumption method. The prepaid contract obligation reported in the governmental activities and the general fund are also reported as a liability since the collection of the funds occurs prior to the accounting period for which it is effective and is characterized as an exchange transaction under generally accepted accounting principles.

I. CAPITAL ASSETS

Capital assets, which include perpetual water rights, land, construction-in-progress, buildings and improvements, along with furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District previously established a capitalization threshold of \$5,000. This level was set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limit identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquired value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is not included as part of the capitalized value of assets constructed.

Capital assets of the District, except for land, perpetual water rights and construction-in-progress, are depreciated using the straight-line method over the following estimated useful lives:

	<u>Governmental Activities</u>
Buildings and improvements	5-30
Furniture and equipment	3-10

Perpetual water rights represent the District's share of the original costs of construction and are not depreciated or amortized. The original contract between the United States Bureau of Reclamation and the District grants the District perpetual rights to use water made available by the project. Project property and all related facilities remain in the exclusive control, possession and ownership of the United States.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

J. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate vacation and sick pay benefits up to predetermined maximums and are compensated for these accumulated vacation and sick pay benefits either through paid time off or at termination or retirement.

Accumulated vacation and sick leave is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured; for example, as a result of employee resignations and retirements.

K. LONG-TERM LIABILITIES

In the government-wide financial statements and the fund financial statements for the enterprise funds, long-term debt and other similar long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as bond insurance costs, if any, are deferred and amortized over the life of the obligation using the interest method. No imputed interest is considered in relation to the safety of dams obligation to the Bureau of Reclamation.

L. FUND EQUITY

The governmental fund reports fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for the District's governmental fund consists of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term fund advances.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the District's board of directors. Commitments may be modified or changed only by the District's board of directors approving a new resolution. Commitments also include contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by the District's board of directors to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget.
- Unassigned – this is the residual classification for the general fund.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the governmental fund financial statements, bond premium and discounts, as well as bond issue costs, if any, are recognized during the current period. The face amount of the debt issue, along with the related discount on premium, if any, is reported as other financing sources while debt issue costs are reported as debt service expenditures.

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

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction or improvement of capital assets.
- Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for net position use, it is the District’s policy to use restricted resources first and then use unrestricted resources as they are needed.

M. INTERFUND TRANSACTIONS

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

N. ESTIMATES

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

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

O. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of GASB 95 is to postpone effective dates to provide temporary relief in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020 and Statement No. 93, Replacement of Interbank Offered Rates. The effective dates of the following pronouncement is postponed by 18 months: Statement No. 87, Leases.

The District has elected to delay implementation of these standards as applicable to the District in accordance with Standard No. 95 except for Statement No. 84 and No. 89 which have been previously implemented by the District.

P. FINANCIAL STATEMENT CLASSIFICATIONS

Certain fund financial statement classifications and groupings have changed from the prior year in order to more closely match changes made to internal accounting as part of a strategic plan.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are summarized as follows:

Cash and cash equivalents	
Demand deposits	\$ 1,559,870
Demand deposits - restricted for Bureau operations	6,959,228
	<u>\$ 8,519,098</u>
Investments	
U.S. Treasury securities	\$ 4,507,088
U.S. Treasury securities - restricted	3,237,832
U.S. agency securities	14,474,674
Brokered certificates of deposit - restricted	4,865,293
Colostrust pooled investments	7,289
Money market funds held at brokerages	59,546
Money market funds held at brokerages - restricted	426,445
	<u>\$ 27,578,167</u>

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Reported in the financial statements as follows:		
Government-wide statement of net position	\$ 8,519,098	\$ 27,168,276
Statement of fiduciary assets and liabilities	-	409,891
	<u>\$ 8,519,098</u>	<u>\$ 27,578,167</u>

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS(Cont'd.)

DEPOSITS

At December 31, 2021, the carrying amount of the District's deposits was \$8,519,098 and the bank balance was \$8,538,053. Of the bank balance, \$250,000 was covered by federal depository insurance and \$8,283,052 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk parallels Colorado statutes as described above. At December 31, 2021, deposits with a bank balance of \$8,538,053 are not insured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the District's name.

INVESTMENTS

The District is subject to the provisions of Colorado Revised Statutes 24-75-601 which is entitled "Concerning Investment in Securities by Public Entities". This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, banker's acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed investment contracts, and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

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 asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District uses a pricing matrix to estimate fair value of its level 2 investments.

The District's Colo Trust accounts are reported at fair value. However, these investments are not subject to the fair value hierarchy.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS(Cont'd.)

At December 31, 2021, the District had the following investments and maturities:

Investment Type	Level 1	Level 2	Level 3	Total	Concentration	Investment Maturities (in years)	
						Less than 1	1-5
U.S. Treasuries	\$ -	\$ 7,744,920	\$ -	\$ 7,744,920	28.1%	\$ 1,116,602	\$ 6,628,318
U.S. agencies	-	14,474,674	-	14,474,674	52.5%	-	14,474,674
Brokered CDs	-	4,865,293	-	4,865,293	17.6%	1,735,693	3,129,600
Money market mutual funds	<u>485,991</u>	<u>-</u>	<u>-</u>	<u>485,991</u>	1.8%	<u>485,991</u>	<u>-</u>
Subtotal	<u>\$ 485,991</u>	<u>\$ 27,084,887</u>	<u>\$ -</u>	<u>27,570,878</u>	100.0%	<u>3,338,286</u>	<u>24,232,592</u>
Colo Trust				<u>7,289</u>	0.0%	<u>7,289</u>	<u>-</u>
				<u>\$ 27,578,167</u>		<u>\$ 3,345,575</u>	<u>\$ 24,232,592</u>

The investment maturity tabulation presented above for the U.S. Treasury and agency securities is based on each security's stated maturity date.

Custodial credit risk – Custodial credit risk for investments is the risk of that, in the event of the failure of the counterparties, the District will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the holding of securities by counterparties.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – State law limits investments in money market funds to funds that are registered as an investment company; the fund investment policies must seek to maintain a constant price and no sales or bond fee can be added to the purchase or redemption price. The District has no investment policy that would further limit its investment choices. As of December 31, 2021, the District's investment in money market funds is rated Aaa-mf by Moody's, the U.S. agency securities are rated Aaa by Moody's and AA+ by Standard and Poor's.

The ColoTrust investment pool (the Trust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similar to a money market fund and each share is equal in value to \$1. The Trust offers two portfolios, ColoTrust Prime and ColoTrust Plus+. ColoTrust Prime invests only in U.S. Treasury and government agencies. ColoTrust Plus+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 – RECEIVABLES

Receivables at December 31, 2021 consist of the following:

	<u>Governmental Activities</u>
Property taxes	\$ 9,431,240
Accounts	90,299
Interest	<u>12,229</u>
	<u>\$ 9,533,768</u>
	<u>Business-Type Activities</u>
Accounts	\$ 151,951
Interest	<u>9,661</u>
	<u>\$ 161,612</u>

The amount reported above for property taxes totaling \$9,431,240 is also reported as a deferred inflow of resources as required under generally accepted accounting principles.

NOTE 4 – INTERFUND RECEIVABLES/PAYABLES

The following interfund receivables and payables are included in the fund financial statements at December 31, 2021.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Fund –		
General fund	\$ 38,479	\$ 708,956
Total governmental fund	<u>38,479</u>	<u>708,956</u>
Enterprise Fund -		
Water and storage activity	708,956	-
Arkansas Valley Conduit	-	35,977
Hydro Project	<u>-</u>	<u>2,502</u>
Total enterprise fund	<u>708,956</u>	<u>38,479</u>
	<u>\$ 747,435</u>	<u>\$ 747,435</u>

The amounts reported as due from other funds and due to other funds are reflective of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts reported as due from other funds are expected to be collected in the subsequent year. In addition, the due from general fund totaling \$708,956 as reported above in the water and storage activity enterprise fund reflects that fund's claim on the cash and cash equivalents and investments held and reported by the general fund.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 – INTERFUND RECEIVABLES/PAYABLES(Cont'd.)

The following table summarizes advances to/from other funds at December 31, 2021:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Fund –		
General fund	\$ <u>2,799,105</u>	\$ <u> -</u>
Total governmental fund	<u>2,799,105</u>	<u> -</u>
Enterprise Fund –		
Water and storage activity	1,190,000	-
Hydro project	<u> -</u>	<u>3,989,105</u>
Total enterprise funds	<u>1,190,000</u>	<u>3,989,105</u>
	<u>\$ 3,989,105</u>	<u>\$ 3,989,105</u>

The fund advances reported above are all related to the construction of the hydro project and are expected to be collected subsequent to December 31, 2022.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 was as follows:

	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2021</u>
Governmental activities –				
Nondepreciable assets –				
Intangible assets -				
Perpetual water rights	\$ 132,237,478	\$ -	\$ -	\$ 132,237,478
Land	20,092	-	-	20,092
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>132,257,570</u>	<u>-</u>	<u>-</u>	<u>132,257,570</u>
Depreciable assets –				
Buildings and improvements	1,462,960	-	-	1,462,960
Furniture and equipment	<u>350,492</u>	<u>11,420</u>	<u>(11,870)</u>	<u>350,042</u>
Total capital assets being depreciated	<u>1,813,452</u>	<u>11,420</u>	<u>(11,870)</u>	<u>1,813,002</u>
Less: accumulated depreciation –				
Buildings and improvements	(912,595)	(57,726)	-	(970,321)
Furniture and equipment	<u>(279,713)</u>	<u>(24,635)</u>	<u>11,870</u>	<u>(292,478)</u>
Total accumulated depreciation	<u>(1,192,308)</u>	<u>(82,361)</u>	<u>11,870</u>	<u>(1,262,799)</u>
Capital assets being depreciated, net	<u>621,144</u>	<u>(70,941)</u>	<u>-</u>	<u>550,203</u>
Total governmental activities capital assets, net	<u>\$ 132,878,714</u>	<u>\$ (70,941)</u>	<u>\$ -</u>	<u>\$ 132,807,773</u>
Business-type activities				
Non-depreciable assets –				
Water & Storage land	\$ -	\$ 135,373	\$ -	\$ 135,373
Total capital assets not being depreciated	<u>-</u>	<u>135,373</u>	<u>-</u>	<u>135,373</u>
Depreciable assets –				
Hydro buildings and improvements	15,691,251	-	-	15,691,251
Hydro turbine and equipment	<u>2,547,495</u>	<u>-</u>	<u>-</u>	<u>2,547,495</u>
Total capital assets being depreciated	<u>18,238,746</u>	<u>-</u>	<u>-</u>	<u>18,238,746</u>
Less: accumulated depreciation –				
Hydro buildings and improvements	(496,164)	(314,337)	-	(810,501)
Hydro turbine and equipment	<u>(80,671)</u>	<u>(50,950)</u>	<u>-</u>	<u>(131,621)</u>
Total accumulated depreciation	<u>(576,835)</u>	<u>(365,287)</u>	<u>-</u>	<u>(942,122)</u>
Capital assets being depreciated, net	<u>17,661,911</u>	<u>(365,287)</u>	<u>-</u>	<u>17,296,624</u>
Total business-type activities	<u>\$ 17,661,911</u>	<u>\$ (229,914)</u>	<u>\$ -</u>	<u>\$ 17,431,997</u>

Depreciation expense of \$82,361 was charged to the general government function.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2021:

	Balance January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>	<u>Due Within One Year</u>
Governmental activities –					
Contract obligation –					
Bureau of					
Reclamation	\$ 16,143,294	\$ -	\$ (1,467,573)	\$ 14,675,721	\$ 1,467,572
Compensated absences	<u>328,487</u>	<u>129,932</u>	<u>(83,255)</u>	<u>375,164</u>	<u>83,255</u>
Total governmental activities	<u>\$ 16,471,781</u>	<u>\$ 129,932</u>	<u>\$ (1,550,828)</u>	<u>\$ 15,050,885</u>	<u>\$ 1,550,827</u>

Payments on the contract obligation to the Bureau of Reclamation and the compensated absences liability are recorded in the general fund.

	Balance January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>	<u>Due Within One Year</u>
Business-type activities –					
Hydro loan contract	\$ 17,220,000	\$ -	\$ -	\$ 17,220,000	\$ -
Safety of dams contract obligation	<u>190,820</u>	<u>-</u>	<u>(60,000)</u>	<u>130,820</u>	<u>60,000</u>
Total business-type activities	<u>\$ 17,410,820</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ 17,350,820</u>	<u>\$ 60,000</u>

The loan contract will ultimately be serviced by the hydro project enterprise fund, while the safety of dams contract obligation is serviced by the water and storage activity enterprise fund.

The following is a description of each individual issue for the governmental activities:

The original contract obligation to the Bureau of Reclamation totaled \$132,237,478 and represents the District's share of the original costs of construction. The agreement with the Bureau of Reclamation included an agricultural component totaling \$74,348,993 with no interest provision and a municipal and industrial component totaling \$57,888,485 that carried an interest rate of 3.0460% and was completely paid effective September 30, 2009. An amendment to the contract was executed on September 20, 2018 which altered the debt schedule. Principal payments are now due in semi-annual installments of \$733,786 through 2031.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 - LONG-TERM LIABILITIES (Cont'd.)

The estimated debt service requirements for the governmental activities contract obligation with the Bureau of Reclamation is as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,467,572	\$ -	\$ 1,467,572
2023	1,467,572	-	1,467,572
2024	1,467,572	-	1,467,572
2025	1,467,572	-	1,467,572
2026	1,467,572	-	1,467,572
2027-2031	<u>7,337,861</u>	-	<u>7,337,861</u>
	<u>\$ 14,675,721</u>	<u>\$ -</u>	<u>\$ 14,675,721</u>

The following is a description of each individual issue for the business-type activities:

\$17,392,200 loan contract with the Colorado Water Conservation Board for construction of the Hydro Project; Interest rate of 2.0%; debt will be serviced by the hydro project fund; Annual debt service requirements including principal and interest of \$776,560 estimated to begin December 1, 2022 through December 1, 2051; revenue from hydro project serves as collateral for loan contract \$ 17,220,000

The above loan contract represents the approved loan request of the District for the Arkansas Valley phase 1, Pueblo dam hydroelectric project to help the communities of the lower Arkansas river basin provide a safe and reliable water supply to replace their dependence on contaminated ground water.

The estimated debt service requirements for the loan contract follows below. It is presently estimated that the debt service requirements for the loan contract will commence December 1, 2022 which is approximately one year after the completion of the project and the actual loan closing date.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 428,716	\$ 347,844	\$ 776,560
2023	437,290	339,270	776,560
2024	446,036	330,524	776,560
2025	454,957	321,603	776,560
2026	464,056	312,504	776,560
2027-2031	2,463,266	1,419,534	3,882,800
2032-2036	2,719,644	1,163,156	3,882,800
3037-2041	3,002,707	880,093	3,882,800
2042-2046	3,315,232	567,568	3,882,800
2047-2051	<u>3,660,296</u>	<u>222,504</u>	<u>3,882,800</u>
	<u>\$ 17,392,200</u>	<u>\$ 5,904,600</u>	<u>\$ 23,296,800</u>

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 - LONG-TERM LIABILITIES (Cont'd.)

The safety of dams contract obligation to the Bureau of Reclamation represents the District's share of the agricultural portion of repair costs incurred for the dam. The obligation is due in annual installments of \$60,000 through 2023 with a final payment of \$10,820 due in 2024. There is no provision for interest on this contract.

NOTE 7 – NET POSITION

Restricted net position represents the District's net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position for governmental activities is as follows:

Tabor	\$ 150,000
Bureau of Reclamation	<u>14,978,906</u>
Total restricted net position	<u>\$ 15,128,906</u>

Restricted for tabor – This represents an amount that exceeds the 3% minimum requirement as outlined in the Colorado constitution. Under provisions of the Colorado constitution, a portion of the District's net position can be used for declared emergencies only and the District must maintain 3% or more of its fiscal year spending in this restricted account.

Restricted for Bureau of Reclamation – This represents amounts of specific ad valorem taxes collected in excess of the total debt payments and operation, maintenance and repair payments made to the Bureau of Reclamation beginning in 2018 and future years. These excess funds must be held and restricted to be used for the District's proportional share of future period replacements, additions, extraordinary maintenance, rehabilitation, betterment (in situations where recurrence of severe problems can be eliminated), and/or unforeseen and unscheduled emergency maintenance work incurred by the Bureau of Reclamation as provided for in the District's contract with the Bureau. At December 31, 2021, \$6,959,228 of restricted funds were held in the District's main demand deposit account, \$3,137,832 was held in U.S Treasury notes, \$4,865,293 in F.D.I.C insured brokered certificates of deposit, and \$16,553 in money market funds. \$100,000 was also held in a pledged U.S. Treasury Note that is reported in business-type activities as well as the Water and Storage Activity fund.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 – FUND BALANCES

As of December 31, 2021, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable –	
Prepaid items	\$ 1,019,553
Long-term fund advances (net)	2,799,105
Other advance deposits	(288,597)
Restricted –	
Tabor	150,000
Bureau of Reclamation	14,978,906
Committed –	
Repayment obligation	1,500,000
Development of enlargement space	2,000,000
Assigned –	
Subsequent year’s budget	1,148,686
Unassigned	<u>2,941,555</u>
Total fund balances	<u>\$ 26,249,208</u>

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. Risks of loss from property and liability coverage are covered by the District’s participation in the Colorado Special District’s property and liability pool which is a separate and independent governmental public entity risk pool formed through intergovernmental agreement by member special districts to provide defined liability and property coverage. The aggregate limit of losses paid by the pool for property claims is limited to \$1,000,000 with commercial company reinsurance covering any losses in excess of that amount up to \$2,000,000. All other risks of loss are handled by the purchase of commercial insurance. Settled claims from the liability pool and commercial policy have not exceeded the insurance coverage in any of the past three years.

NOTE 10 - EMPLOYEE BENEFITS

The District contributes to the Southeastern Colorado Water Conservancy District 401(a) Plan (the Plan), a defined contribution pension plan for its full-time employees. The Plan is administered by Equitable Financial Life Insurance Company.

Benefit terms for the Plan, including participation criteria and contribution requirements, are established and may be amended by the Board of Directors. For each employee the Plan provides for employer contributions of up to 10% of compensation. For the year ended December 31, 2021, the District recognized pension expense of \$106,560.

Employees are immediately vested in District contributions and earnings on those contributions upon becoming a participant which occurs when an employee completes one year of service. The District also contributes to the Southeastern Colorado Water Conservancy District 457 Plan (the 457 Plan), a defined contribution pension plan for its full-time employees. The Plan is administered by AXA Equi-Vest.

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 - EMPLOYEE BENEFITS (Cont'd.)

Benefit terms for the 457 Plan, including contribution requirements, are established and may be amended by the Board of Directors. For each employee, the 457 Plan provides for employee voluntary contributions and the District matches those employee contributions up to 5% of compensation. For the year ended December 31, 2021, employee contributions totaled \$103,238 and the District recognized pension expense of \$55,176.

Employees are immediately vested in both the District's contributions and their own contributions, along with the earnings on those contributions.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Colorado voters passed an amendment to the state constitution which contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment, commonly known as the Tabor amendment, is complex and subject to judicial interpretation; however, the District believes it is in compliance with the requirements of the amendment. The District has made certain interpretations of the amendment's language in order to determine its compliance.

The District has contracted with the U.S. government to repay approximately \$63 million of costs incurred by the U.S. government in the construction of the Fountain Valley conduit which is operated by the Fountain Valley Authority (the Authority). A related contract with the Authority provides that the Authority will pay an annual conveyance service charge to the District in an amount equal to the payment due the U.S. government. Terms of the contract provide that the District is not responsible for repayment in the event of default by the Authority. The 2021 charge and related revenue totaled \$5,336,538. The present value of the future minimum lease payments at December 31, 2020 is estimated to be \$2,206,908.

On September 20, 2018, the U.S. Bureau of Reclamation and the District completed Amendment 11 to the Fryingpan-Arkansas Contract. This amendment amortized semi-annual installments of \$733,786 to decrease the remaining debt of the Project through the remaining contract term ending in December 2031. The amendment required an upfront or pre-payment of the District portion of the operations maintenance and replacement for the Project. This pre-payment was based on an estimation of costs as well as a true-up process of actual cost calculated with each semi-annual installment. Pre-payment for operations maintenance and replacement for the Project was completely used by December 31, 2019. The Amendment also requires the District to hold in restricted reserve the amount of any annual Project-related property tax collected less the total annual installment. At December 31, 2021 the excess collections totaled \$14,978,906.

The Bureau of Reclamation did not provide an invoice for operation, maintenance, repairs or credits for 2021 and has not provided a clear estimate as to what may be owed or due to the District as of December 31, 2021. Therefore, the District is not able to estimate this amount and there may be amounts due that the District is not aware of relating to 2021 operations.

The total 2021 installments made to the U.S. Bureau of Reclamation was \$1,467,572.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As a result, economic uncertainties have arisen which may negatively impact operations or carrying value of assets. Other financial implications may result and such potential impact is unknown at this time. As of December 31, 2021, the District has received \$38,243 in Coronavirus Relief Funding from the Colorado Department of Local Affairs (DOLA).

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 9,021,862	\$ 9,021,862	\$ 8,990,885	\$ (30,977)
Collection fees	(144,226)	(144,226)	(148,204)	(3,978)
Specific ownership taxes	776,145	776,145	1,075,191	299,046
Winter water storage	117,600	117,600	85,449	(32,151)
Excess capacity contract	282,659	282,659	282,659	-
Charges for services	1,610,010	1,610,010	1,411,852	(198,158)
Intergovernmental	400,000	400,000	14,543	(385,457)
Fountain Valley Authority contract revenue	5,365,000	5,365,000	5,336,538	(28,462)
Interest revenue	134,561	134,561	(81,007)	(215,568)
Other	-	-	9,501	9,501
TOTAL REVENUES	<u>17,563,611</u>	<u>17,563,611</u>	<u>16,977,407</u>	<u>(586,204)</u>
EXPENDITURES				
Current -				
Outside and professional services	466,473	466,473	337,912	128,561
Human resources	1,751,367	1,751,367	1,673,422	77,945
Meeting and travel expenditures	78,874	78,874	40,994	37,880
Headquarter operations	238,356	238,356	223,099	15,257
Water conservation and education	44,980	44,980	11,983	32,997
Winter water storage	117,600	117,600	85,449	32,151
Excess capacity contract	282,659	282,659	282,659	-
Fountain Valley Authority contract payments	5,365,000	5,365,000	5,336,538	28,462
Bureau operations, maint. & repair	3,300,928	3,300,928	-	3,300,928
Bureau operations, OM&R credits	(734,345)	(734,345)	-	(734,345)
Planning and development	900,000	900,000	255,099	644,901
Contingency and other	541,817	541,817	-	541,817
Capital outlay	207,000	207,000	11,420	195,580
Debt service	1,467,572	1,467,572	1,467,573	(1)
TOTAL EXPENDITURES	<u>14,028,281</u>	<u>14,028,281</u>	<u>9,726,148</u>	<u>4,302,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,535,330	3,535,330	7,251,259	3,715,929
FUND BALANCE, January 1	<u>(2,427,928)</u>	<u>(2,427,928)</u>	<u>18,997,949</u>	<u>21,425,877</u>
FUND BALANCE, December 31	<u>\$ 1,107,402</u>	<u>\$ 1,107,402</u>	<u>\$ 26,249,208</u>	<u>\$ 25,141,806</u>

See Accountants' Compilation Report

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

BUDGETARY BASIS

Explanation of differences between budgetary revenues and
GAAP revenues and budgetary expenditures and GAAP expenditures

REVENUES

Actual amounts (budgetary basis) of revenues from budgetary comparison schedule	\$ 16,977,407
Differences - budget to GAAP - Classification of collection fees	<u>148,204</u>

GAAP BASIS REVENUE	<u><u>\$ 17,125,611</u></u>
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EXPENDITURES

Actual amounts (budgetary basis) of expenditures from budgetary comparison schedule	\$ 9,726,148
Differences - budget to GAAP - Classification of collection fees	<u>148,204</u>

GAAP BASIS EXPENDITURES	<u><u>\$ 9,874,352</u></u>
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SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

BUDGETARY INFORMATION

Southeastern Colorado Water Conservancy District (the District) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

On or before October 15, the executive director and the budget officer submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments. The District adopts budgets for all funds. The general fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budget are enacted into law by the passage of appropriation resolutions. Budgetary control exists at the total fund level and encumbrance accounting is not employed as a part of the budgetary process.

See Accountants' Compilation Report

ADDITIONAL INFORMATION

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
WATER AND STORAGE ACTIVITY ENTERPRISE FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Charges for services	\$ 1,676,513	\$ 1,210,953	\$ (465,560)
Intergovernmental	110,000	-	(110,000)
Interest	<u>107,993</u>	<u>(33,037)</u>	<u>(141,030)</u>
TOTAL REVENUES	<u>1,894,506</u>	<u>1,177,916</u>	<u>(716,590)</u>
EXPENDITURES			
Current -			
Outside services	153,640	88,179	65,461
Personnel services	751,019	659,822	91,197
Office and administrative expenses	445,207	445,726	(519)
Legislative and water education	327,225	192,344	134,881
Contingency	84,685	-	84,685
Capital outlay	442,500	135,373	307,127
Debt service	<u>60,000</u>	<u>60,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,264,276</u>	<u>1,581,444</u>	<u>682,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (369,770)</u>	(403,528)	<u>\$ (33,758)</u>
GAAP ADJUSTMENTS			
Capital outlay		135,373	
Principal payment on contract obligation		<u>60,000</u>	
CHANGE IN NET POSITION		<u>\$ (208,155)</u>	

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
ARKANSAS VALLEY CONDUIT ENTERPRISE FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	Variance With Final Budget Positive <u>(Negative)</u>
REVENUES			
Charges for services	\$ 248,439	\$ 248,439	\$ -
Intergovernmental	436,827	193,176	(243,651)
Proceeds from issuance of debt	1,969,443	-	(1,969,443)
Interest	<u>-</u>	<u>(28,673)</u>	<u>(28,673)</u>
TOTAL REVENUES	<u>2,654,709</u>	<u>412,942</u>	<u>(2,241,767)</u>
EXPENDITURES			
Current -			
Outside services	2,533,639	319,786	2,213,853
Personnel services	330,004	264,388	65,616
Office and administrative expenses	21,445	21,598	(153)
Travel and related expenses	13,269	1,746	11,523
Legislative and water education	6,352	6,483	(131)
Contingency	<u>54,774</u>	<u>-</u>	<u>54,774</u>
TOTAL EXPENDITURES	<u>2,959,483</u>	<u>614,001</u>	<u>2,345,482</u>
EXCESS (DEFICIENCY) OF			
REVENUES OVER EXPENDITURES	<u>\$ (304,774)</u>	<u>\$ (201,059)</u>	<u>\$ 103,715</u>

See Accountants' Compilation Report

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
HYDRO PROJECT FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 1,257,590	\$ 888,819	(368,771)
Proceeds from borrowings	172,200	-	(172,200)
Investment earnings	600	(8,064)	(8,664)
Miscellaneous revenue	<u>-</u>	<u>(1,026)</u>	<u>(1,026)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,430,390</u>	<u>879,729</u>	<u>(550,661)</u>
EXPENDITURES			
Current -			
Outside services	178,697	91,273	87,424
Personnel services	30,269	8,782	21,487
Office and administrative expenditures	113,002	105,063	7,939
Bureau operations, maintenance and repairs	54,469	112,686	(58,217)
Interest expense	347,844	343,456	4,388
Contingency	71,520	-	71,520
Capital outlay	<u>172,200</u>	<u>-</u>	<u>172,200</u>
TOTAL EXPENDITURES	<u>968,001</u>	<u>661,260</u>	<u>306,741</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCIAL SOURCES OVER EXPENDITURES	<u>\$ 462,389</u>	218,469	<u>\$ (243,920)</u>
GAAP ADJUSTMENTS			
Depreciation		<u>(365,287)</u>	
CHANGE IN NET POSITION - GAAP BASIS		<u>\$ (146,818)</u>	

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

REVENUES

Property taxes -		
Contract mill levy collection		\$ 8,597,840
Operating tax revenue		334,357
Abatement and refund of tax collections		66,869
Prior year tax		(8,181)
Total property taxes		<u>8,990,885</u>
Specific ownership taxes		1,075,191
Fountain Valley Authority contract revenue		5,336,538
Winter water storage		85,449
Excess capacity contract		282,659
Charges for services -		
Enterprise administration reimbursement		<u>1,411,852</u>
Total charges for services		<u>1,411,852</u>
Intergovernmental		14,543
Investment revenue -		
Interest income		14,623
Income to fair value adjustment		(200,857)
Interest on bonds		105,227
Total investment revenue		<u>(81,007)</u>
Other -		
Sundry		<u>9,501</u>
TOTAL REVENUES		<u>17,125,611</u>

EXPENDITURES

Outside and professional services -		
Annual audit		36,470
Legal representation		241,920
Consulting/lobbying services		59,522
Total outside and professional services		<u>337,912</u>

SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES (Cont'd.)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

EXPENDITURES (Cont'd.)

Human resources -	
Staff payroll	\$ 1,173,514
Directors' payroll	36,000
Payroll taxes	83,088
Retirement benefits	161,736
Health benefits	219,084
Total human resources expenditures	1,673,422
Meeting and travel expenditures -	
Directors - meeting and travel	13,397
Executive - meeting and travel	5,357
Staff - meeting and travel	22,240
Total meeting and travel expenditures	40,994
Headquarter operations	
Repairs and maintenance	33,926
Computer	73,179
Insurance	23,335
Subscriptions and fees	27,812
Office supplies	22,390
Awards & gifts	2,867
Communications	20,934
Postage & shipping	3,934
Utilities	14,722
Total headquarter operations expenditures	223,099
Water conservation and education	11,983
Collection fees	148,204
Winter water storage and excess capacity	85,449
Excess capacity contract	282,659
Fountain Valley Authority contract payments	5,336,538
Bureau operations, maintenance & repairs	-
Planning and development	255,099
Capital outlay - acquisition of capital assets	11,420
Debt service principal	1,467,573
TOTAL EXPENDITURES	\$ 9,874,352