

LOWER ARKANSAS VALLEY
WATER CONSERVANCY DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2020

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

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HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
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Patrick A. Hancock CPA 719-688-0812
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lower Arkansas Valley Water Conservancy District

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Lower Arkansas Valley Water Conservancy District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Lower Arkansas Valley Water Conservancy District, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Arkansas Valley Water Conservancy District's basic financial statements. The individual fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

June 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Lower Arkansas Valley Water Conservancy District's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2020. This information is presented in conjunction with the audited financial statements that follow this section.

Overview of the Financial Statements

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

District-Wide Financial Statements

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

Governmental Activities - The activity of the District's general fund is reported here. Property taxes, specific ownership taxes, and interest income make up the majority of the revenues and general and administration expenditures are the major activities of this fund.

Business-Type Activities - The District manages two enterprise activity funds. The Water Activity Enterprise Fund develops and operates the District's water right assets and the Lower Ark Valley Engineering Services Enterprise Fund develops and operates the District's engineering services. The activities of the Water Activity Enterprise Fund and Engineering Services Enterprise Fund are supported by engineering services, leasing activities and reimbursements.

Fund Financial Statements

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

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

Proprietary Fund - The District maintains two proprietary funds – the Water Activity Enterprise Fund and the Lower Ark Valley Engineering Services Enterprise Fund. Both funds are reported using the accrual basis of accounting. Both enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information. The District uses the enterprise funds to account for the District's water management operations and engineering services.

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

District-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$ 26,083,980 at the end of the current year.

Financial Highlights

The total net position of the District exceeded its liabilities and deferred inflows of resources by \$26,083,980. Of this amount \$21,043,311 (unrestricted net position) less intangible assets of \$18,588,836 may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's net position increased by \$980,024 during the current year. The net position of our governmental activities increased by \$859,712 and net position of our business-type activities increased by \$120,312.
- As of the close of the current year, the District's governmental activities reported combined ending fund balance of \$3,141,650 an increase of \$859,712 in comparison with the prior year balances of \$2,281,938.
- At the end of the current year, unrestricted net position for the governmental activities was \$2,986,183.

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for 2020 and 2019.

Statement of Net Position

2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Total Current Assets	\$ 5,413,061	\$ 452,524	\$ 5,865,585
Non-Current Assets Restricted	-	246,986	246,986
Total Capital Assets	107,467	7,224,217	7,331,684
Total Intangible Assets	-	18,588,836	18,588,836
TOTAL ASSETS	\$ 5,520,528	\$ 26,512,563	\$ 32,033,091
Liabilities:			
Current Liabilities	\$ 130,178	\$ 1,139,142	\$ 1,269,320
Non-Current Liabilities	-	2,431,091	2,431,091
Total Liabilities	130,178	3,570,233	3,700,411
Deferred Inflows of Resources	2,248,700	-	2,248,700
Net Position:			
Net investment in Capital Assets	107,467	4,638,216	4,745,683
Restricted	48,000	246,986	294,986
Unrestricted	2,986,183	18,057,128	21,043,311
Total Net Position	3,141,650	22,942,330	26,083,980
TOTAL LIABILITIES, DEFERRED INFLOWS NET POSITION	\$ 5,520,528	\$ 26,512,563	\$ 32,033,091

2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Total Current Assets	\$ 4,522,889	\$ 629,966	\$ 5,152,855
Non-Current Assets Restricted	-	235,663	235,663
Total Capital Assets	110,612	7,201,305	7,311,917
Total Intangible Assets	-	18,588,836	18,588,836
TOTAL ASSETS	\$ 4,633,501	\$ 26,655,770	\$ 31,289,271
Liabilities:			
Current Liabilities	\$ 135,063	\$ 1,247,752	\$ 1,382,815
Non-Current Liabilities	-	2,586,000	2,586,000
Total Liabilities	135,063	3,833,752	3,968,815
Deferred Inflows of Resources	2,216,500	-	2,216,500
Net Position:			
Net investment in Capital Assets	110,612	4,462,711	4,573,323
Restricted	52,000	235,663	287,663
Unrestricted	2,119,326	18,123,644	20,242,970
Total Net Position	2,281,938	22,822,018	25,103,956
TOTAL LIABILITIES, DEFERRED INFLOWS NET POSITION	\$ 4,633,501	\$ 26,655,770	\$ 31,289,271

Statement of Activities

The change in net position for the governmental activities was \$859,712 for the year ended December 31, 2020 and \$628,430 for the year ended December 31, 2019. The change in net position for the business-type activities was \$120,312 for the year ended December 31, 2020 and \$398,923 for the year ended December 31, 2019. The perspective of the statement of activities is of the District as a whole.

The following tables reflect the change in net position for the years 2020 and 2019:

2020	Functions	Expenses	Charges for Services	Capital and Operating Reimbursements & Contributions	CHANGES IN NET POSITION		
					Governmental Activities	Business Type Activities	Total
	TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,607,727	\$ -	\$ -	\$ (1,607,727)	\$ -	\$ (1,607,727)
	TOTAL BUSINESS-TYPE ACTIVITIES	1,461,601	973,457	602,743	-	114,599	114,599
	TOTAL PRIMARY GOVERNMENT	<u>\$ 3,069,328</u>	<u>\$ 973,457</u>	<u>\$ 602,743</u>	(1,607,727)	114,599	(1,493,128)
	TOTAL GENERAL REVENUES				2,467,439	5,713	2,473,152
	CHANGE IN NET POSITION				<u>\$ 859,712</u>	<u>\$ 120,312</u>	<u>\$ 980,024</u>

2019	Functions	Expenses	Charges for Services	Capital and Operating Reimbursements & Contributions	CHANGES IN NET POSITION		
					Governmental Activities	Business Type Activities	Total
	TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,727,049	\$ -	\$ -	\$ (1,727,049)	\$ -	\$ (1,727,049)
	TOTAL BUSINESS-TYPE ACTIVITIES	2,008,661	1,054,011	1,307,760	-	353,110	353,110
	TOTAL PRIMARY GOVERNMENT	<u>\$ 3,735,710</u>	<u>\$ 1,054,011</u>	<u>\$ 1,307,760</u>	(1,727,049)	353,110	(1,373,939)
	TOTAL GENERAL REVENUES				2,355,479	45,813	2,401,292
	CHANGE IN NET POSITION				<u>\$ 628,430</u>	<u>\$ 398,923</u>	<u>\$ 1,027,353</u>

GENERAL FUND

REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON GENERAL FUND

Revenues and expenditures budget comparison for year ended December 31, 2020:

2020	<u>Final Budget</u>	<u>Actual</u>
Total Revenues	\$ 2,432,400	\$ 2,467,439
Total Expenditures	3,869,500	1,604,582
Transfers Out	-	-
Revenues over (under) Expenditures and other sources	(1,437,100)	862,857
Fund Balance January 1	2,171,326	2,171,326
Fund Balance December 31	734,226	3,034,183

Revenues: Changes between actual revenues and budgeted amounts were mainly due to an increase in specific ownership tax receipts when compared to the budgeted amount.

Expenditures: Changes between actual expenditures and budgeted amounts were due to no capital outlay and contingency expenditures made in 2020 and the actual expenditures for general government were less than the budgeted amount.

WATER ACTIVITY ENTERPRISE FUND

REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON WATER ACTIVITY ENTERPRISE FUND

Revenues: Budget comparison for year ended December 31, 2020:

2020		
Revenues:	Final Budget	Actual
Water Leasing	\$ 24,000	\$ 6,250
Fees	25,000	36,450
Management Fees	1,400,000	632,408
Reimbursements and Other	18,000	180,887
Interest	700	3,274
Total Revenues	\$ 1,467,700	\$ 859,269

Changes between actual revenue and budgeted amounts were primarily due to operational changes resulting from water fallow revenue, reimbursements, and management fees.

Expenditures: Budget comparison for year ended December 31, 2020:

2020		
Expenditures:	Final Budget	Actual
Water Leases	\$ 10,000	\$ 37,973
Water Storage Fees	122,200	115,054
Arkansas Irrigation Rules	2,500	1,620
Super Ditch	180,000	13,422
Catlin Canal Pilot Project	-	29,845
Flood Mitigation	15,000	4,689
Depreciation	-	12,408
General and Administrative	355,400	252,654
Water Assessments and Costs	76,000	67,096
Water Conservation Services	-	180,887
Interest	41,600	41,359
Water and Capital Acquisitions	75,000	-
Debt Service	152,600	152,594
Conservation Easement	250,000	-
Total Expenditures	\$ 1,280,300	\$ 909,601

Changes between actual expenditures and budgeted amounts were primarily due to operational changes, and lower general and administration, and conservation easement expenditures than anticipated.

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON LAV ENGINEERING SERVICES ENTERPRISE FUND

Revenues: Budget comparison for year ended December 31, 2020:

2020		
Revenues:	Final Budget	Actual
Lease Income	\$ 5,800	\$ 10,980
Fees	16,000	14,325
Management Fees	875,000	273,044
Reimbursements and Other	655,800	421,856
Other	-	2,439
Total Revenues	\$ 1,552,600	\$ 722,644

Changes between actual revenue and budgeted amounts were primarily due to lower reimbursement and management revenue received than was anticipated.

Expenditures: Budget comparison for year ended December 31, 2020:

2020

Expenditures:	Final Budget	Actual
Water Quality Study	\$ 15,000	\$ 7,151
Depreciation	-	9,141
General and Administrative	134,300	97,145
Soil Quality Study	100,000	101,995
Pollutant Trading	25,000	-
Tail Water Study	10,000	30,773
Pond Study	3,000	3,468
John Martin Reservoir Account	-	1,403
Property Taxes	1,700	1,524
Repairs & Maintenance	7,500	11,299
Other	40,600	18,839
Water Conservation Services	655,800	421,856
Capital Outlay	25,000	44,461
Total Expenditures	\$ 1,017,900	\$ 749,055

Changes between actual expenditures and budgeted amounts were primarily due to lower general and administrative and water conservation services expenditures than anticipated.

Capital Activity

The District's mission is to participate in water-related projects that will embody thoughtful conservation, responsible growth, and beneficial water usage within the Lower Arkansas Valley. One attempt in keeping water in the valley is to purchase water/land with the end result that the water will remain in the valley.

No water rights were purchased by the District in 2020.

Long-Term Liabilities

Long Term Liabilities include loans with Colorado Water Conservation Board and Eleanor Schiro for the purchase of water stock in the Colorado Canal Company, Lake Henry Reservoir Company and Lake Meredith Reservoir Company as well as the outstanding purchase of five conservation easements.

Contacting the District's Financial Management

The financial report is designed to provide the general public with a general overview of the District's finances and to show the District's accountability for the money it receives.

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

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

Lower Arkansas Valley Water Conservancy District
801 Swink Ave
Rocky Ford, CO 81067
(719) 254-5115 phone **(719) 254-5150 fax**

BASIC FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	\$ 2,288,268	\$ 41,835	\$ 2,330,103
REIMBURSEMENT RECEIVABLES	-	227,793	227,793
ACCRUED INTEREST RECEIVABLE	586	-	586
TAXES RECEIVABLE	2,248,700	-	2,248,700
WATER INVENTORY	-	42,190	42,190
DEPOSITS	17,539	-	17,539
PREPAIDS	-	112,430	112,430
DUE FROM OTHER FUNDS	853,052	13,728	866,780
DUE FROM OTHER ENTITIES	4,916	14,548	19,464
TOTAL CURRENT ASSETS	5,413,061	452,524	5,865,585
RESTRICTED ASSETS			
STEWARDSHIP CASH	-	176,680	176,680
DEBT RETIREMENT	-	70,306	70,306
TOTAL RESTRICTED ASSETS	-	246,986	246,986
CAPITAL ASSETS			
BUILDINGS AND OTHER - NET	91,732	301,498	393,230
LAND	15,735	20,143	35,878
WATER STOCK	-	6,902,576	6,902,576
NET CAPITAL ASSETS	107,467	7,224,217	7,331,684
INTANGIBLE ASSETS			
CONSERVATION EASEMENTS	-	18,588,836	18,588,836
TOTAL ASSETS	\$ 5,520,528	\$ 26,512,563	\$ 32,033,091
LIABILITIES			
ACCOUNTS PAYABLE	\$ 6,339	\$ 22,611	\$ 28,950
ACCRUED EXPENSES	123,839	74,544	198,383
UNEARNED REVENUE	-	20,297	20,297
DUE TO OTHER FUNDS	-	866,780	866,780
NONCURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	-	154,910	154,910
DUE IN MORE THAN ONE YEAR	-	2,431,091	2,431,091
TOTAL LIABILITIES	130,178	3,570,233	3,700,411
DEFERRED INFLOWS OF RESOURCES			
DEFERRED REVENUES - PROPERTY TAXES	2,248,700	-	2,248,700
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	107,467	4,638,216	4,745,683
RESTRICTED FOR			
EMERGENCIES - TABOR	48,000	-	48,000
STEWARDSHIP COSTS	-	176,680	176,680
DEBT RETIREMENT	-	70,306	70,306
UNRESTRICTED	2,986,183	18,057,128	21,043,311
NET POSITION	3,141,650	22,942,330	26,083,980
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 5,520,528	\$ 26,512,563	\$ 32,033,091

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING REIMBURSEMENTS & CONTRIBUTIONS	CAPITAL REIMBURSEMENTS & CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
GENERAL GOVERNMENT	\$ 1,607,727	\$ -	\$ -	\$ -
TOTAL GOVERNMENTAL ACTIVITIES	1,607,727	-	-	-
BUSINESS-TYPE ACTIVITIES				
WATER CONSERVATION	1,461,601	973,457	602,743	-
TOTAL BUSINESS-TYPE ACTIVITIES	1,461,601	973,457	602,743	-
TOTAL PRIMARY GOVERNMENT	\$ 3,069,328	\$ 973,457	\$ 602,743	\$ -

GENERAL REVENUES:

TAXES

INTEREST AND OTHER

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION JANUARY 1

NET POSITION DECEMBER 31

SEE NOTES TO FINANCIAL STATEMENTS

CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
\$ (1,607,727)	\$ -	\$ (1,607,727)
(1,607,727)	-	(1,607,727)
-	114,599	114,599
-	114,599	114,599
(1,607,727)	114,599	(1,493,128)
2,431,194	-	2,431,194
36,245	5,713	41,958
2,467,439	5,713	2,473,152
859,712	120,312	980,024
2,281,938	22,822,018	25,103,956
\$ 3,141,650	\$ 22,942,330	\$ 26,083,980

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2020

ASSETS	
CASH IN BANKS	\$ 2,288,268
ACCRUED INTEREST RECEIVABLE	586
TAXES RECEIVABLE	2,248,700
DEPOSITS	17,539
DUE FROM OTHER FUNDS	853,052
DUE FROM OTHER ENTITIES	<u>4,916</u>
TOTAL ASSETS	<u><u>\$ 5,413,061</u></u>
LIABILITIES	
ACCOUNTS PAYABLE	\$ 6,339
ACCRUED EXPENSES	<u>123,839</u>
TOTAL LIABILITIES	<u>130,178</u>
DEFERRED INFLOWS OF RESOURCES	
DEFERRED REVENUE - PROPERTY TAX	<u>2,248,700</u>
FUND BALANCE	
RESTRICTED FOR EMERGENCIES - TABOR	48,000
ASSIGNED FOR FUTURE YEARS EXPENDITURES	1,570,900
UNASSIGNED	<u>1,415,283</u>
TOTAL FUND BALANCE	<u>3,034,183</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u><u>\$ 5,413,061</u></u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2020

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

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 3,034,183
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.	
THE COST OF THE CAPITAL ASSET IS	131,303
ACCUMULATED DEPRECIATION IS	<u>(23,836)</u>
	<u>107,467</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,141,650</u></u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2020

REVENUES	
TAXES	\$ 2,431,194
INSURANCE PROCEEDS	19,388
MISCELLANEOUS	<u>16,857</u>
TOTAL REVENUES	<u>2,467,439</u>
EXPENDITURES	
GENERAL GOVERNMENT	<u>1,604,582</u>
REVENUES OVER EXPENDITURES	862,857
FUND BALANCE JANUARY 1	<u>2,171,326</u>
FUND BALANCE DECEMBER 31	<u><u>\$ 3,034,183</u></u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

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

NET CHANGE IN FUND BALANCE	\$ 862,857
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GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES.
HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE
ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND
REPORTED AS DEPRECIATION EXPENSE.

DEPRECIATION EXPENSE	(3,145)
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 859,712</u>
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LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER ACTIVITY	ENGINEERING	TOTAL
CURRENT ASSETS			
CASH	\$ -	\$ 41,835	\$ 41,835
REIMBURSEMENT RECEIVABLES	118,805	108,988	227,793
WATER INVENTORY	42,190	-	42,190
PREPAIDS	112,250	180	112,430
DUE FROM OTHER FUNDS	13,728	-	13,728
DUE FROM OTHER ENTITIES	14,548	-	14,548
TOTAL CURRENT ASSETS	301,521	151,003	452,524
RESTRICTED ASSETS			
CASH RESTRICTED FOR STEWARDSHIP COSTS	176,680	-	176,680
CASH RESTRICTED FOR DEBT RETIREMENT	70,306	-	70,306
TOTAL RESTRICTED ASSETS	246,986	-	246,986
CAPITAL ASSETS			
BUILDINGS AND OTHER - NET	92,074	209,424	301,498
LAND	20,143	-	20,143
WATER STOCK	6,902,576	-	6,902,576
NET CAPITAL ASSETS	7,014,793	209,424	7,224,217
INTANGIBLE ASSETS			
CONSERVATION EASEMENTS	18,588,836	-	18,588,836
TOTAL ASSETS	\$ 26,152,136	\$ 360,427	\$ 26,512,563
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	\$ 5,319	\$ 17,292	\$ 22,611
ACCRUED EXPENSES	40,243	29,453	69,696
ACCRUED INTEREST PAYABLE	4,848	-	4,848
DUE TO OTHER FUNDS	847,800	18,980	866,780
UNEARNED REVENUE	-	20,297	20,297
NOTES PAYABLE - CURRENT	154,910	-	154,910
TOTAL CURRENT LIABILITIES	1,053,120	86,022	1,139,142
NONCURRENT LIABILITIES			
NOTES PAYABLE	2,431,091	-	2,431,091
TOTAL NONCURRENT LIABILITIES	2,431,091	-	2,431,091
TOTAL LIABILITIES	3,484,211	86,022	3,570,233
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	4,428,792	209,424	4,638,216
RESTRICTED FOR STEWARDSHIP COSTS	176,680	-	176,680
RESTRICTED FOR DEBT RETIREMENT	70,306	-	70,306
UNRESTRICTED	17,992,147	64,981	18,057,128
TOTAL NET POSITION	22,667,925	274,405	22,942,330
TOTAL LIABILITIES AND NET POSITION	\$ 26,152,136	\$ 360,427	\$ 26,512,563

SEE NOTES TO FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER ACTIVITY	ENGINEERING	TOTAL
OPERATING REVENUES			
LEASE INCOME	\$ 6,250	\$ 10,980	\$ 17,230
FEE INCOME	36,450	14,325	50,775
MANAGEMENT FEES AND REIMBURSEMENTS	632,408	273,044	905,452
TOTAL OPERATING REVENUES	675,108	298,349	973,457
OPERATING EXPENSES			
WATER LEASES	37,973	-	37,973
IRRIGATION RULES	1,620	-	1,620
SUPER DITCH	13,422	-	13,422
CATLIN CANAL PILOT PROJECT EASEMENTS	29,845	-	29,845
NEPA STORAGE	47,614	-	47,614
WATER QUALITY STUDY	1,459	-	1,459
DEPRECIATION	-	7,151	7,151
STORAGE FEES	12,408	9,141	21,549
PERSONNEL	113,595	-	113,595
SOIL QUALITY STUDY	188,655	97,145	285,800
TAILWATER STUDY	-	101,995	101,995
POND STUDY	-	30,773	30,773
WATER ASSESSMENTS	-	3,468	3,468
JOHN MARTIN RESERVOIR ACCOUNT	67,096	-	67,096
FLOOD MITIGATION	-	1,403	1,403
PROPERTY TAXES	4,689	-	4,689
REPAIRS AND MAINTENANCE	3,693	1,524	5,217
OTHER	-	11,299	11,299
TOTAL OPERATING EXPENSES	12,692	18,839	31,531
OPERATING INCOME	534,761	282,738	817,499
NONOPERATING REVENUES (EXPENSES)			
OTHER INCOME	2,860	2,439	5,299
INTEREST INCOME	414	-	414
INTEREST EXPENSE	(41,359)	-	(41,359)
WATER CONSERVATION SERVICES	(180,887)	(421,856)	(602,743)
REIMBURSEMENT FOR SERVICES	180,887	421,856	602,743
TOTAL NONOPERATING REVENUES (EXPENSES)	(38,085)	2,439	(35,646)
CHANGE IN NET POSITION	102,262	18,050	120,312
NET POSITION JANUARY 1	22,565,663	256,355	22,822,018
NET POSITION DECEMBER 31	\$ 22,667,925	\$ 274,405	\$ 22,942,330

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER ACTIVITY	ENGINEERING	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIVED FROM CUSTOMERS	\$ 35,912	\$ 35,602	\$ 71,514
RECEIVED FROM INTERFUND ACTIVITIES	803,055	143,339	946,394
PAYMENTS FOR SUPPLIES, GOODS AND SERVICES	(346,520)	(167,683)	(514,203)
PAYMENTS TO EMPLOYEES	(176,330)	(92,252)	(268,582)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	316,117	(80,994)	235,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
REIMBURSEMENT FOR SERVICES	62,082	535,784	597,866
PAYMENTS FOR WATER CONSERVATION SERVICES	(180,887)	(591,770)	(772,657)
NET CASH PROVIDED (USED) IN NONCAPITAL FINANCING ACTIVITIES	(118,805)	(55,986)	(174,791)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
ACQUISITION OF CAPITAL ASSETS	-	(44,461)	(44,461)
LOAN PAYMENTS	(152,594)	-	(152,594)
INTEREST PAID	(41,641)	-	(41,641)
NET CASH USED IN CAPITAL & RELATED FINANCING ACTIVITIES	(194,235)	(44,461)	(238,696)
CASH FLOWS FROM INVESTING ACTIVITIES			
INTEREST RECEIVED AND OTHER	3,275	2,439	5,714
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,275	2,439	5,714
NET CHANGE IN CASH AND RESTRICTED CASH	6,352	(179,002)	(172,650)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	240,634	220,837	461,471
CASH AND RESTRICTED CASH - END OF YEAR	\$ 246,986	\$ 41,835	\$ 288,821
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES			
OPERATING INCOME	\$ 140,347	\$ 15,611	\$ 155,958
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES			
DEPRECIATION	12,408	9,141	21,549
CHANGES IN ASSETS AND LIABILITIES			
WATER INVENTORY	10,972	-	10,972
PREPAIDS	(1,900)	20	(1,880)
DUE FROM/TO OTHER FUNDS	170,647	(129,705)	40,942
ACCOUNTS PAYABLE & ACCRUED EXPENSES	(9,569)	13,642	4,073
DUE FROM/TO OTHER ENTITIES	(5,538)	-	(5,538)
UNEARNED REVENUE	(1,250)	10,297	9,047
NET CASH PROVIDED BY (USED IN) IN OPERATING ACTIVITIES	\$ 316,117	\$ (80,994)	\$ 235,123

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lower Arkansas Valley Water Conservancy District (the "District") was formed pursuant to Colorado Revised Statutes and as decreed by the District Court in and for Pueblo County, in 2002. The Court appoints a seven-member Board of Directors to act as the governing authority. The mission of the District is to acquire, retain, and conserve native water flowing in the Arkansas River and its tributaries in the five counties comprising the District. The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The District's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

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

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, "*The Financial Reporting Entity: Omnibus*" which amended GASB Statement No. 14 to clarify the reporting of equity interests in legally separate organizations. If a government owns a majority of the equity interest in a legally separate organization (for example, through acquisition of its voting stock) and the government's intent for owning the equity interest is not directly to enhance its ability to provide governmental services it should report the equity interest as an investment. The District's investment is water stock that has been purchased. As of December 31, 2020, the Lower Arkansas Valley Water Conservancy District owned 14,864.125 shares or approximately 80% of Larkspur Inc. The Larkspur Inc. is a mutual irrigation company that provides for the storage and distribution of irrigation water for the mutual benefit of its stockholders.

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major proprietary funds:

Water Activity Enterprise Fund – Accounts for the activities of water acquisition, retainage and conservation within the Lower Arkansas River region.

Lower Ark Valley Engineering Services Enterprise Fund – Accounts for the activities of engineering services provided by the District.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are composed of water and water stock sales, leasing activities, management fees, engineering services and reimbursements. Operating expenses for the enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The enterprise funds account for transactions that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through charges.

Encumbrances

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

Budgets and Budgetary Accounting

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

Public hearings are held to obtain taxpayer comment

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

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

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

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2020, there were no funds of the District in violation.

Cash and Cash Equivalents

The District's cash and cash equivalents are represented by cash on hand as well as demand deposits and certificate of deposits held in banks. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net positions of the proprietary funds that sum to the total of the same such amounts shown in the statement of cash flows:

	Water Activity Enterprise Fund	Lower Ark Valley Engineering Services Enterprise Fund	Total Proprietary Funds
Cash and Cash Equivalents	\$ -	\$ 41,835	\$ 41,835
Restricted Assets	246,986	-	246,986
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statement of Cash Flows	<u>\$ 246,986</u>	<u>\$ 41,835</u>	<u>\$ 288,821</u>

Restricted Cash

Restricted cash in the proprietary funds represent payments received for stewardship fees on conservation easements as well as cash set aside for debt retirement per loan covenants.

Water Inventory

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

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursement Receivables

Reimbursement receivables consist primarily of noninterest-bearing amounts due for District operations related to water activity, engineering services and other projects. The District determines the allowance for uncollectable reimbursement receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Reimbursement receivables are written off when deemed uncollectable. At December 31, 2020, an allowance of \$76,331 was recorded in the Water Activity Enterprise Fund. The full reimbursement outstanding balance for all funds is deemed current, collectable within a year.

Due To / From Other Funds and Entities

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

Capital Assets

Capital assets, which include water stocks, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The monetary threshold for capitalization of assets is \$5,000. The District's depreciable capital assets currently consist of assets being depreciated over 10 - 40 years.

Water Stocks

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

Intangible Assets

Intangible assets represent conservation easements that were donated by the landowners or purchased by the District. Under GASB Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*", easements are capitalized if donated by the landowners or purchased by the District. The District recognizes contribution easement revenue from donated conservation easements as the difference between the appraised value before the donated conservation easement and the appraised value after the donated conservation easement. The District records the easements using an indefinite useful life since there is no legal, contractual, regulatory, technological, or other factors that limit the useful life of the easements. Due to the indefinite useful life of the easements recorded, they are not amortized.

Water Leases

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

Accrued Compensated Absences

The District recognizes the accrual in the general fund in that it is expected that the liability will be liquidated with expendable available financial resources.

Property Tax Revenues Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied December 15 and are due and payable in full by April 30 or in two equal installments due February 28 and June 15 of the ensuing year to the County Treasurers and are recorded as revenue in the year for which they are levied. Accordingly, the taxes receivable is for the next year and are recorded as deferred revenue.

Deferred Outflows/Inflows of Resources

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

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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

Unearned Revenue

In proprietary funds, unearned revenues represent payments received from other governmental entities for services that have not yet been provided and have not yet been earned.

Net Position / Fund Balance

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

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

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

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

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

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

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

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

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

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

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

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

Restricted Balances

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

The net position of the proprietary fund has been restricted for cash that is held in a restricted account. The cash may only be used to pay for stewardship costs incurred in complying with easement requirements.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS

Retirement Plan

The District participates in a simple IRA plan that covers the employees of the District. Participation in the plan is available to both full and part time employees who work at least 1,000 hours per year and are 21 years old after one year of full-time service. The District matches 100% up to 3% of the employee's contribution into this plan. If the employee makes no contributions, the District contributes 2% of eligible employee's annual salary into the plan. The expense was \$15,784 for the year ended December 31, 2020.

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.

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

Custodial credit risk in that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The following shows the custodial risk of the District.

Deposits at December 31, 2020, had a bank balance of \$2,687,735 and a corresponding carrying balance as follows:

Insured Deposits	\$ 897,837
Covered by Public Deposit Protection Act	<u>1,679,252</u>
	<u>\$ 2,577,089</u>

Cash is reported as follows:

Cash and Cash Equivalents	\$ 2,330,103
Restricted Cash	<u>246,986</u>
	<u>\$ 2,577,089</u>

NOTE 3 – PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Taxes receivable represents 2020 property tax assessments, which are due in 2021. Deferred revenue in the same amount has also been recognized.

NOTE 4 – CAPITAL ASSETS

Primary Government:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 15,735	\$ -	\$ -	\$ 15,735
Capital Assets Being Depreciated:				
Building and Other	115,568	-	-	115,568
Accumulated Depreciation	<u>(20,691)</u>	<u>(3,145)</u>	-	<u>(23,836)</u>
	<u>94,877</u>	<u>(3,145)</u>	-	<u>91,732</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 110,612</u>	<u>\$ (3,145)</u>	<u>\$ -</u>	<u>\$ 107,467</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS (Continued)

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Water Stock	\$ 6,902,576	\$ -	\$ -	\$ 6,902,576
Land	<u>20,143</u>	<u>-</u>	<u>-</u>	<u>20,143</u>
	<u>6,922,719</u>	<u>-</u>	<u>-</u>	<u>6,922,719</u>
Capital Assets Being Depreciated:				
Building and Other	390,659	44,461	-	435,120
Accumulated Depreciation	<u>(112,073)</u>	<u>(21,549)</u>	<u>-</u>	<u>(133,622)</u>
	<u>278,586</u>	<u>22,912</u>	<u>-</u>	<u>301,498</u>
<u>Business-Type Activities</u>				
Capital Assets - Net	<u>\$ 7,201,305</u>	<u>\$ 22,912</u>	<u>\$ -</u>	<u>\$ 7,224,217</u>

For the year ended December 31, 2020, depreciation expense of \$3,145 was charged to general government in the governmental activities and \$21,549 to water conservation in the business-type activities.

NOTE 5 – NOTES AND EASEMENT PAYABLES

Colorado Water Conservation Board (“CWCB”) - The District through its Water Activity Enterprise Fund entered into a loan agreement on July 13, 2015 with CWCB in the amount of \$2,560,350, with a 1.45% interest rate. The loan proceeds were used to purchase water stock. The loan is payable in annual installments of \$148,395 beginning January 1, 2017 and maturing January 1, 2036. The loan is payable from the revenues generated from the Water Activity Enterprise Fund. The loan is collateralized by 126.60 shares of the Lake Henry Reservoir Company, 282.00 shares of the Lake Meredith Reservoir Company, 408.60 shares of the Colorado Canal Company and 91.34 shares of the Twin Lakes Reservoir and Canal Company.

Eleanor Schiro (“Schiro”) - The District through its Water Activity Enterprise Fund entered into a loan agreement on May 12, 2015 with Schiro in the amount of \$1,108,151, with a 1.75% interest rate. The loan proceeds were used to purchase water stock. The loan is payable in annual installments of \$45,838 beginning July 1, 2016 and maturing December 16, 2035. The loan is collateralized by 149.40 shares of the Lake Henry Reservoir Company and 149.40 shares of the Colorado Canal Company.

Annual debt service requirements to maturity are as follow for the Water Activity Enterprise Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 154,910	\$ 39,324	\$ 194,234
2022	157,263	36,971	194,234
2023	159,651	34,583	194,234
2024	162,075	32,159	194,234
2025	164,538	29,696	194,234
2026-2030	860,950	110,218	971,168
2031-2035	<u>926,614</u>	<u>45,884</u>	<u>972,498</u>
	<u>\$ 2,586,001</u>	<u>\$ 328,835</u>	<u>\$ 2,914,836</u>

In connection with the above notes payable, the District is subject to various covenants. The District is required to establish a cash reserve account per the covenants of the note with the Colorado Water Conservation Board. For the year ending December 31, 2020, the cash reserve account had a balance of \$70,306. As of December 31, 2020, the District was in compliance with all covenants.

The following is a summary of long-term obligation transactions of the District for the year ended December 31, 2020:

Water Activity Enterprise Fund:

	<u>Beginning</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Current</u>
	<u>Balance</u>				<u>Balance</u>	<u>Portion</u>
Notes Payable:						
CWCB	\$ 2,105,494	\$ -	\$ (117,866)	\$ 1,987,628	\$ 119,575	
Schiro	<u>633,100</u>	<u>-</u>	<u>(34,727)</u>	<u>598,373</u>	<u>35,335</u>	
Totals	<u>\$ 2,738,594</u>	<u>\$ -</u>	<u>\$ (152,593)</u>	<u>\$ 2,586,001</u>	<u>\$ 154,910</u>	

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES AND EASEMENT PAYABLES (Continued)

For the year ended December 31, 2020, interest incurred and expensed in the Water Activity Enterprise Fund was \$41,359 with \$4,848 of the total reported as accrued interest payable.

NOTE 6 - AMENDMENT ONE

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

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

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

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

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

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

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

NOTE 7 – RISK MANAGEMENT

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

NOTE 8 – INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between the District funds for the reimbursement of expenditures. Related inter-fund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within one year.

Interfund receivables and payables at December 31, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Activity Enterprise	\$ 847,800
General Fund	Engineering Services Enterprise	<u>5,252</u>
		<u>\$ 853,052</u>
 Water Activity Enterprise	 Engineering Services Enterprise	 <u>\$ 13,728</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – LEASES

The District has an agreement to lease water rights and/or canal company stock and water rights. The agreement expires on March 31, 2022. The Lessor will pay \$5,000 or \$50 per share annually for 100 acre-feet of Colorado Canal Water.

The future minimum lease payments as of December 31, 2020 are as follows:

2021	\$	5,000
2022		<u>5,000</u>
Total	\$	<u>10,000</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

The District purchased leased water, received lease revenue from and paid assessment fees to Larkspur Inc. (“Larkspur”), which the District owned approximately 80% of the shares as of December 31, 2020. The total amount paid by the District in 2020 to Larkspur was \$48,163 and the total amount received from Larkspur was \$0. As of December 31, 2020, the balance due to Larkspur was \$0 and the amount due from Larkspur was \$19,464 and is reported in “due from other entities” on the Statement of Net Position for the Water Activity Enterprise Fund for \$14,548 and on the Balance Sheet of the General Fund for \$4,916.

NOTE 11 - COMMITMENTS

The District shall repay to the State the grant funds from the Colorado Water Conservation Board (“CWCB”) pertaining to the purchase of a conservation easement and any appreciation in the value of the easement (if any appreciation exists and only in an amount equal to the State’s proportionate contribution to the purchase price), if the easement is terminated or extinguished or its material provisions rendered unenforceable due to acts or omissions of the District, its employees, agents, successors or assigns, including, but not limited to, complying with or enforcing the provisions of the easement. If any part of the grant funds were originally received by the State from GOCO, then District shall make repayment to the State if GOCO makes a demand for repayment to CWCB.

NOTE 12 – SUBSEQUENT EVENT

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

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, the Governmental Accounting Standards Board (“GASB”) issued Statement No.87, Leases. The GASB is issuing this Statement to improve accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

In May 2020, the Governmental Accounting Standards Board (“GASB”) issued Statement No.95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement has postponed the effective date of GASB Statement No. 87, Leases, 18 months from December 15, 2019 to June 15, 2021.

REQUIRED SUPPLEMENTAL INFORMATION

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

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

GENERAL FUND

YEAR ENDED DECEMBER 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
TAXES				
REAL PROPERTY TAXES	\$ 2,216,500	\$ 2,216,500	\$ 2,200,766	\$ (15,734)
SPECIFIC OWNERSHIP	197,900	197,900	230,428	32,528
INSURANCE PROCEEDS	-	-	19,388	19,388
INTEREST & OTHER	18,000	18,000	16,857	(1,143)
TOTAL REVENUES	<u>2,432,400</u>	<u>2,432,400</u>	<u>2,467,439</u>	<u>35,039</u>
EXPENDITURES				
GENERAL GOVERNMENT	3,541,600	3,541,600	1,604,582	1,937,018
CAPITAL OUTLAY	84,700	84,700	-	84,700
CONTINGENCY	243,200	243,200	-	243,200
TOTAL EXPENDITURES	<u>3,869,500</u>	<u>3,869,500</u>	<u>1,604,582</u>	<u>2,264,918</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,437,100)	(1,437,100)	862,857	2,299,957
FUND BALANCE JANUARY 1	<u>2,171,326</u>	<u>2,171,326</u>	<u>2,171,326</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u>\$ 734,226</u>	<u>\$ 734,226</u>	<u>\$ 3,034,183</u>	<u>\$ 2,299,957</u>

OTHER SUPPLEMENTAL INFORMATION

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

BALANCE SHEET

GENERAL FUND

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CASH IN BANKS	\$ 2,288,268	\$ 1,473,619
ACCRUED INTEREST RECEIVABLE	586	586
TAXES RECEIVABLE	2,248,700	2,216,500
DEPOSITS	17,539	20,042
DUE FROM OTHER FUNDS	853,052	812,110
DUE FROM OTHER ENTITIES	<u>4,916</u>	<u>32</u>
TOTAL ASSETS	<u>\$ 5,413,061</u>	<u>\$ 4,522,889</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 6,339	\$ 26,971
ACCRUED EXPENSES	<u>123,839</u>	<u>108,092</u>
TOTAL LIABILITIES	<u>130,178</u>	<u>135,063</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUE - PROPERTY TAX	<u>2,248,700</u>	<u>2,216,500</u>
FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR	48,000	52,000
ASSIGNED FOR FUTURE YEARS EXPENDITURES	1,570,900	1,437,100
UNASSIGNED	<u>1,415,283</u>	<u>682,226</u>
TOTAL FUND BALANCE	<u>3,034,183</u>	<u>2,171,326</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 5,413,061</u>	<u>\$ 4,522,889</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES		
TAXES	\$ 2,431,194	\$ 2,276,029
INSURANCE PROCEEDS	19,388	66,708
MISCELLANEOUS	16,857	12,742
TOTAL REVENUES	2,467,439	2,355,479
EXPENDITURES		
GENERAL GOVERNMENT	1,604,582	1,723,904
REVENUES OVER (UNDER) EXPENDITURES	862,857	631,575
FUND BALANCE JANUARY 1	2,171,326	1,539,751
FUND BALANCE DECEMBER 31	\$ 3,034,183	\$ 2,171,326

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

WATER ACTIVITY ENTERPRISE FUND

DECEMBER 31, 2020 AND 2019

	2020	2019
CURRENT ASSETS		
CASH	\$ -	\$ 4,971
REIMBURSEMENT RECEIVABLE	118,805	-
WATER INVENTORY	42,190	53,162
PREPAIDS	112,250	110,350
DUE FROM OTHER FUNDS	13,728	8,520
DUE FROM OTHER ENTITIES	14,548	9,010
TOTAL CURRENT ASSETS	<u>301,521</u>	<u>186,013</u>
RESTRICTED ASSETS		
CASH RESTRICTED FOR STEWARDSHIP COSTS	176,680	176,305
CASH RESTRICTED FOR DEBT RETIREMENT	70,306	59,358
TOTAL RESTRICTED ASSETS	<u>246,986</u>	<u>235,663</u>
CAPITAL ASSETS		
BUILDINGS AND OTHER - NET	92,074	104,482
LAND	20,143	20,143
WATER STOCK	6,902,576	6,902,576
NET CAPITAL ASSETS	<u>7,014,793</u>	<u>7,027,201</u>
INTANGIBLE ASSETS		
CONSERVATION EASEMENTS	18,588,836	18,588,836
TOTAL ASSETS	<u>\$ 26,152,136</u>	<u>\$ 26,037,713</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 5,319	\$ 27,215
ACCRUED EXPENSES	40,243	27,916
ACCRUED INTEREST PAYABLE	4,848	5,130
DUE TO OTHER FUNDS	847,800	671,945
UNEARNED REVENUE	-	1,250
NOTES PAYABLE - CURRENT	154,910	152,594
TOTAL CURRENT LIABILITIES	<u>1,053,120</u>	<u>886,050</u>
NONCURRENT LIABILITIES		
NOTES PAYABLE	2,431,091	2,586,000
TOTAL NONCURRENT LIABILITIES	<u>2,431,091</u>	<u>2,586,000</u>
TOTAL LIABILITIES	<u>3,484,211</u>	<u>3,472,050</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	4,428,792	4,288,607
RESTRICTED FOR STEWARDSHIP COSTS	176,680	176,305
RESTRICTED FOR DEBT RETIREMENT	70,306	59,358
UNRESTRICTED	17,992,147	18,041,393
TOTAL NET POSITION	<u>22,667,925</u>	<u>22,565,663</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 26,152,136</u>	<u>\$ 26,037,713</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
WATER ACTIVITY ENTERPRISE FUND
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
WATER LEASING	\$ 6,250	\$ 10,669
RULE 10 FEE INCOME	36,450	40,360
MANAGEMENT FEES AND REIMBURSEMENTS	632,408	782,382
TOTAL REVENUES	675,108	833,411
OPERATING EXPENSES		
WATER LEASES	37,973	-
IRRIGATION RULES	1,620	43,879
SUPER DITCH	13,422	117,019
CATLIN CANAL PILOT PROJECT	29,845	205,165
EASEMENTS	47,614	51,973
NEPA STORAGE	1,459	1,198
DEPRECIATION	12,408	12,933
STORAGE FEES	113,595	77,908
PERSONNEL	188,655	135,331
WATER ASSESSMENTS	67,096	68,579
FLOOD MITIGATION	4,689	462
PROPERTY TAXES	3,693	3,806
PROFESSIONAL FEES	-	1,926
OTHER	12,692	30,022
TOTAL OPERATING EXPENSES	534,761	750,201
OPERATING INCOME	140,347	83,210
NONOPERATING REVENUES (EXPENSES)		
ENVIRONMENTAL IMPACT STUDY	-	250,000
OTHER INCOME	2,860	11,051
GAIN ON SALE OF WATER STOCK	-	30,000
INTEREST INCOME	414	776
INTEREST EXPENSE	(41,359)	(43,613)
WATER CONSERVATION SERVICES	(180,887)	-
REIMBURSEMENT FOR SERVICES	180,887	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(38,085)	248,214
CHANGE IN NET POSITION	102,262	331,424
NET POSITION JANUARY 1	22,565,663	22,234,239
NET POSITION DECEMBER 31	\$ 22,667,925	\$ 22,565,663

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIVED FROM CUSTOMERS	\$ 35,912	\$ 68,474
RECEIVED FROM INTERFUND ACTIVITIES	803,055	882,253
PAYMENTS FOR SUPPLIES, GOODS, SERVICES	(346,520)	(632,780)
PAYMENTS TO EMPLOYEES	<u>(176,330)</u>	<u>(129,765)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>316,117</u>	<u>188,182</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
REIMBURSEMENT FOR SERVICES	62,082	-
PAYMENTS FOR WATER CONSERVATION SERVICES	(180,887)	-
RECEIVED FOR ENVIRONMENTAL IMPACT STUDY	<u>-</u>	<u>250,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(118,805)</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PROCEEDS FROM WATER STOCK SALES	-	110,000
LOAN PAYMENTS	(152,594)	(150,312)
PAYMENTS ON CONSERVATION EASEMENTS PAYABLE	-	(304,100)
INTEREST PAID	<u>(41,641)</u>	<u>(43,921)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(194,235)</u>	<u>(388,333)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST RECEIVED AND OTHER	<u>3,275</u>	<u>11,827</u>
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	<u>3,275</u>	<u>11,827</u>
NET CHANGE IN CASH AND RESTRICTED CASH	6,352	61,676
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	<u>240,634</u>	<u>178,958</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 246,986</u></u>	<u><u>\$ 240,634</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 140,347	\$ 83,210
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION	12,408	12,933
CHANGES IN ASSETS AND LIABILITIES		
WATER INVENTORY	10,972	(30,817)
PREPAIDS	(1,900)	(1,237)
DUE FROM/TO OTHER FUNDS	170,647	137,236
ACCOUNTS PAYABLE & ACCRUED EXPENSES	(9,569)	6,777
DUE FROM/TO OTHER ENTITIES	(5,538)	(3,000)
UNEARNED REVENUE	<u>(1,250)</u>	<u>(16,920)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 316,117</u></u>	<u><u>\$ 188,182</u></u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
CASH	\$ 41,835	\$ 220,837
REIMBURSEMENT RECEIVABLES	108,988	222,916
PREPAIDS	180	200
TOTAL CURRENT ASSETS	<u>151,003</u>	<u>443,953</u>
CAPITAL ASSETS		
BUILDINGS AND OTHER - NET	<u>209,424</u>	<u>174,104</u>
TOTAL ASSETS	<u>\$ 360,427</u>	<u>\$ 618,057</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 17,292	\$ 178,457
ACCRUED EXPENSES	29,453	24,560
UNEARNED REVENUE	20,297	10,000
DUE TO OTHER FUNDS	18,980	148,685
TOTAL CURRENT LIABILITIES	<u>86,022</u>	<u>361,702</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	209,424	174,104
UNRESTRICTED	<u>64,981</u>	<u>82,251</u>
TOTAL NET POSITION	<u>274,405</u>	<u>256,355</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 360,427</u>	<u>\$ 618,057</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
LEASE INCOME	\$ 10,980	\$ 5,780
FEEES	14,325	11,775
MANAGEMENT FEES AND REIMBURSEMENTS	<u>273,044</u>	<u>248,930</u>
TOTAL REVENUES	<u>298,349</u>	<u>266,485</u>
OPERATING EXPENSES		
WATER QUALITY STUDY	7,151	126
DEPRECIATION	9,141	4,926
PERSONNEL	97,145	73,369
SOIL QUALITY STUDY	101,995	40,351
POLLUTANT TRADING	-	3,514
TAILWATER STUDY	30,773	27,507
POND STUDY	3,468	-
JOHN MARTIN RESERVOIR ACCOUNT	1,403	2,629
PROPERTY TAXES	1,524	1,528
REPAIRS AND MAINTENANCE	11,299	25,480
OTHER	<u>18,839</u>	<u>23,542</u>
TOTAL OPERATING EXPENSES	<u>282,738</u>	<u>202,972</u>
OPERATING INCOME	<u>15,611</u>	<u>63,513</u>
NONOPERATING REVENUES (EXPENSES)		
OTHER INCOME	2,439	3,986
WATER CONSERVATION SERVICES	(421,856)	(1,011,875)
REIMBURSEMENT FOR SERVICES	<u>421,856</u>	<u>1,011,875</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,439</u>	<u>3,986</u>
CHANGE IN NET POSITION	18,050	67,499
NET POSITION JANUARY 1	<u>256,355</u>	<u>188,856</u>
NET POSITION DECEMBER 31	<u>\$ 274,405</u>	<u>\$ 256,355</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIVED FROM CUSTOMERS	\$ 35,602	\$ 27,555
RECEIVED FROM INTERFUND ACTIVITIES	143,339	173,475
PAYMENTS FOR SUPPLIES, GOODS, SERVICES	(167,683)	(118,091)
PAYMENTS TO EMPLOYEES	<u>(92,252)</u>	<u>(67,861)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(80,994)</u>	<u>15,078</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
REIMBURSEMENT FOR SERVICES	535,784	959,694
PAYMENTS FOR WATER CONSERVATION SERVICES	<u>(591,770)</u>	<u>(874,229)</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(55,986)</u>	<u>85,465</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	<u>(44,461)</u>	<u>(83,855)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(44,461)</u>	<u>(83,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST RECEIVED AND OTHER	<u>2,439</u>	<u>3,986</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,439</u>	<u>3,986</u>
NET CHANGE IN CASH	(179,002)	20,674
CASH BEGINNING OF YEAR	<u>220,837</u>	<u>200,163</u>
CASH END OF YEAR	<u>\$ 41,835</u>	<u>\$ 220,837</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
OPERATING INCOME	\$ 15,611	\$ 63,513
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
DEPRECIATION	9,141	4,926
CHANGES IN ASSETS AND LIABILITIES		
PREPAIDS	20	(150)
DUE FROM/TO OTHER FUNDS	(129,705)	(75,455)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	13,642	12,244
	<u>10,297</u>	<u>10,000</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (80,994)</u>	<u>\$ 15,078</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL ON A BUDGETARY BASIS

WATER ACTIVITY ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 2020

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
WATER LEASING	\$ 24,000	\$ 24,000	\$ 6,250	\$ (17,750)
FEEES	25,000	25,000	36,450	11,450
MANAGEMENT FEES	1,400,000	1,400,000	632,408	(767,592)
REIMBURSEMENTS	18,000	18,000	180,887	162,887
INTEREST AND OTHER	700	700	3,274	2,574
TOTAL REVENUES	1,467,700	1,467,700	859,269	(608,431)
EXPENDITURES				
WATER LEASES	10,000	10,000	37,973	(27,973)
WATER AND NEPA STORAGE FEES	122,200	122,200	115,054	7,146
ARKANSAS IRRIGATION RULES	2,500	2,500	1,620	880
SUPER DITCH	180,000	180,000	13,422	166,578
CATLIN CANAL PILOT PROJECT	-	-	29,845	(29,845)
FLOOD MITIGATION	15,000	15,000	4,689	10,311
DEPRECIATION	-	-	12,408	(12,408)
GENERAL AND ADMINISTRATIVE	355,400	355,400	252,654	102,746
WATER ASSESSMENTS AND COSTS	76,000	76,000	67,096	8,904
WATER CONSERVATION SERVICES	-	-	180,887	(180,887)
INTEREST	41,600	41,600	41,359	241
WATER ACQUISITIONS	75,000	75,000	-	75,000
DEBT SERVICE	152,600	152,600	152,594	6
CONSERVATION EASEMENTS	250,000	250,000	-	250,000
TOTAL EXPENDITURES	1,280,300	1,280,300	909,601	370,699
REVENUE OVER (UNDER) EXPENDITURES	\$ 187,400	\$ 187,400	(50,332)	\$ (237,732)
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
PRINCIPAL PAID ON LOANS			152,594	
CHANGE IN NET POSITION			102,262	
NET POSITION JANUARY 1			22,565,663	
TOTAL NET POSITION DECEMBER 31			\$ 22,667,925	

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL ON A BUDGETARY BASIS

LOWER ARK VALLEY ENGINEERING SERVICES ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
LEASE INCOME	\$ 5,800	\$ 5,800	\$ 10,980	\$ 5,180
FEES	16,000	16,000	14,325	(1,675)
MANAGEMENT FEES	875,000	875,000	273,044	(601,956)
REIMBURSEMENT FOR SERVICES	655,800	655,800	421,856	(233,944)
OTHER	-	-	2,439	2,439
	<u>1,552,600</u>	<u>1,552,600</u>	<u>722,644</u>	<u>(829,956)</u>
TOTAL REVENUES				
EXPENDITURES				
WATER QUALITY STUDY	15,000	15,000	7,151	7,849
DEPRECIATION	-	-	9,141	(9,141)
GENERAL AND ADMINISTRATIVE	134,300	134,300	97,145	37,155
SOIL QUALITY STUDY	100,000	100,000	101,995	(1,995)
POLLUTANT TRADING	25,000	25,000	-	25,000
TAIL WATER STUDY	10,000	10,000	30,773	(20,773)
POND STUDY	3,000	3,000	3,468	(468)
JOHN MARTIN RESERVOIR ACCOUNT	-	-	1,403	(1,403)
PROPERTY TAXES	1,700	1,700	1,524	176
REPAIRS AND MAINTENANCE	7,500	7,500	11,299	(3,799)
OTHER	40,600	40,600	18,839	21,761
WATER CONSERVATION SERVICES	655,800	655,800	421,856	233,944
CAPITAL OUTLAY	25,000	25,000	44,461	(19,461)
	<u>1,017,900</u>	<u>1,017,900</u>	<u>749,055</u>	<u>268,845</u>
TOTAL EXPENDITURES				
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 534,700</u>	<u>\$ 534,700</u>	(26,411)	<u>\$ (561,111)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
CAPITAL ASSET PURCHASES			<u>44,461</u>	
CHANGE IN NET POSITION			18,050	
NET POSITION JANUARY 1			<u>256,355</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 274,405</u>	