

LOWER ARKANSAS VALLEY  
WATER CONSERVANCY DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

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# HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS  
601 SOUTH EIGHTH STREET  
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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, 2015, 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, 2015, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements 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

APRIL 11, 2016

## LAVWCD 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, 2015. 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 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 an enterprise activity, which develops and operates the District's water right assets. The activities of the water activity enterprise fund are supported by management fees from the general fund and water leasing.

### 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 one proprietary fund - an enterprise fund. The water activity enterprise fund is reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for its water management operations.

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 by \$ 22,656,593 at the end of the current year.

### Financial Highlights

The total net position of the District exceeded its liabilities by \$22,656,593. Of this amount \$18,547,912 (unrestricted net position) less intangible assets of \$16,209,036 may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's net position increased by \$784,473 during the current year. The net position of our governmental activities increased by \$81,228 and net position of our business-type activities increased by \$703,245.

- As of the close of the current year, the District's governmental activities reported combined ending fund balance of \$1,332,733 an increase of \$81,228 in comparison with the prior year balances of \$1,251,505.
- At the end of the current year, unrestricted net position for the governmental activities was \$1,149,841 or 58 percent of total general activities expenses of \$1,993,062.

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 2015 and 2014.

### Statement of Net Position

2015	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Total Current Assets	\$ 3,282,101	\$ 1,383,906	\$ 4,666,007
Non-Current Assets Restricted	0	174,090	174,090
Total Capital Assets	123,192	7,079,970	7,203,162
Total Intangible Assets	0	16,209,036	16,209,036
<b>TOTAL ASSETS</b>	<b>\$ 3,405,293</b>	<b>\$ 24,847,002</b>	<b>\$ 28,252,295</b>
Liabilities:			
Current Liabilities	\$ 126,560	\$ 228,244	\$ 354,804
Non-Current Liabilities	0	3,294,898	3,294,898
Total Liabilities	126,560	3,523,142	3,649,702
Deferred Inflows of Resources	1,946,000	0	1,946,000
Net Position:			
Net investment in Capital Assets	123,192	3,751,699	3,874,891
Restricted	59,700	174,090	233,790
Unrestricted	1,149,841	17,398,071	18,547,912
Total Net Position	1,332,733	21,323,860	22,656,593
<b>TOTAL LIABILITIES, DEFERRED INFLOWS NET POSITION</b>	<b>\$ 3,405,293</b>	<b>\$ 24,847,002</b>	<b>\$ 28,252,295</b>

2014	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Total Current Assets	\$ 3,087,801	\$ 649,850	\$ 3,737,651
Non-Current Assets Restricted	0	173,743	173,743
Total Capital Assets	126,337	8,096,737	8,223,074
Total Intangible Assets	0	15,930,920	15,930,920
<b>TOTAL ASSETS</b>	<b>\$ 3,214,138</b>	<b>\$ 24,851,250</b>	<b>\$ 28,065,388</b>
Liabilities:			
Current Liabilities	\$ 83,133	\$ 4,230,635	\$ 4,313,768
Deferred Inflows of Resources	1,879,500	0	1,879,500
Net Position	1,251,505	20,620,615	21,872,120
<b>TOTAL LIABILITIES, DEFERRED INFLOWS NET POSITION</b>	<b>\$ 3,214,138</b>	<b>\$ 24,851,250</b>	<b>\$ 28,065,388</b>

### Statement of Activities

The change in net position for the governmental activities was \$81,228 for the year ended December 31, 2015 and (\$199,323) for the year ended December 31, 2014. The change in net position for the business-type activities was \$703,245 for the year ended December 31, 2015 and \$1,074,662 for the year ended December 31, 2014. 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 2015 and 2014:

2015	CHANGES IN NET POSITION					
	Functions	Expenses	Charges for Services	Capital and Operating Reimbursements & Contributions	Governmental Activities	Business Type Activities
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,993,062	\$ 0	\$ 0	\$ (1,993,062)	\$ 0	\$ (1,993,062)
TOTAL BUSINESS-TYPE ACTIVITIES	1,985,739	1,242,386	1,436,346	0	692,993	692,993
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,978,801</u>	<u>\$ 1,242,386</u>	<u>\$ 1,436,346</u>	(1,993,062)	692,993	(1,300,069)
TOTAL GENERAL REVENUES				2,074,290	10,252	2,084,542
CHANGE IN NET POSITION				<u>\$ 81,228</u>	<u>\$ 703,245</u>	<u>\$ 784,473</u>

2014	CHANGES IN NET POSITION					
	Functions	Expenses	Charges for Services	Operating Reimbursements & Contributions	Governmental Activities	Business Type Activities
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,784,306	\$ 0	\$ 0	\$ (1,784,306)	\$ 0	\$ (1,784,306)
TOTAL BUSINESS-TYPE ACTIVITIES	1,124,851	1,147,722	574,204	0	597,075	597,075
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,909,157</u>	<u>\$ 1,147,722</u>	<u>\$ 574,204</u>	(1,784,306)	597,075	(1,187,231)
TOTAL GENERAL REVENUES				1,584,983	477,587	2,062,570
CHANGE IN NET POSITION				<u>\$ (199,323)</u>	<u>\$ 1,074,662</u>	<u>\$ 875,339</u>

## GENERAL FUND

### REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON GENERAL FUND

Revenues and expenditures budget comparison for year ended December 31, 2015:

	<u>Final Budget</u>	<u>Actual</u>
<b>2015</b>		
Total Revenues	\$ 2,000,500	\$ 2,074,290
Total Expenditures	2,053,700	1,989,917
Transfers Out	(725,000)	0
Revenues over (under) Expenditures and other sources	(778,200)	84,373
Fund Balance January 1	1,125,168	1,125,168
Fund Balance December 31	346,968	1,209,541

**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 the overall actual capital outlay, contingency expenditures being less than the budgeted as well as no transfers being made as of December 31, 2015.

**WATER ACTIVITY ENTERPRISE FUND**

**REVIEW OF EXPENDITURES VS. BUDGETARY COMPARISON WATER ACTIVITY ENTERPRISE FUND**

**Revenues:** Budget comparison for year ended December 31, 2015:

<b>2015</b>		
<b>Revenues:</b>	<b>Final Budget</b>	<b>Actual</b>
Water Leasing	\$ 32,000	\$ 38,638
Fees	122,000	101,535
Management Fees	1,350,000	947,913
Reimbursements and Other	447,000	1,599,853
Interest	800	1,045
<b>Total Revenues</b>	<b>\$ 1,951,800</b>	<b>\$ 2,688,984</b>

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

**Expenditures:** Budget comparison for year ended December 31, 2015:

<b>2015</b>		
<b>Expenditures:</b>	<b>Final Budget</b>	<b>Actual</b>
Water Leases	\$ 10,000	\$ 3,530
Water Storage Fees	95,000	122,985
Arkansas Irrigation Rules	15,000	10,546
Super Ditch	465,000	418,029
Pond Study	55,000	89,216
Tail Water Study	70,000	3,739
Water Conservation Services	0	886,346
Depreciation	0	6,689
General and Administrative	227,000	280,198
Water Assessments and Costs	70,000	134,430
Water Quality Study	10,000	15,154
Water Acquisitions	611,000	7,812
NEPA Storage	90,000	14,877
Purchased Conservation Easement	800,000	278,116
<b>Total Expenditures</b>	<b>\$ 2,518,000</b>	<b>\$ 2,271,667</b>

<b>Other Financing Sources</b>		
Proceeds from Financing	591,000	2,535,000

Changes between actual expenditures and budgeted amounts were primarily due to operational changes and the increase in grant expenditures.

**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.

A listing of water rights purchased by the District in 2015 is as follows:

1. Larkspur Inc. water rights — 111.86 shares of water stock with no land attached

**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

**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**

**Attn: Jay Winner, Executive Director**

**801 Swink Ave**

**Rocky Ford, CO 81067**

**(719) 254-5115 phone**

**(719) 254-5150 fax**

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 1,664,163	\$ 619,947	\$ 2,284,110
CWCB REIMBURSEMENT	-	135,822	135,822
WATER INVENTORY	-	149,684	149,684
DUE FROM OTHER ENTITIES	1,349	-	1,349
DUE FROM OTHER FUND	(354,055)	354,055	-
ACCRUED INTEREST RECEIVABLE	586	-	586
DEPOSITS	24,058	-	24,058
TAXES RECEIVABLE	1,946,000	-	1,946,000
PREPAIDS	-	124,398	124,398
	<u>3,282,101</u>	<u>1,383,906</u>	<u>4,666,007</u>
<b>RESTRICTED ASSETS</b>			
STEWARDSHIP CASH	-	174,090	174,090
<b>CAPITAL ASSETS</b>			
BUILDING AND OTHER - NET	107,457	111,961	219,418
LAND	15,735	20,143	35,878
WATER STOCK	-	6,947,866	6,947,866
NET CAPITAL ASSETS	<u>123,192</u>	<u>7,079,970</u>	<u>7,203,162</u>
<b>INTANGIBLE ASSETS</b>			
CONSERVATION EASEMENTS	-	16,209,036	16,209,036
TOTAL ASSETS	<u>\$ 3,405,293</u>	<u>\$ 24,847,002</u>	<u>\$ 28,252,295</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 32,890	\$ 172,790	\$ 205,680
ACCRUED EXPENSES	93,670	22,081	115,751
<b>NONCURRENT LIABILITIES:</b>			
DUE WITHIN ONE YEAR	-	33,373	33,373
DUE IN MORE THAN ONE YEAR	-	3,294,898	3,294,898
TOTAL LIABILITIES	<u>126,560</u>	<u>3,523,142</u>	<u>3,649,702</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
DEFERRED REVENUES - PROPERTY TAXES	1,946,000	-	1,946,000
<b>NET POSITION</b>			
NET INVESTMENT IN CAPITAL ASSETS	123,192	3,751,699	3,874,891
<b>RESTRICTED FOR</b>			
EMERGENCIES - TABOR	59,700	-	59,700
STEWARDSHIP COSTS	-	174,090	174,090
UNRESTRICTED	<u>1,149,841</u>	<u>17,398,071</u>	<u>18,547,912</u>
NET POSITION	<u>1,332,733</u>	<u>21,323,860</u>	<u>22,656,593</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 3,405,293</u>	<u>\$ 24,847,002</u>	<u>\$ 28,252,295</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

FUNCTIONS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING REIMBURSEMENTS & CONTRIBUTIONS	CAPITAL REIMBURSEMENTS & CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
GENERAL GOVERNMENT	\$ 1,993,062	\$ -	\$ -	\$ -
TOTAL GOVERNMENTAL ACTIVITIES	1,993,062	-	-	-
BUSINESS-TYPE ACTIVITIES				
WATER CONSERVATION	1,985,739	1,242,386	1,136,346	300,000
TOTAL BUSINESS-TYPE ACTIVITIES	1,985,739	1,242,386	1,136,346	300,000
TOTAL PRIMARY GOVERNMENT	\$ 3,978,801	\$ 1,242,386	\$ 1,136,346	\$ 300,000
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
\$ (1,993,062)	\$ -	\$ (1,993,062)
(1,993,062)	-	(1,993,062)
-	692,993	692,993
-	692,993	692,993
(1,993,062)	692,993	(1,300,069)
2,065,902	-	2,065,902
8,388	10,252	18,640
2,074,290	10,252	2,084,542
81,228	703,245	784,473
1,251,505	20,620,615	21,872,120
\$ 1,332,733	\$ 21,323,860	\$ 22,656,593

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2015

ASSETS	
CASH IN BANKS	\$ 1,664,163
ACCRUED INTEREST RECEIVABLE	586
DEPOSITS	24,058
DUE FROM OTHER ENTITIES	1,349
TAXES RECEIVABLE	<u>1,946,000</u>
TOTAL ASSETS	<u>\$ 3,636,156</u>
LIABILITIES	
ACCOUNTS PAYABLE	\$ 32,890
ACCRUED EXPENSES	93,670
DUE TO WATER ACTIVITY ENTERPRISE FUND	<u>354,055</u>
TOTAL LIABILITIES	<u>480,615</u>
DEFERRED INFLOWS OF RESOURCES	
DEFERRED REVENUE - PROPERTY TAX	<u>1,946,000</u>
FUND BALANCE	
RESTRICTED FOR EMERGENCIES - TABOR	59,700
ASSIGNED FOR FUTURE YEARS EXPENDITURES	579,000
UNASSIGNED	<u>570,841</u>
TOTAL FUND BALANCE	<u>1,209,541</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,636,156</u>

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

DECEMBER 31, 2015

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

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 1,209,541
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>(8,111)</u>
	<u>123,192</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,332,733</u></u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2015

REVENUES	
TAXES	\$ 2,065,902
MISCELLANEOUS	<u>8,388</u>
TOTAL REVENUES	<u>2,074,290</u>
EXPENDITURES	
GENERAL GOVERNMENT	<u>1,989,917</u>
REVENUES OVER EXPENDITURES	84,373
FUND BALANCE JANUARY 1	<u>1,125,168</u>
FUND BALANCE DECEMBER 31	<u><u>\$ 1,209,541</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, 2015

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

NET CHANGE IN FUND BALANCE	\$ 84,373
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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	<u>(3,145)</u>	(3,145)
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 81,228</u>
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LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

DECEMBER 31, 2015

CURRENT ASSETS	
CASH	\$ 619,947
WATER INVENTORY	149,684
PREPAIDS	124,398
CWCB REIMBURSEMENT	135,822
DUE FROM GENERAL FUND	<u>354,055</u>
TOTAL CURRENT ASSETS	<u>1,383,906</u>
RESTRICTED ASSETS	
CASH RESTRICTED FOR STEWARDSHIP COSTS	<u>174,090</u>
CAPITAL ASSETS	
BUILDINGS AND OTHER - NET	111,961
LAND	20,143
WATER STOCK	<u>6,947,866</u>
NET CAPITAL ASSETS	<u>7,079,970</u>
INTANGIBLE ASSETS	
CONSERVATION EASEMENTS	<u>16,209,036</u>
TOTAL ASSETS	<u><u>\$ 24,847,002</u></u>
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	\$ 172,790
ACCRUED INTEREST PAYABLE	22,081
NOTES PAYABLE - CURRENT	<u>33,373</u>
TOTAL CURRENT LIABILITIES	228,244
NONCURRENT LIABILITIES	
NOTES PAYABLE	<u>3,294,898</u>
TOTAL LIABILITIES	<u>3,523,142</u>
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	3,751,699
RESTRICTED	174,090
UNRESTRICTED	<u>17,398,071</u>
TOTAL NET POSITION	<u>21,323,860</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 24,847,002</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES	
WATER LEASING	\$ 38,638
FEES	15,960
RULE 10 FEE INCOME	85,575
ROTATIONAL LAND FOLLOWING - WATER LEASING	154,300
MANAGEMENT FEES AND REIMBURSEMENTS	<u>947,913</u>
TOTAL OPERATING REVENUES	<u>1,242,386</u>
OPERATING EXPENSES	
WATER LEASES	3,530
IRRIGATION RULES	10,546
SUPER DITCH	176,092
CATLIN CANAL PILOT PROJECT	241,937
POND STUDY	87,778
EASEMENTS	19,724
NEPA STORAGE	14,877
WATER QUALITY STUDY	15,154
DEPRECIATION	6,689
STORAGE FEES	122,985
PERSONNEL	100,732
WATER ASSESSMENTS	134,430
RECHARGE POND	1,438
TAILWATER STUDY	3,739
PROPERTY TAXES	3,636
PROFESSIONAL FEES	15,924
OTHER	<u>32,579</u>
TOTAL OPERATING EXPENSES	<u>991,790</u>
OPERATING INCOME	<u>250,596</u>
NONOPERATING REVENUES (EXPENSES)	
REPURPOSING WATER	300,000
ENVIRONMENTAL IMPACT STUDY	250,000
GAIN ON SALE	9,207
INTEREST INCOME	1,045
INTEREST EXPENSE	(82,253)
WATER CONSERVATION SERVICES	(886,346)
REIMBURSEMENT FOR SERVICES	886,346
LOAN ORIGATION FEE	<u>(25,350)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>452,649</u>
CHANGE IN NET POSITION	703,245
NET POSITION JANUARY 1	<u>20,620,615</u>
NET POSITION DECEMBER 31	<u><u>\$ 21,323,860</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
RECEIVED FROM CUSTOMERS	\$ 319,049
RECEIVED FROM INTERFUND ACTIVITIES	592,930
PAYMENTS TO EMPLOYEES AND SUPPLIERS	<u>(933,703)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(21,724)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
REIMBURSEMENT FOR SERVICES	1,041,432
PAYMENTS FOR WATER CONSERVATION SERVICES	(913,246)
RECEIVED FOR ENVIRONMENTAL IMPACT STUDY	250,000
RECEIVED FOR REPURPOSING WATER	<u>300,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>678,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
CHANGE IN RESTRICTED CASH	(347)
CONTRACTS PAYABLE PAID	(80,000)
SALE OF CAPITAL ASSETS	748,981
LOAN PROCEEDS	2,535,000
LOAN PAYMENTS	(3,261,079)
WATER STOCK PURCHASES	(7,812)
INTEREST PAID	(60,172)
INTEREST AND OTHER	<u>1,045</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(124,384)</u>
NET CHANGE IN CASH	532,078
CASH BEGINNING OF YEAR	<u>87,869</u>
CASH END OF YEAR	<u><u>\$ 619,947</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED	
IN OPERATING ACTIVITIES	
OPERATING INCOME	\$ 250,596
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH	
USE IN OPERATING ACTIVITIES	
DEPRECIATION	6,689
CHANGES IN ASSETS AND LIABILITIES	
WATER INVENTORY	(118,394)
PREPAIDS	80,937
DUE FROM OTHER ENTITIES	35,376
DUE FROM GENERAL FUND	(354,055)
ACCOUNTS PAYABLE	88,855
DUE TO GENERAL FUND	(928)
UNEARNED REVENUE	<u>(10,800)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (21,724)</u></u>
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES	
LOAN ORIGATION FEE	\$ 23,350
NOTES PAYABLE EXCHANGED	3,733,310
TRADED CONSERVATION EASEMENTS	278,116
TOTAL NONCASH ACTIVITIES	<u><u>\$ 4,034,776</u></u>

SEE 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, 2015, the Lower Arkansas Valley Water Conservancy District owned 14,410.09 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.

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)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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. All other revenue items are considered to be measurable and available only when cash is received.

The District has the following major funds:

Governmental 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.

Proprietary Fund - The Water Activity Enterprise Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise fund are composed of water and water stock sales, leasing activities, management fees and reimbursements. Operating expenses for the enterprise fund 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 fund accounts 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (excluding restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

The District chose to treat their restricted cash and cash equivalents as investments. Accordingly the restricted cash and cash equivalents are treated as investing activities in the statement of cash flows.

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.

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.

Receivables/Payables

Outstanding balances between funds are reported as "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."

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 are for the next year and are recorded as deferred revenue.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position / Fund Balance (continued)

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.

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 \$12,158 for the year ended December 31, 2015.

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.

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. 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, 2015, had a bank balance of \$2,665,486 and a corresponding carrying balance as follows:

Insured Deposits	\$ 1,118,094
Covered by Public Deposit Protection Act	1,339,806
Petty Cash	<u>300</u>
	<u>\$ 2,458,200</u>
Cash is reported as follows:	
Cash and Cash Equivalents	\$ 2,284,110
Restricted Cash	<u>174,090</u>
	<u>\$ 2,458,200</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Taxes receivable represents 2015 property tax assessments, which are due in 2016. Deferred revenue in the same amount has also been recognized.

NOTE 4 – CAPITAL ASSETS

Primary Government:

Capital Assets Not Being Depreciated:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Water Stock	\$ 7,943,459	\$ 7,812	\$ (1,003,405)	\$ 6,947,866
Land	<u>48,115</u>	<u>-</u>	<u>(12,237)</u>	<u>35,878</u>
Total	<u>\$ 7,991,574</u>	<u>\$ 7,812</u>	<u>\$(1,015,642)</u>	<u>\$ 6,983,744</u>

Capital Assets Being Depreciated:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Building and Other	\$ 287,459	\$ -	\$ (9,991)	\$ 277,468
Accumulated Depreciation	<u>(55,959)</u>	<u>(9,834)</u>	<u>7,743</u>	<u>(58,050)</u>
Total	<u>\$ 231,500</u>	<u>\$ (9,834)</u>	<u>\$ (2,248)</u>	<u>\$ 219,418</u>
Total Capital Assets	<u>\$ 8,223,074</u>	<u>\$ (2,022)</u>	<u>\$(1,017,890)</u>	<u>\$ 7,203,162</u>

Depreciation expense of \$3,145 was charged to general government in the governmental activities and \$6,689 to water conservation in the business-type activities.

NOTE 5 – NOTES PAYABLE

The District through its Water Activity Enterprise Fund entered into a loan agreement on December 9, 2014 and amended on March 19, 2015 with Colorado East Bank & Trust (“CO East”) to draw on a promissory note not to exceed \$2,926,554 in principal. Note 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. Note was due December 5, 2015, at an interest rate of 4.00% per annum.

The District through its Water Activity Enterprise Fund entered into a loan agreement on July 13, 2015 with Colorado Water Conservation Board (“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.

The District through its Water Activity Enterprise Fund entered into a loan agreement on May 12, 2015 with Eleanor Schiro (“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 \$44,508 beginning July 1, 2016 and maturing July 1, 2035. The loan is collateralized by 149.40 shares of the Lake Henry Reservoir Company and 149.40 shares of the Colorado Canal Company.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES PAYABLE – (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 33,373	\$ 11,135	\$ 44,508
2017	145,127	47,776	192,903
2018	147,232	45,672	192,904
2019	149,367	43,537	192,904
2020	151,532	41,372	192,904
2021-2025	791,265	173,252	964,517
2026-2030	850,319	114,198	964,517
2031-2035	913,782	50,735	964,517
2036	<u>146,274</u>	<u>2,121</u>	<u>148,395</u>
	<u>\$ 3,328,271</u>	<u>\$ 529,798</u>	<u>\$ 3,858,069</u>

In connection with the above notes payable, the District is subject to various covenants. As of December 31, 2015 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, 2015.

Water Activity Enterprise Fund:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
CO East	\$ 295,690	\$ 2,625,159	\$(2,920,849)	\$ -	\$ -
CWCB	-	2,560,350	-	2,560,350	-
Schiro	-	<u>1,108,151</u>	<u>(340,230)</u>	<u>767,921</u>	<u>33,373</u>
Totals	<u>\$ 295,690</u>	<u>\$ 6,293,660</u>	<u>\$(3,261,079)</u>	<u>\$ 3,328,271</u>	<u>\$ 33,373</u>

For the year ended December 31, 2015, interest incurred and expensed in the Water Activity Enterprise Fund was \$82,253 with \$22,081 of the total reported as accrued interest payable.

NOTE 6 – CONTRACTS PAYABLE – WATER STOCK AND CONSERVATION EASEMENT

The District, through its Water Activity Enterprise Fund, entered into a purchase agreement with Ordway Feedyard, LLC on December 9, 2014 to purchase 276.00 shares of the Colorado Canal Company and the Lake Henry Reservoir Company water rights at \$10,000 per share and 282.00 shares of the Colorado Canal Company and the Lake Meredith Reservoir Company water rights at \$4,500 per share for a total purchase price of \$4,029,000. As of December 31, 2015, the District purchased all the remaining shares through funding from Colorado Water Conservation Board and a loan with Eleanor Schiro (see Note 5).

On December 26, 2014, the District through its Water Activity Enterprise Fund entered into a contract for a conservation easement in consideration of \$160,000 of which \$80,000 was paid December 26, 2014 and the remaining contract payable for \$80,000 was paid March 26, 2015.

The following is a summary of contract payable transactions of the District for the year ended December 31, 2015.

Water Activity Enterprise Fund:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Current Liability:				
Contract Payable	\$ 80,000	\$ -	\$ (80,000)	\$ -
Easement Payable	<u>3,733,310</u>	<u>-</u>	<u>(3,733,310)</u>	<u>-</u>
Total Current Liability:	<u>\$ 3,813,310</u>	<u>\$ -</u>	<u>\$(3,813,310)</u>	<u>\$ -</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - 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 8 – 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 9 – 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 the other fund” and “due to the other fund” on the balance sheet and statement of net position and will be settled within one year.

Interfund receivables and payables at December 31, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Activity Enterprise	General	<u>\$ 354,055</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

The District paid for services on behalf of Larkspur Inc., which the District owned approximately 80% of the shares as of December 31, 2015. The total amount paid by the District in 2015 was \$1,349 which as of December 31, 2015, the balance due from other entities was \$1,349.

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - COMMITMENTS

The District has committed to several projects involving water rights and storage. The projects will cover more than a one year period. As of December 31, 2015, the District has committed to projects in excess of \$140,000.

Effective April 1, 2012, the District is committed to leasing water from the Board of Water Works of Pueblo, Colorado ("Board"). The District desires to procure 500 acre-feet of raw water each contract year during this agreement from the Board for use in its "Rule 10" plan under the *Compact Rules Governing Improvements to Surface Water Irrigation Systems in the Arkansas River Basin in Colorado*. The District agrees to pay the Board a fee of \$196.54 per acre-foot of water so leased, plus any rate increase. The term of agreement is for 5 years with the first annual payment for water due April 1, 2012. Additional annual payments shall be due from the District to the Board on the 1<sup>st</sup> day of April each year thereafter.

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 on the grounds set forth in this agreement.

The District through its Water Activity Enterprise Fund entered into an operational trade agreement with Colorado Springs Utilities ("CSU") regarding a mutually beneficial operational trade of water. The District is committed to make available to CSU 500 acre-feet of fully consumable water less any evaporation suffered between May 23, 2015 and the time of call, at no cost. The term of this operational trade agreement is to be for a period of May 21, 2015 through June 1, 2017, or the date upon which the District has fully satisfied its obligation to deliver Repayment Water, whichever comes first.

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.

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
TAXES				
REAL PROPERTY TAXES	\$ 1,879,600	\$ 1,879,600	\$ 1,878,601	\$ (999)
SPECIFIC OWNERSHIP	110,800	110,800	187,301	76,501
INTEREST & OTHER	10,100	10,100	8,388	(1,712)
TOTAL REVENUES	<u>2,000,500</u>	<u>2,000,500</u>	<u>2,074,290</u>	<u>73,790</u>
EXPENDITURES				
GENERAL GOVERNMENT	1,590,700	1,590,700	1,989,917	(399,217)
CAPITAL OUTLAY	13,000	13,000	-	13,000
CONTINGENCY	450,000	450,000	-	450,000
TOTAL EXPENDITURES	<u>2,053,700</u>	<u>2,053,700</u>	<u>1,989,917</u>	<u>63,783</u>
REVENUES OVER (UNDER) EXPENDITURES	(53,200)	(53,200)	84,373	137,573
OTHER FINANCING SOURCES (USES)				
TRANSFER OUT	<u>(725,000)</u>	<u>(725,000)</u>	<u>-</u>	<u>725,000</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(778,200)	(778,200)	84,373	862,573
FUND BALANCE JANUARY 1	<u>1,125,168</u>	<u>1,125,168</u>	<u>1,125,168</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u>\$ 346,968</u>	<u>\$ 346,968</u>	<u>\$ 1,209,541</u>	<u>\$ 862,573</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

BALANCE SHEET

GENERAL FUND

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
CASH IN BANKS	\$ 1,664,163	\$ 1,177,868
ACCRUED INTEREST RECEIVABLE	586	586
DEPOSITS	24,058	24,058
DUE FROM WATER ACTIVITY ENTERPRISE FUND	-	928
DUE FROM OTHER ENTITIES	1,349	4,861
TAXES RECEIVABLE	<u>1,946,000</u>	<u>1,879,500</u>
 TOTAL ASSETS	 <u>\$ 3,636,156</u>	 <u>\$ 3,087,801</u>
 <b>LIABILITIES</b>		
ACCOUNTS PAYABLE	\$ 32,890	\$ 20,374
ACCRUED EXPENSES	93,670	62,759
DUE TO WATER ACTIVITY ENTERPRISE FUND	<u>354,055</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>480,615</u>	 <u>83,133</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
DEFERRED REVENUE - PROPERTY TAX	<u>1,946,000</u>	<u>1,879,500</u>
 <b>FUND BALANCE</b>		
RESTRICTED FOR EMERGENCIES - TABOR	59,700	53,400
ASSIGNED FOR FUTURE YEARS EXPENDITURES	579,000	778,200
UNASSIGNED	<u>570,841</u>	<u>293,568</u>
 TOTAL FUND BALANCE	 <u>1,209,541</u>	 <u>1,125,168</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 3,636,156</u>	 <u>\$ 3,087,801</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND  
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUES		
TAXES	\$ 2,065,902	\$ 2,052,464
MISCELLANEOUS	8,388	9,519
TOTAL REVENUES	2,074,290	2,061,983
EXPENDITURES		
GENERAL GOVERNMENT	1,989,917	1,781,161
REVENUES OVER (UNDER) EXPENDITURES	84,373	280,822
OTHER FINANCING SOURCES (USES)		
TRANSFER OUT	-	(477,000)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	84,373	(196,178)
FUND BALANCE JANUARY 1	1,125,168	1,321,346
FUND BALANCE DECEMBER 31	\$ 1,209,541	\$ 1,125,168

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

WATER ACTIVITY ENTERPRISE FUND

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
CASH	\$ 619,947	\$ 87,869
WATER INVENTORY	149,684	31,290
PREPAIDS	124,398	205,335
CWCB REIMBURSEMENT	135,822	290,908
DUE FROM OTHER ENTITIES	-	35,376
DUE FROM GENERAL FUND	354,055	-
TOTAL CURRENT ASSETS	<u>1,383,906</u>	<u>650,778</u>
RESTRICTED ASSETS		
CASH RESTRICTED FOR STEWARDSHIP COSTS	<u>174,090</u>	<u>173,743</u>
CAPITAL ASSETS		
BUILDINGS AND OTHER - NET	111,961	120,898
LAND	20,143	32,380
WATER STOCK	6,947,866	7,943,459
NET CAPITAL ASSETS	<u>7,079,970</u>	<u>8,096,737</u>
INTANGIBLE ASSETS		
CONSERVATION EASEMENTS	<u>16,209,036</u>	<u>15,930,920</u>
TOTAL ASSETS	<u>\$ 24,847,002</u>	<u>\$ 24,852,178</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 172,790	\$ 110,835
ACCRUED INTEREST PAYABLE	22,081	-
UNEARNED REVENUE - WATER LEASES	-	10,800
DUE TO GENERAL FUND	-	928
CONTRACT PAYABLE - WATER STOCK	-	3,733,310
CONTRACT PAYABLE - CONSERVATION EASEMENT	-	80,000
NOTES PAYABLE - CURRENT	33,373	295,690
TOTAL CURRENT LIABILITIES	228,244	4,231,563
NONCURRENT LIABILITIES		
NOTES PAYABLE	<u>3,294,898</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,523,142</u>	<u>4,231,563</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	3,751,699	4,067,737
RESTRICTED	174,090	173,743
UNRESTRICTED	17,398,071	16,379,135
TOTAL NET POSITION	<u>21,323,860</u>	<u>20,620,615</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 24,847,002</u>	<u>\$ 24,852,178</u>

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
WATER ACTIVITY ENTERPRISE FUND  
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
WATER LEASING	\$ 38,638	\$ 34,818
FEES	15,960	-
RULE 10 FEE INCOME	85,575	133,400
ROTATIONAL LAND FALLOWING - WATER LEASING	154,300	-
MANAGEMENT FEES AND REIMBURSEMENTS	947,913	979,504
TOTAL REVENUES	1,242,386	1,147,722
OPERATING EXPENSES		
WATER LEASES	3,530	10,399
IRRIGATION RULES	10,546	113,914
SUPER DITCH	176,092	207,391
CATLIN CANAL PILOT PROJECT	241,937	-
POND STUDY	87,778	55,575
EASEMENTS	19,724	49,104
NEPA STORAGE	14,877	7,271
WATER QUALITY STUDY	15,154	9,344
DEPRECIATION	6,689	6,689
STORAGE FEES	122,985	86,245
PERSONNEL	100,732	116,986
WATER ASSESSMENTS	134,430	62,798
RECHARGE POND	1,438	9,469
TAILWATER STUDY	3,739	10,409
PROPERTY TAXES	3,636	6,528
PROFESSIONAL FEES	15,924	19,184
OTHER	32,579	29,341
TOTAL OPERATING EXPENSES	991,790	800,647
OPERATING INCOME	250,596	347,075
NONOPERATING REVENUES (EXPENSES)		
REPURPOSING WATER	300,000	-
ENVIRONMENTAL IMPACT STUDY	250,000	250,000
GAIN ON SALE	9,207	-
INTEREST INCOME	1,045	587
INTEREST EXPENSE	(82,253)	-
WATER CONSERVATION SERVICES	(886,346)	(324,204)
REIMBURSEMENT FOR SERVICES	886,346	324,204
LOAN ORIGATION FEE	(25,350)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	452,649	250,587
INCOME BEFORE OTHER FINANCING SOURCES	703,245	597,662
OTHER FINANCING SOURCES		
TRANSFERS IN	-	477,000
CHANGE IN NET POSITION	703,245	1,074,662
NET POSITION JANUARY 1	20,620,615	19,545,953
NET POSITION DECEMBER 31	\$ 21,323,860	\$ 20,620,615

LOWER ARKANSAS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

WATER ACTIVITY ENTERPRISE FUND

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIVED FROM CUSTOMERS	\$ 319,049	\$ 152,627
RECEIVED FROM INTERFUND ACTIVITIES	592,930	997,902
PAYMENTS TO EMPLOYEES AND SUPPLIERS	(933,703)	(911,291)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(21,724)</u>	<u>239,238</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
REIMBURSEMENT FOR SERVICES	1,041,432	36,327
PAYMENTS FOR WATER CONSERVATION SERVICES	(913,246)	(290,538)
RECEIVED FOR ENVIRONMENTAL IMPACT STUDY	250,000	250,000
RECEIVED FOR REPURPOSING WATER	300,000	477,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>678,186</u>	<u>472,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
CHANGE IN RESTRICTED CASH	(347)	(345)
CONTRACTS PAYABLE ISSUED	-	3,813,310
CONTRACTS PAYABLE PAID	(80,000)	-
SALE OF CAPITAL ASSETS	748,981	-
LOAN PROCEEDS	2,535,000	295,690
LOAN PAYMENTS	(3,261,079)	-
WATER STOCK PURCHASES	(7,812)	(4,036,098)
PURCHASED CONSERVATION EASEMENTS	-	(855,860)
INTEREST PAID	(60,172)	-
INTEREST RECEIVED AND OTHER	1,045	587
NET CASH USED IN INVESTING ACTIVITIES	<u>(124,384)</u>	<u>(782,716)</u>
NET CHANGE IN CASH	532,078	(70,689)
CASH BEGINNING OF YEAR	<u>87,869</u>	<u>158,558</u>
CASH END OF YEAR	<u>\$ 619,947</u>	<u>\$ 87,869</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES		
OPERATING INCOME	\$ 250,596	\$ 347,075
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES		
DEPRECIATION	6,689	6,689
CHANGES IN ASSETS AND LIABILITIES		
WATER INVENTORY	(118,394)	3,658
PREPAIDS	80,937	(124,340)
DUE FROM OTHER ENTITIES	35,376	(12,336)
DUE FROM GENERAL FUND	(354,055)	17,470
ACCOUNTS PAYABLE	88,855	3,349
DUE TO GENERAL FUND	(928)	928
UNEARNED REVENUE	(10,800)	(3,255)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$ (21,724)</u>	<u>\$ 239,238</u>
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
LOAN ORIGATION FEE	\$ 23,350	\$ -
NOTES PAYABLE EXCHANGED	3,733,310	-
TRADED CONSERVATION EASEMENTS	278,116	-
TOTAL NONCASH ACTIVITIES	<u>\$ 4,034,776</u>	<u>\$ -</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, 2015

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
WATER LEASING	\$ 32,000	\$ 32,000	\$ 38,638	\$ 6,638
FEES	122,000	122,000	101,535	(20,465)
MANAGEMENT FEES	1,350,000	1,350,000	947,913	(402,087)
REIMBURSEMENTS AND OTHER	447,000	447,000	1,599,853	1,152,853
INTEREST	800	800	1,045	245
<b>TOTAL REVENUES</b>	<b>1,951,800</b>	<b>1,951,800</b>	<b>2,688,984</b>	<b>737,184</b>
<b>EXPENDITURES</b>				
WATER LEASES	10,000	10,000	3,530	6,470
WATER STORAGE FEES	95,000	95,000	122,985	(27,985)
ARKANSAS IRRIGATION RULES	15,000	15,000	10,546	4,454
SUPER DITCH	465,000	465,000	418,029	46,971
POND STUDY	55,000	55,000	89,216	(34,216)
TAILWATER STUDY	70,000	70,000	3,739	66,261
WATER CONSERVATION SERVICES	-	-	886,346	(886,346)
DEPRECIATION	-	-	6,689	(6,689)
GENERAL AND ADMINISTRATIVE	227,000	227,000	280,198	(53,198)
WATER ASSESSMENTS AND COSTS	70,000	70,000	134,430	(64,430)
WATER QUALITY STUDY	10,000	10,000	15,154	(5,154)
WATER ACQUISITIONS	611,000	611,000	7,812	603,188
NEPA STORAGE	90,000	90,000	14,877	75,123
PURCHASED CONSERVATION EASEMENT	800,000	800,000	278,116	521,884
<b>TOTAL EXPENDITURES</b>	<b>2,518,000</b>	<b>2,518,000</b>	<b>2,271,667</b>	<b>246,333</b>
REVENUE OVER (UNDER) EXPENDITURES	(566,200)	(566,200)	417,317	983,517
OTHER FINANCING SOURCES				
PROCEEDS FROM FINANCING	591,000	591,000	2,535,000	1,944,000
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ 24,800</u>	<u>\$ 24,800</u>	2,952,317	<u>\$ 2,927,517</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
WATER STOCK PURCHASES			7,812	
PURCHASED CONSERVATION EASEMENT			278,116	
FINANCING			(2,535,000)	
CHANGE IN NET POSITION			703,245	
NET POSITION JANUARY 1			<u>20,620,615</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 21,323,860</u>	