

# Annual Financial Report 2016



Southeastern Colorado  
Water Conservancy District  
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**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southeastern Colorado Water Conservancy District  
Pueblo, Colorado

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Southeastern Colorado Water Conservancy District (District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion 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 of 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statement 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 an 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.

# INDEPENDENT AUDITORS' REPORT - CONTINUED

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## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of the District as of December 31, 2016, and the respective change in financial position and cash flows thereof for the year then ended in conformity 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures – Water Activity Enterprise Fund – Budget and Actual and the Schedule of Revenues and Expenditures – General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures – Water Activity Enterprise Fund – Budget and Actual and the Schedule of Revenues and Expenditures – General Fund 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures – Water Activity Enterprise Fund – Budget and Actual and the Schedule of Revenues and Expenditures – General Fund are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Osborne, Parsons & Muecke LLP*

Colorado Springs, Colorado  
April 4, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

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

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

### FINANCIAL HIGHLIGHTS

1. Government wide assets exceed its liabilities and deferred inflows of resources by \$127,790,348 at December 31, 2016. The District's ongoing obligations may use the unrestricted net position of the governmental activities totaling \$8,524,699 at December 31, 2016. Unrestricted net position of the business-type activity totals \$9,647,815 at December 31, 2016 and may be used to meet ongoing obligations. The combined total of unrestricted net position available to meet ongoing obligations is \$18,172,514.
2. The District's net position (government wide) increased from \$121,850,662 at December 31, 2015 to \$127,790,348 at December 31, 2016. This is an increase of \$5,939,686 or 4.65 percent during the year ended December 31, 2016.
3. The most significant asset of the District is its perpetual water rights that are reported at \$132,237,478. Note five presents more detail relating to the District's capital assets. To calculate the government wide Net Position of \$127,790,348, the carrying value of the perpetual water rights and land is combined with other assets and long-term liabilities, along with deferred inflows of resources. The Statement of Net Position clearly illustrates these details.
4. The District's debt consists primarily of the amounts due to the U.S. Bureau of Reclamation (Reclamation) totaling \$23,857,045 at December 31, 2016. This includes both the obligation related to the Governmental activities Fryingpan-Arkansas Project (Project) construction contract and the Business-type activities Safety of Dams obligation. This represents a net decrease for both of \$5,905,043 during the year ended December 31, 2016. Note six presents the detail of these obligations.

## **OVERVIEW**

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

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

## **BASIC FINANCIAL STATEMENTS**

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets of the District, the liabilities it owes and its deferred inflows and the net difference at December 31, 2016. The net difference is further separated into amounts for net investment in capital assets, restricted for specific purposes, and unrestricted amounts. Governmental activities are reported on the accrual basis of accounting. The Statement of Net Position demonstrates that the District is in a solid position for future operations with net position that has steadily increased in recent years.
- The Statement of Activities focuses on the gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's ability to determine the extent to which the programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on the governmental fund and the proprietary fund. Governmental fund statements follow the more traditional presentation of financial statements and include a reconciliation of the governmental Fund Balance Sheet to the Statement of Net Position and a reconciliation of the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities. Statements for the District's proprietary fund follow the governmental fund and include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and Statement of Cash Flows.

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

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

## GOVERNMENT WIDE

The District had a successful year in 2016. We continued to make timely repayments on our long-term debt while maintaining our capital assets and our financial investment reserves. The total Net Position is the best indicator in this presentation of a successful year as it displays the increased net position at December 31, 2016.

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

	2016	2015	Dollar Change
Current and other assets	\$32,521,446	\$32,165,277	\$356,169
Capital Assets, net	132,894,059	132,959,032	(64,973)
Total Assets	<u>165,415,505</u>	<u>165,124,309</u>	<u>291,196</u>
Current and other liabilities	12,213,282	11,867,749	345,533
Long-term liabilities	17,969,637	24,035,296	(6,065,659)
Total Liabilities	<u>30,182,919</u>	<u>35,903,045</u>	<u>(5,720,126)</u>
Deferred inflows of resources	7,442,238	7,370,602	71,636
Net investment in capital assets	109,467,834	103,687,764	5,780,070
Restricted for TABOR	150,000	150,000	0
Unrestricted	18,172,514	18,012,898	159,616
Total Net Position	<u><u>\$127,790,348</u></u>	<u><u>\$121,850,662</u></u>	<u><u>\$5,939,686</u></u>

## GOVERNMENTAL ACTIVITIES

The following table compares revenues and expenses for the governmental activities for 2016 and 2015.



**Condensed Comparative Statement of Activities  
Governmental Activities  
Year Ending December 31**

	<b>2016</b>	<b>2015</b>	<b>Dollar Change</b>
Revenues			
Program revenues			
Charges for services	\$7,082,649	\$8,269,317	(\$1,186,668)
Grants	-	44,460	(44,460)
General Revenues			
Property taxes	7,348,612	6,942,496	406,116
Specific ownership taxes	820,957	764,194	56,763
Investment earnings	59,005	97,243	(38,238)
Insurance Recovery	0	87,433	(87,433)
Other	8,072	10	8,062
Total Revenues	<u>15,319,295</u>	<u>16,205,153</u>	<u>(885,858)</u>
Expenses			
General government	9,282,329	9,324,016	(41,687)
Total Expenses	<u>9,282,329</u>	<u>9,324,016</u>	<u>(41,687)</u>
Change in net position	6,036,966	6,881,137	(844,171)
Net position, beginning of year	<u>112,105,567</u>	<u>105,224,430</u>	<u>6,881,137</u>
<b>Net position, end of year</b>	<b><u>\$118,142,533</u></b>	<b><u>\$112,105,567</u></b>	<b><u>\$6,036,966</u></b>

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

Strategically the District analyzes the primary debt of the Fryingpan-Arkansas Project and the rate that the debt is retired. Reclamation estimates that the primary debt will be paid by 2020. Due to the acceleration of payments, negotiations with Reclamation and other related parties ensued to maximize the financial soundness of the entire Project including all related elements.

In July of 2014 the District and Reclamation signed the tenth amendment to the Fryingpan-Arkansas Project for the Safety of Dams construction at Twin Lakes Dam. The Safety of Dams at Twin Lakes will be funded by ad valorem tax revenue and will not affect the future operating revenue of the District. In 2016, the District recognized the first changes for the tenth amendment activities.

Reclamation applies miscellaneous revenues collected by Reclamation to the District's repayment contract for the Fryingpan-Arkansas Project. It was determined that other features

might also be paid off with the revenue. These features include the South Outlet construction on the Pueblo Dam, Ruedi Reservoir and the Fountain Valley Authority primary debt. A smaller portion of collected miscellaneous revenue continues to be used towards the primary debt of the Fryingpan-Arkansas Project. The future use of these funds will be applied towards the Arkansas Valley Conduit, a feature that has not yet been completed, but part of the original Fryingpan - Arkansas Project authorization. It is estimated the repayment of this project will begin when final construction of the project is completed.

An increase in property tax revenues reflects a growth in the local economy. Assessments are done in the year prior to receipt of ad valorem tax. This increased the revenue by \$406,116 that is used to repay the primary debt. The Specific Ownership taxes also increased in 2016 by \$56,763.

The general government expense during 2016 was mainly consistent compared to the prior year. In 2016, the District purchased and implemented a security and camera system. The system ensures that the District building and grounds are secure and protected. The total capital expenditures total \$11,107 in 2016.

## **BUSINESS TYPE ACTIVITIES**

The Business Activity Enterprise (Enterprise) functions from a solid financial base; however, the success of the proprietary fund is more accurately measured by the impact that it has facilitating projects within the District that benefit our constituents. In 2016 negotiations and the contract was completed for the Excess Capacity Master Contract. The Excess Capacity Master Contract is a forty-year contract starting in 2017 for participant storage in Pueblo Reservoir. The Enterprise has also seen positive movement in the Hydroelectric Power Project on Pueblo Dam. The development of hydroelectric power as an additional revenue source that will significantly increase the future financial activity within the Proprietary Fund.

Progress continues to be made in serving as a leader for community water development projects. Arkansas Valley Conduit continues to move forward with the U.S. Bureau of Reclamation and the District staff working toward the final design of the project.

In 2016, Project water and Return Flow water sales produced \$413,013. Water sales have a direct effect on related surcharges collected, which include the Safety of Dams for Pueblo Dam, Environmental and the Water Activity Enterprise.

In 2016, the Safety of Dams for Pueblo Dam surcharge was \$210,035, the Environmental Stewardship surcharge was \$226,649 and the Water Activity Enterprise surcharge was \$239,662. Total 2016 surcharge revenue was \$676,346.

The following table compares revenues and expenses for the business type activities for 2016 and 2015.

**Comparative Statement of Activities  
Business-Type Activities  
Year Ending December 31**

	2016	2015	Dollar Change
Revenues			
Program Revenues			
Charges for services & sales	\$1,547,952	\$1,668,504	(\$120,552)
Intergovernmental revenue	36,941	294,656	(257,715)
General Revenues			
Investment earnings	118,052	103,800	14,252
Total Revenues	1,702,945	2,066,960	(364,015)
Expenses			
Water Activity Enterprise	1,800,225	1,897,046	(96,821)
Total Expenses	1,800,225	1,897,046	(96,821)
Change in net position	(97,280)	169,914	(267,194)
Net position, January 1	9,745,095	9,575,181	(169,914)
Net position, December 31	<b>\$9,647,815</b>	<b>\$9,745,095</b>	<b>\$97,280</b>

**BUDGET ANALYSIS**

In December 2015, the District's Board of Directors adopted a budget for the Governmental Fund for the calendar year 2016 following a public hearing as required by state law. The original budgeted appropriation for the year ended December 31, 2016 totaled \$14,856,909. The District chose not to modify the expenditures by amendment in 2016. Actual expenditures for 2016 totaled \$14,273,173. The variance of \$583,736 in the budget analysis is mainly due to a delay in project and programs. The required supplementary information schedule details the general fund budgetary comparison.

Located in the Additional Information portion is a budgetary comparison of the Business Activities of the Enterprise. In December 2016, the Enterprise's Board of Directors adopted a budget for the Business Activities fund for the calendar year 2016 following a public hearing as required by state law. The original budgeted appropriations for the year ended December 31, 2016 totaled \$7,659,956. The Enterprise chose not to modify the expenditures by amendment in 2016. Actual expenditures for 2016 totaled \$1,860,225. The variance of \$5,799,731 is due to a delay in the Hydroelectric Power Project on Pueblo Dam.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

At December 31, 2016, the District had \$132,257,570 invested in perpetual water rights and land classified as a non-depreciable capital asset. Office furniture and equipment was inventoried and obsolete items removed from the asset list. Note five details the capital assets.

**Capital Assets  
as of December 31**

	2016	2015
Nondepreciable Assets		
Perpetual water rights	\$132,237,478	\$132,237,478
Land	20,092	20,092
	132,257,570	132,257,570
Depreciable Assets		
Buildings and Improvements	1,290,458	1,279,351
Furniture & Equipment	381,017	413,715
	1,671,475	1,693,066
Accumulated Depreciation	(1,034,986)	(991,604)
<b>Capital Assets, Net</b>	<b>\$132,894,059</b>	<b>\$132,959,032</b>

The District utilizes the collection of ad valorem property tax and Winter Water storage charges to retire the debt. Reclamation credits miscellaneous revenue to the repayment of the Project debt based on contracts for use of Fryingpan-Arkansas facilities for storage and delivery of non-Project water. Ad valorem property tax also pays operating and maintenance costs.

The repayment contract period is for 40 years with an extension of ten years. The District is well within this time period with an estimated principal balance owed at December 31, 2016 of \$23,426,225. Future payments will be applied to operating and maintenance cost first, and then to the agriculture portion of the original construction which is free of interest.

In addition to the obligation for the original reimbursable construction costs, another contract was entered into on July 15, 1998 with Reclamation for the repayment of funds expended for a federally performed Safety of Dams modification program. The proprietary fund pays \$60,000 per year from surcharge fees collected on water activities within the District boundaries for the agricultural portion of debt. The municipal portion was paid off in 2010. The balance of this contract obligation at December 31, 2016 totals \$430,820.

**FINANCIAL CONTACT**

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

## **BASIC FINANCIAL STATEMENTS**

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 635,694	\$ -	\$ 635,694
Investments	7,260,558	11,302,519	18,563,077
Receivables	7,533,533	116,533	7,650,066
Internal balances	908,993	(908,993)	-
Prepaid contract obligation and other assets	5,657,357	15,252	5,672,609
Capital assets -			
Land and nondepreciable capital assets	132,257,570	-	132,257,570
Other capital assets, net of accumulated depreciation	636,489	-	636,489
Total Capital Assets	132,894,059	-	132,894,059
<b>TOTAL ASSETS</b>	154,890,194	10,525,311	165,415,505
<b>LIABILITIES</b>			
Accounts payable	39,376	44,552	83,928
Advance on contract obligation	5,355,898	-	5,355,898
Outside agency deposits	-	390,706	390,706
Other advance deposits	261,261	11,418	272,679
Long-term liabilities -			
Due within one year -			
Contracts	5,971,655	60,000	6,031,655
Compensated absences	78,416	-	78,416
Due in more than one year -			
Contracts	17,454,570	370,820	17,825,390
Compensated absences	144,247	-	144,247
<b>TOTAL LIABILITIES</b>	29,305,423	877,496	30,182,919
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	7,442,238	-	7,442,238
<b>NET POSITION</b>			
Net investment in capital assets	109,467,834	-	109,467,834
Restricted for labor	150,000	-	150,000
Unrestricted	8,524,699	9,647,815	18,172,514
<b>TOTAL NET POSITION</b>	\$ 118,142,533	\$ 9,647,815	\$ 127,790,348

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities -			
General government	\$ 9,282,329	\$ 7,082,649	\$ -
Total governmental activities	9,282,329	7,082,649	-
Business-type activities -			
Water activity	1,800,226	1,547,953	36,941
Total business-type activities	1,800,226	1,547,953	36,941
TOTAL	\$ 11,082,555	\$ 8,630,602	\$ 36,941
General revenues -			
Property taxes levied for general government purposes			
Property taxes levied for specific purposes			
Specific ownership taxes			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net position			
Net position, January 1			
Net position, December 31			

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue  
and Change in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,199,680)	\$ -	\$ (2,199,680)
<u>(2,199,680)</u>	<u>-</u>	<u>(2,199,680)</u>
-	(215,332)	(215,332)
<u>-</u>	<u>(215,332)</u>	<u>(215,332)</u>
<u>(2,199,680)</u>	<u>(215,332)</u>	<u>(2,415,012)</u>
273,760	-	273,760
7,074,852	-	7,074,852
820,957	-	820,957
59,005	118,052	177,057
8,072	-	8,072
<u>8,236,646</u>	<u>118,052</u>	<u>8,354,698</u>
6,036,966	(97,280)	5,939,686
<u>112,105,567</u>	<u>9,745,095</u>	<u>121,850,662</u>
<u>\$118,142,533</u>	<u>\$ 9,647,815</u>	<u>\$127,790,348</u>



**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2016**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 635,694
Investments	7,260,558
Receivables	7,533,533
Due from other fund	908,993
Prepaid contract obligation and other prepaid items	<u>5,657,357</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 21,996,135</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
Liabilities -	
Accounts payable	\$ 39,376
Advance on contract obligation	5,355,898
Other advance deposits	<u>261,261</u>
Total Liabilities	<u>5,656,535</u>
Deferred inflows of resources -	
Property taxes	<u>7,442,238</u>
Total deferred inflows of resources	<u>7,442,238</u>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>13,098,773</u></b>
Fund balances -	
Nonspendable	1,210,452
Restricted	150,000
Committed	7,000,000
Assigned	195,495
Unassigned	<u>341,415</u>
Total fund balances	<u>8,897,362</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 21,996,135</u></b>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

Total fund balance - governmental fund		\$ 8,897,362
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. The cost of these assets is capitalized and expensed over their estimated useful lives in the statement of net position and the statement of activities

Cost of capital assets	\$ 133,929,045		
Accumulated depreciation	<u>(1,034,986)</u>		132,894,059

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

Contract payable	(23,426,225)		
Compensated absences	<u>(222,663)</u>		<u>(23,648,888)</u>

Total net position - governmental activities		\$ <u>118,142,533</u>
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The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2016**

	<u>General Fund</u>
<b>REVENUES</b>	
Property taxes	\$ 7,348,611
Specific ownership taxes	820,957
Fountain Valley Authority contract revenue	5,355,898
Winter water storage	164,985
Charges for services	919,631
Investment revenue	59,005
Other	8,074
TOTAL REVENUES	14,677,161
 <b>EXPENDITURES</b>	
Current -	
Outside services	369,024
Personnel expense	1,195,763
Travel and related expenses	39,553
Office and administrative expenses	185,044
Collection fees	121,807
Winter water storage	164,985
Fountain Valley Authority contract payments	5,355,898
Bureau operations, maintenance and repairs	1,748,891
Capital outlay	11,107
Debt service -	
Principal	5,202,908
TOTAL EXPENDITURES	14,394,980
 NET CHANGE IN FUND BALANCE	282,181
 FUND BALANCE, January 1	8,615,181
 FUND BALANCE, December 31	\$ 8,897,362

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

Net change in fund balance - governmental fund	\$	282,181
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Capital outlays are reported in the governmental fund as expenditures; however, these costs are reported in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay</p>		
Depreciation expense	\$	(69,372)
Capital outlay	<u>11,107</u>	(58,265)
<p>In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or loss and thus is not reported in the fund</p>		
		(6,708)
<p>In the statement of activities, revenues received by the Bureau of Reclamation from other entities are reported as program revenues since these revenues reduce the District's contract obligation. However, these amounts do not represent current financial resources and thus are not reported in the fund. Also, other credits provided by the Bureau of Reclamation that reduce the contract obligation are not recognized in the fund</p>		
		642,135
<p>The governmental fund reports the principal repayment of the contract obligation as an expenditure</p>		
		5,202,908
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amounts actually paid. This year the amount earned \$(103,702) was more than the amount paid \$(78,417)</p>		
		<u>(25,285)</u>
Change in net position - governmental activities	\$	<u><u>6,036,966</u></u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2016**

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ -
Investments	4,854,488
Accounts receivable	96,618
Accrued interest receivable	19,915
Prepaid expenses	15,252
TOTAL CURRENT ASSETS	<u>4,986,273</u>
<b>OTHER ASSETS</b>	
Investments	6,448,031
TOTAL OTHER ASSETS	<u>6,448,031</u>
TOTAL NONCURRENT ASSETS	<u>6,448,031</u>
TOTAL ASSETS	<u>11,434,304</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	44,552
Contract with Bureau of Reclamation	60,000
Outside agency deposits	390,706
Other advance deposits	11,418
Due to other fund	908,993
TOTAL CURRENT LIABILITIES	<u>1,415,669</u>
<b>NONCURRENT LIABILITIES</b>	
Contract with Bureau of Reclamation	370,820
TOTAL NONCURRENT LIABILITIES	<u>370,820</u>
TOTAL LIABILITIES	<u>1,786,489</u>
<b>NET POSITION</b>	
Unrestricted	9,647,815
TOTAL NET POSITION	<u>\$ 9,647,815</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2016**

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,547,952
<b>TOTAL OPERATING REVENUES</b>	<u>1,547,952</u>
<b>OPERATING EXPENSES</b>	
Outside services	836,166
Office and administrative expenses	919,886
Travel and related expenses	5,303
Legislative and water education	38,870
<b>TOTAL OPERATING EXPENSES</b>	<u>1,800,225</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(252,273)</u>
<b>NONOPERATING REVENUES</b>	
Intergovernmental revenue	36,941
Interest revenue	118,052
<b>TOTAL NONOPERATING REVENUES</b>	<u>154,993</u>
<b>CHANGE IN NET POSITION</b>	<b>(97,280)</b>
<b>NET POSITION, January 1</b>	<u>9,745,095</u>
<b>NET POSITION, December 31</b>	<u><u>\$ 9,647,815</u></u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,619,443
Cash paid for goods and services	(1,912,460)
Receipts for interfund services	<u>315,588</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>22,571</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Intergovernmental revenue received	<u>36,941</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>36,941</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payment on contract obligation	<u>(60,000)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(60,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of investments	(1,800,634)
Maturity and sales of investments	1,690,000
Investment revenue received	<u>111,122</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>488</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (252,273)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -	
Change in assets and liabilities -	
Accounts receivable	60,073
Prepaid expenses	(1,822)
Accounts payable	(110,413)
Other advance deposits	11,418
Due to other funds	<u>315,588</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 22,571</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Change in fair value of investments	<u>\$ 9,870</u>

The accompanying notes are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**



**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. REPORTING ENTITY**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

Separate fund financial statements are provided for the major governmental fund and the major proprietary fund.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

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

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

**GOVERNMENTAL FUND**

The District reports the following major governmental fund:

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

**PROPRIETARY FUND**

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

- The water activity fund includes the sale and administration of water for the Fryingpan-Arkansas project, related surcharges and return flows. In addition, this fund is responsible for the safety of dams repayment obligation. Other projects accounted for in this fund include (1) the environmental impact study and water conservation program for the Arkansas Valley Conduit; (2) an excess capacity water contract; (3) possible enlargement of the Pueblo Reservoir and Turquoise Lake and (4) a lease of power privilege for hydroelectric power at the Pueblo Dam. This fund also may include other water related issues and projects as identified by the board of directors.

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

**D. BUDGETARY PRINCIPLES**

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

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

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

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

**E. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

**F. PROPERTY TAXES**

Property taxes are levied by December 15 of each year based on the assessed value of property as certified by the County Assessor in each county within the District's boundaries by the previous December 10<sup>th</sup>. Assessed values are a percentage of actual values and a reevaluation of all property must be made every two years. The last reevaluation date was January 1, 2016 for the 2014 base year specified by state law.

The taxes levied by December 15, 2016 reflect 2016 property taxes that will be collected in 2017 by the County Treasurer in each county within the District's boundaries. Taxes collected by each Treasurer are remitted to the District on a monthly basis. These taxes are due January 2, 2017 and may be paid in two installments (February 28 and June 15) or they may be paid in full April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November.

**G. INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified, if applicable, as "due from other funds" and "due to other funds" in the fund financial statements.

**H. PREPAID ITEMS**

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

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

**I. CAPITAL ASSETS**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of assets constructed when material. No interest was capitalized during the year ended December 31, 2016.

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

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

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

**J. COMPENSATED ABSENCES**

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

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

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

**K. LONG-TERM LIABILITIES**

In the government-wide financial statements and the fund financial statements for the enterprise fund, the safety of dams contract obligation to the Bureau of Reclamation is reported as a liability in the applicable statement of net position. No imputed interest is considered in relation to this obligation.

**L. FUND EQUITY**

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

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

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

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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

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

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

**M. INTERFUND TRANSACTIONS**

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

**N. ESTIMATES**

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

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments are summarized as follows:

Cash and cash equivalents	
Demand deposits	<u>\$ 635,694</u>
Investments	
U.S. agency securities	\$ 17,782,748
Money market mutual funds held at brokerages	<u>780,329</u>
	<u>\$ 18,563,077</u>

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**DEPOSITS**

At December 31, 2016, the carrying amount of the District's deposits was \$635,694 and the bank balance was \$674,652. Of the bank balance, \$257,502 was covered by federal depository insurance and \$417,150 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk parallels Colorado statutes as described above. At December 31, 2016, deposits with a bank balance of \$417,150 are not insured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the District's name.

**INVESTMENTS**

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

At December 31, 2016, the District had the following investments and maturities:

	Fair Value	Investment Maturity (in years)	
		<u>Less than 1</u>	<u>1-5</u>
Money market mutual funds	\$ 780,329	\$ 780,329	\$ -
U.S. agency securities	<u>17,782,748</u>	<u>5,198,601</u>	<u>12,584,147</u>
	<u>\$ 18,563,077</u>	<u>\$ 5,978,930</u>	<u>\$ 12,584,147</u>

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



**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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

Credit risk – State law limits investments in money market funds to funds that are registered as an investment company; the fund investment policies must seek to maintain a constant price and no sales or bond fee can be added to the purchase or redemption price. The Authority has no investment policy that would further limit its investment choices. As of December 31, 2016, the District's investment in money market funds is rated Aaa-mf by Moody's, while the U.S. agency securities are rated Aaa by Moody's.

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements as of December 31, 2016 consist of the District's U.S. Agency securities and are valued using quoted prices in active markets for identical assets (level 1 inputs). The District's money market mutual funds are not subject to the fair value hierarchy under generally accepted accounting principles.

**NOTE 3 – RECEIVABLES**

Receivables at December 31, 2016 consist of the following:

	<u>General Fund</u>
Property taxes	\$ 7,442,238
Accounts	73,942
Interest	<u>17,353</u>
	<u>\$ 7,533,533</u>
	<u>Water Activity Enterprise Fund</u>
Accounts	\$ 96,618
Interest	<u>19,915</u>
	<u>\$ 116,533</u>

The amount reported above for property taxes totaling \$7,442,238 is also reported as a deferred inflow of resources as required under generally accepted accounting principles.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 – INTERFUND RECEIVABLES/PAYABLES**

The amounts reported as due from other funds and due to other funds are reflective of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The interfund receivable/payable totaling \$908,993 includes \$1,580,220 which represents the District's expenses for the proposed hydroelectric power project. It is presently anticipated that this amount will be paid subsequent to December 31, 2017.

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Governmental activities –				
Nondepreciable assets –				
Intangible assets -				
Perpetual water rights	\$ 132,237,478	\$ -	\$ -	\$ 132,237,478
Land	<u>20,092</u>	<u>-</u>	<u>-</u>	<u>20,092</u>
Total capital assets not being depreciated	<u>132,257,570</u>	<u>-</u>	<u>-</u>	<u>132,257,570</u>
Depreciable assets –				
Buildings and improvements	1,279,351	11,107	-	1,290,458
Furniture and equipment	<u>413,715</u>	<u>-</u>	<u>(32,698)</u>	<u>381,017</u>
Total capital assets being depreciated	<u>1,693,066</u>	<u>11,107</u>	<u>(32,698)</u>	<u>1,671,475</u>
Less: accumulated depreciation –				
Buildings and improvements	(657,628)	(41,121)	-	(698,749)
Furniture and equipment	<u>(333,976)</u>	<u>(28,251)</u>	<u>25,990</u>	<u>(336,237)</u>
Total accumulated depreciation	<u>(991,604)</u>	<u>(69,372)</u>	<u>25,990</u>	<u>(1,034,986)</u>
Capital assets being depreciated, net	<u>701,462</u>	<u>(58,265)</u>	<u>(6,708)</u>	<u>636,489</u>
Total governmental activities capital assets, net	<u>\$ 132,959,032</u>	<u>\$ (58,265)</u>	<u>\$ (6,708)</u>	<u>\$ 132,894,059</u>

Depreciation expense of \$69,372 was charged to the general government function.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2016:

	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>	<u>Due Within One Year</u>
Governmental activities –					
Contract obligation –					
Bureau of					
Reclamation	\$ 29,271,268	\$ 1,748,891	\$ 7,593,934	\$ 23,426,225	\$ 5,971,655
Compensated absences	<u>197,378</u>	<u>103,702</u>	<u>78,417</u>	<u>222,663</u>	<u>78,416</u>
 Total governmental activities	 <u>\$ 29,468,646</u>	 <u>\$ 1,852,593</u>	 <u>\$ 7,672,351</u>	 <u>\$ 23,648,888</u>	 <u>\$ 6,050,071</u>

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

	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>	<u>Due Within One Year</u>
Business-type activities -					
Safety of dams contract obligation	<u>\$ 490,820</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 430,820</u>	<u>\$ 60,000</u>

The above obligation is serviced by the District's water activity enterprise fund.

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

The original contract obligation to the Bureau of Reclamation totaled \$132,237,478 and represents the District's share of the original costs of construction. The agreement with the Bureau of Reclamation included an agricultural component totaling \$74,348,993 with no interest provision and a municipal and industrial component totaling \$57,888,485 that carried an interest rate of 3.0460% and was completely paid effective September 30, 2009. Principal payments are due in annual installments ranging from \$5,013,293 to \$6,304,622. The agreement allows the Bureau of Reclamation to charge operations, maintenance and repairs incurred by the Bureau of Reclamation to the obligation and also provides for reductions in the obligation for contract revenues collected by the Bureau of Reclamation on behalf of the project.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

Due to fiscal year and timing differences between the Bureau of Reclamation and the District, the District estimates the changes in the obligation based on reports provided by the Bureau. The estimated principal balance of the obligation at December 31, 2016 was \$23,426,225.

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

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 5,971,656	\$ -	\$ 5,971,656
2018	6,136,654	-	6,136,654
2019	6,304,622	-	6,304,622
2020	<u>5,013,293</u>	<u>-</u>	<u>5,013,293</u>
	<u>\$ 23,426,225</u>	<u>\$ -</u>	<u>\$ 23,426,225</u>

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

**NOTE 7 – NET POSITION**

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

Tabor	<u>\$ 150,000</u>
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*Restricted for tabor* – This represents an amount that exceeds the 3% minimum requirement as outlined in the Colorado constitution. Under provisions of the Colorado constitution, a portion of the District's net position can be used for declared emergencies only and the District must maintain 3% or more of its fiscal year spending in this restricted account.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 8 – FUND BALANCES**

As of December 31, 2016, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable –	
Prepaid items	\$ 301,459
Long-term fund advances	908,993
Restricted –	
Tabor	150,000
Committed –	
Repayment obligation	5,000,000
Development of enlargement space	2,000,000
Assigned –	
Subsequent year’s budget	195,495
Unassigned	<u>341,415</u>
Total fund balances	<u>\$ 8,897,362</u>

**NOTE 9 - RISK MANAGEMENT**

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

**NOTE 10 - EMPLOYEE BENEFITS**

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

Benefit terms, including participation criteria and contribution requirements, for the Plan are established and may be amended by the Board of Directors. For each employee the Plan provides for employer contributions of up to 16% of compensation. For the year ended December 31, 2016, the District recognized pension expense of \$107,383.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 10 - EMPLOYEE BENEFITS (Cont'd.)**

Employees are immediately vested in District contributions and earnings on those contributions upon becoming a participant which occurs when an employee completes one year of service.

The District also contributes to the Southeastern Colorado Water Conservancy District 457 Plan (the 457 Plan), a defined contribution pension plan for its full-time employees. The Plan is administered by AXA Equi-Vest.

Benefit terms, including contribution requirements, for the 457 Plan are established and may be amended by the Board of Directors. For each employee, the 457 Plan provides for employee voluntary contributions and the District matches those employee contributions up to 5% of compensation. For the year ended December 31, 2016, employee contributions totaled \$52,820 and the District recognized pension expense of \$39,004.

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

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

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

The District has contracted with the U.S. government to repay approximately \$63 million of costs incurred by the U.S. government in the construction of the Fountain Valley conduit which is operated by the Fountain Valley Authority (the Authority). A related contract with the Authority provides that the Authority will pay an annual conveyance service charge to the District in an amount equal to the payment due the U.S. government. Terms of the contract provide that the District is not responsible for repayment in the event of default by the Authority. The 2016 charge and related revenue totaled \$5,355,898. The present value of the future minimum lease payments at December 31, 2016 is \$33,132,461.

In December 2011, the Bureau of Reclamation (BOR) issued a preliminary permit to a partnership consisting of the District, Colorado Springs Utilities (CSU), and the Board of Water Works of Pueblo (PBWW) to plan and study the possibility of hydropower generation at Pueblo Dam River Outlet. The preliminary permit issued by BOR has been extended to August, 2017.

In July, 2014, the BOR and the District approved an amendment to the existing repayment contract whereby the District will be responsible for a portion of the costs for the safety of dams modification on Twin Lakes Dam. It is presently estimated that the District's share of those costs will approximate \$29,900.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		Actual Budget Basis	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 7,364,826	\$ 7,364,826	\$ 7,348,611	\$ (16,215)
Collection fees	(112,940)	(112,940)	(121,807)	(8,867)
Specific ownership taxes	644,282	644,282	820,957	176,675
Winter water storage	140,000	140,000	164,985	24,985
Charges for services	1,170,749	1,170,749	919,631	(251,118)
Intergovernmental	200,000	200,000	-	(200,000)
Fountain Valley Authority contract revenue	5,352,760	5,352,760	5,355,898	3,138
Interest revenue	97,232	97,232	59,005	(38,227)
Other	-	-	8,074	8,074
<b>TOTAL REVENUES</b>	<u>14,856,909</u>	<u>14,856,909</u>	<u>14,555,354</u>	<u>(301,555)</u>
<b>EXPENDITURES</b>				
Current -				
Outside services	446,000	446,000	369,024	76,976
Personnel	1,326,215	1,326,215	1,195,763	130,452
Travel and related expenditures	70,727	70,727	39,553	31,174
Office and administrative	266,467	266,467	185,044	81,423
Legislative and water education	106,748	106,748	-	106,748
Winter water storage	140,000	140,000	164,985	(24,985)
Fountain Valley Authority contract payments	5,352,760	5,352,760	5,355,898	(3,138)
Contingency and other	155,252	155,252	-	155,252
Capital outlay	15,000	15,000	11,107	3,893
Debt service	6,977,740	6,977,740	6,951,799	25,941
<b>TOTAL EXPENDITURES</b>	<u>14,856,909</u>	<u>14,856,909</u>	<u>14,273,173</u>	<u>583,736</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	282,181	282,181
<b>FUND BALANCE, January 1</b>	-	-	8,615,181	8,615,181
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,897,362</u>	<u>\$ 8,897,362</u>



**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING  
TO GAAP BASIS OF ACCOUNTING  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

**BUDGETARY BASIS**

Explanation of differences between budgetary revenues and  
GAAP revenues and other financing sources

**REVENUES**

Actual amounts (budgetary basis) of revenues from budgetary comparison schedule	\$ 14,555,354
Differences - budget to GAAP - Classification of collection fees	<u>121,807</u>

<b>GAAP BASIS REVENUE</b>	<u><u>\$ 14,677,161</u></u>
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**EXPENDITURES**

Actual amounts (budgetary basis) of expenditures from budgetary comparison schedule	\$ 14,273,173
Differences - budget to GAAP - Classification of collection fees	<u>121,807</u>

<b>GAAP BASIS EXPENDITURES</b>	<u><u>\$ 14,394,980</u></u>
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**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**BUDGETARY INFORMATION**

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

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

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

## **ADDITIONAL INFORMATION**

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
WATER ACTIVITY ENTERPRISE FUND  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 1,672,509	\$ 1,547,952	(124,557)
Intergovernmental	439,475	36,941	(402,534)
Revenue collected on behalf of others	55,000	-	(55,000)
Interest	76,738	118,052	41,314
Proceeds from borrowings	5,200,000	-	(5,200,000)
<b>TOTAL REVENUES</b>	<u>7,443,722</u>	<u>1,702,945</u>	<u>(5,740,777)</u>
<b>EXPENDITURES</b>			
Current -			
Outside services	1,878,496	836,166	1,042,330
Personnel services	735,745	577,132	158,613
Office and administrative expenses	435,100	342,754	92,346
Travel and related expenses	46,900	5,303	41,597
Legislative and water education	258,000	38,870	219,130
Hydroelectric project	-	-	-
Contingency	35,715	-	35,715
Capital outlay	4,210,000	-	4,210,000
Debt service	60,000	60,000	-
<b>TOTAL EXPENDITURES</b>	<u>7,659,956</u>	<u>1,860,225</u>	<u>5,799,731</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (216,234)</u>	<u>(157,280)</u>	<u>\$ 58,954</u>
<b>GAAP ADJUSTMENTS</b>			
Principal payment on contract obligation		<u>60,000</u>	
<b>CHANGE IN NET POSITION</b>		<u>\$ (97,280)</u>	

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

**REVENUES**

Property taxes -	
Contract mill levy collection	\$ 7,021,262
Operating tax revenue	273,760
Abatement and refund of tax collections	53,873
Prior year tax	(284)
Total property taxes	<u>7,348,611</u>
Specific ownership taxes	820,957
Fountain Valley Authority contract revenue	5,355,898
Winter water storage	164,985
Charges for services -	
Xeriscape tour and material sales and other rentals	629
Enterprise administration reimbursement	919,002
Total charges for services	<u>919,631</u>
Investment revenue -	
Interest income	10,803
Income to fair value adjustment	(58,805)
Interest on bonds	107,007
Total investment revenue	<u>59,005</u>
Other -	
Sundry	<u>8,074</u>
TOTAL REVENUES	<u><u>\$ 14,677,161</u></u>

**EXPENDITURES**

Outside services -	
Annual audit	\$ 34,877
Legal representation	299,209
Consulting/lobbying services	31,264
Sponsorships and exhibits	3,674
Total outside services	<u>369,024</u>

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES (Cont'd.)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

EXPENDITURES (Cont'd.)

Personnel expenditures -

Staff payroll	\$ 798,777
Incentive/performance capacity	24,706
Directors' payroll	32,800
Payroll taxes	57,503
HSA contributions	27,175
401 retirement contribution	98,161
457 retirement contribution	39,004
Health insurance	89,355
Life insurance - staff and directors	6,452
Medical reimbursement	2,298
Long-term disability insurance	5,030
Employee assistance program	555
Dental insurance	6,153
Vision insurance	1,275
Worker's compensation insurance	2,993
Administration fees for human resources	3,526
Total personnel expenditures	1,195,763

Travel and related expenditures -

Directors - other travel (tip, fax, parking, telephone, etc.)	557
Directors - other transportation (taxi, shuttle, rental)	299
Directors airfare	2,726
Directors hotels	7,978
Directors meals	1,320
Directors mileage reimbursement	7,153
Executive - airfare	1,197
Executive - district vehicle gas	573
Executive - hotels	3,561
Executive - meals	705
Executive - other travel expense	398
Staff business - airfare	1,158
Staff business - district vehicle gas	772
Staff business - hotels	4,332
Staff business - meals	1,345
Staff business - other travel	864
Staff education - hotels	641
Staff education - meals	154
Staff education - other travel	48

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES (Cont'd.)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

EXPENDITURES (Cont'd.)

Travel and related expenditures (cont'd.) -

Staff certification - airfare	372
Staff certification - hotels	314
Staff certification - meals	147
Staff certification - other expense	436
Vehicle repair and maintenance - Prius and RAV4	2,503
Total travel and related expenditures	39,553

Office and administrative expenditures -

Bank fees	1,617
Board awards/gifts	169
Board coffee snacks	223
Board memberships/subscriptions	2,200
Board printing	245
Board room accessories	357
Board/committee meals	877
Building other/misc. maintenance	1,215
Building plumbing & electrical	3,217
Building heating/cooling	1,565
Computer - hardware	7,991
Computer - general contracts	19,006
Computer - supplies	279
Computer - software and licenses	7,184
Conservation	48
Directors meeting registrations	6,675
Executive meeting registrations	1,790
Landscape maintenance - garden tools	153
Landscape - mower maintenance & fuel	10
Insurance - automobile	2,479
Insurance - excess liability	2,895
Insurance - general liability	12,949
Insurance - property & liability	5,723
Insurance - public official liability	1,302
Legal notices	1,639
Reclamation reform act	920

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES (Cont'd.)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

EXPENDITURES (Cont'd.)

Office and administrative expenditures (cont'd.)

Maintenance - backflow testing	\$ 100
Maintenance - janitorial services	3,180
Maintenance - waste disposal	1,532
Maintenance - security	2,131
Maintenance - snow removal	858
Maintenance - window cleaning	870
Maintenance - blacktop	4,780
Meeting expenditures and meals	915
Office - coffee/snacks	196
Office - equipment maintenance	1,132
Office - copy machine color	3,557
Office - general/staff memberships	5,347
Awards & gifts - other	300
Office - printing	1,351
Office - publications & subscriptions	642
Phone - cell	4,306
Phone - equipment maintenance	2,462
Phone - land	10,847
Postage & shipping	3,243
Staff awards and gifts	122
Staff business - meeting registrations	3,459
Staff certification - registrations	1,499
Staff education - registrations	16,524
Supplies - janitorial	475
Supplies - office	3,728
Supplies - paper	678
Supplies - toner	856
Utilities	17,089
Utilities - airport fee	900
Web contracts	1,004
Landscape - aeration & weed control	282
Landscape - fertilizer & chemicals	505
Landscape maintenance contracts	3,465
Landscape - mulch, soil amendments	592
Xeriscape - plants and other	1,337
Landscape - sprinkler system repair & maintenance	2,052
Total office and administrative expenditures	185,044



**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES (Cont'd.)**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2016**

EXPENDITURES (Cont'd.)	
Collection fees	\$ 121,807
Winter water storage	164,985
Fountain Valley Authority contract payments	5,355,898
Bureau operations, maintenance & repairs	1,748,891
Capital outlay - acquisition of capital assets	11,107
Debt service principal	<u>5,202,908</u>
 TOTAL EXPENDITURES	 <u>\$ 14,394,980</u>