



**REPUBLICAN RIVER  
WATER CONSERVATION DISTRICT**  
Financial Statements  
For the Year Ended December 31, 2017



REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
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December 31, 2017

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Republican River Water Conservation District  
Wray, CO 80758

We have audited the accompanying statement of net position of the Republican River Water Conservation District as of December 31, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows, and the related notes to the financial statement for the year then ended.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial position of the Republican River Water Conservation District, as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 10 to the financial statements, during the current year, the District adopted Governmental Accounting Standards Board No. 68, Accounting and Financial Reporting for Pensions Plan - an amendment to GASB No. 27. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a-e and 19 through 21 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.

*Winfrey, County & Hays, PC*

WINFREY, COUNTY & HAYS, PC  
Certified Public Accountants

July 25, 2018

**Republican River Water Conservation District  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2017**

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year ending December 31, 2017. Please read it in conjunction with the financial statements.

**FINANCIAL HIGHLIGHTS**

The District's net position increased by \$4,562,743. Cash decreased \$599,320 due to a strategic purchase of water rights in 2017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts;

Management's Discussion and Analysis

Financial Statements

Supplementary Information

**FINANCIAL ANALYSIS OF THE DISTRICT**

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Activities report information about the District's activities in a way that can help answer that question. These two statements report the net position of the District and the related changes in these assets. The District's net position (the difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the District's net position is one indicator that the District's financial health is improving. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed governmental legislation.

**Republican River Water Conservation District  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2017**

**NET POSITION**

As part of our analysis, we provide a summary of the District's Balance Sheet below:

<b>Condensed Balance Sheet</b>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current Assets	7,558,570	7,997,074	(438,504)
Deferred Outflows	105,516	80,188	25,328
Prepaid Long Term Lease	2,500,000	2,750,000	(250,000)
Capital Assets	<u>74,574,344</u>	<u>72,562,114</u>	<u>2,012,230</u>
Total Assets	84,738,430	83,389,376	1,349,054
Current Liabilities	3,655,878	3,702,054	(46,176)
Long-term Liabilities	<u>39,609,697</u>	<u>42,777,210</u>	<u>(3,167,513)</u>
Total Liabilities	43,265,575	46,479,264	(3,213,689)
Deferred Inflows of Resources	32,716	32,716	-
Invested in Capital Assets	34,502,625	29,642,686	4,859,939
Restricted for TABOR	98,181	98,181	-
Restricted for Debt Service	2,223,658	1,482,439	741,219
Non-Restricted	<u>4,615,675</u>	<u>5,654,090</u>	<u>(1,038,415)</u>
Total Net Position	<u>41,440,139</u>	<u>36,877,396</u>	<u>4,562,743</u>

**Republican River Water Conservation District  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2017**

While the Balance Sheet shows the net position, the Statement of Activities provides answers as to the nature and source of these changes.

<b>Condensed Statement of Activities</b>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Operating Revenue	7,276,786	7,317,516	(40,730)
Non-Operating Revenue	<u>68,163</u>	<u>45,030</u>	<u>23,133</u>
Total Revenue	7,344,949	7,362,546	(17,597)
Depreciation & Amortization	642,604	643,166	(562)
Other Operating Expenses	768,430	743,004	25,426
G & A Expenses	558,450	540,302	18,148
Non-Operating Expenses	<u>837,444</u>	<u>895,562</u>	<u>(58,118)</u>
Total Expenses	2,806,928	2,822,034	(15,106)
Change in Net Position	4,538,020	4,540,512	(2,491)
Beginning Net Position	36,877,396	32,336,884	4,540,512
Prior Year Adjustment	<u>24,723</u>	-	<u>24,723</u>
Ending Net Position	<u>41,440,139</u>	<u>36,877,396</u>	<u>4,562,743</u>

**BUDGETARY HIGHLIGHTS**

Budget to actual comparative statements are included as Supplemental Information in the audited financial statements.

**Republican River Water Conservation District  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At the end of 2017, the District had invested \$81,171,300 in capital assets.

	<u>12/31/17</u>	<u>12/31/16</u>
Pipeline	17,686,033	17,686,033
Vehicles & Equipment	74,796	40,329
Water Rights	56,529,201	55,217,467
Easements	263,114	263,114
Assets Held for Resale	1,028,176	-
Loan Origination Fees	<u>589,979</u>	<u>589,979</u>
Total	76,171,300	73,796,922
Less accumulated depreciation	<u>(1,596,956)</u>	<u>(1,234,808)</u>
Total	<u>74,574,344</u>	<u>72,562,114</u>

Long-Term Debt

In 2017 \$2,847,709 principal payments were made on the Pipeline Loan. See note 5 to the financial statements for further information.

	<u>12/31/17</u>	<u>12/31/16</u>
CREP Contracts	1,866,421	1,950,580
OAI Contracts	276,960	505,440
Pipeline Loan	40,071,719	42,919,427
Lease Payable	323,538	352,950
Net Pension Liability	<u>375,458</u>	<u>375,457</u>
Total	42,914,095	46,103,854

**LONG TERM LEASE**

In 2008, the District entered into a prepaid 20 year lease for water rights in the amount of \$5,000,000. This lease is being amortized over that 20 year period at the rate of \$250,000 per year.

	<u>12/31/17</u>	<u>12/31/16</u>
Lease	5,000,000	5,000,000
Less Accumulated Amortization	<u>(2,250,000)</u>	<u>(2,000,000)</u>
Net	2,750,000	3,000,000

**Republican River Water Conservation District  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2017**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES**

The District's Board of Directors and management consider many factors when setting the 2018 budget, including user fees and charges. The following table presents the changes in the District's budget from 2017 to 2018.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Operating Revenue	7,284,288	7,323,018	(38,730)
Non-Operating Revenue	51,000	59,000	(8,000)
Beginning Balances	<u>6,894,224</u>	<u>7,381,019</u>	<u>(486,795)</u>
Total Revenue	14,229,512	14,763,037	(533,525)
Other Operating Expense	1,847,793	1,936,026	(88,233)
G & A Expense	724,446	708,340	16,106
Capital Outlay	8,614,663	9,402,709	(788,046)
Non-Operating Expense	<u>801,434</u>	<u>858,389</u>	<u>(56,955)</u>
Total Expense	11,988,336	12,905,464	(917,128)
Ending Net Position	<u><u>2,241,176</u></u>	<u><u>1,857,573</u></u>	<u><u>383,603</u></u>

**Requests for Information**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about the report or need additional information, contact the office at 410 Main Street, Suite 8, Wray, CO, 80758, or call 970-332-3552.



BASIC FINANCIAL STATEMENTS

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Statement of Net Position  
December 31, 2017

<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	2,955,704	
Certificates of deposit	2,179,283	
FFEC/Southwest Securities	2,048,337	
Accounts receivable	96,546	
Prepaid expenses	28,701	
Prepaid leases	<u>250,000</u>	
Total Current Assets		7,558,570
Prepaid Long Term Leases		2,500,000
Capital Assets		
Water Rights	56,529,201	
Easements	263,114	
Loan Origination Fees	589,979	
Pipeline	17,686,033	
Equipment & Vehicle	74,796	
Assets Held for Resale	1,028,176	
Less: Accumulated depreciation/amortization	<u>(1,596,956)</u>	
Net Capital Assets		<u>74,574,344</u>
<b>TOTAL ASSETS</b>		<b>84,632,914</b>
DEFERRED OUTFLOW OF RESOURCES		
		105,516
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accounts payable	83,603	
Accrued interest	267,877	
Current portion of long-term	<u>3,304,399</u>	
Total Current Liabilities		3,655,878
Long-Term Liabilities		
CREP contracts	2,018,703	
EQIP contracts - well retirement	0	
OAI 15 and OAI 16	48,480	
Loans payable	37,167,056	
Net Pension Liability	<u>375,458</u>	
Total Long-Term Liabilities		<u>39,609,697</u>
<b>TOTAL LIABILITIES</b>		<b>43,265,575</b>
DEFERRED INFLOWS OF RESOURCES		
		32,716
<b>NET POSITION</b>		
Investment in capital assets	34,502,625	
Restricted for TABOR	98,181	
Restricted for Debt Service	2,223,658	
Unrestricted	<u>4,615,675</u>	
<b>TOTAL NET POSITION</b>		<b><u>41,440,139</u></b>

See auditor's report and notes to the financial statements.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Statement of Revenue, Expenses, and Changes in Net Position  
For the Year Ended December 31, 2017

<b>OPERATING REVENUES</b>		
Irrigation assessment fees	6,927,856	
Commercial & Municipal well assessment	110,144	
Surface evaporative water loss	658	
Water & property leases	<u>238,128</u>	
<b>Total Operating Revenues</b>		<b>7,276,786</b>
<b>OPERATING EXPENSES</b>		
County Treasurer fees	203,926	
Telephone	4,042	
Travel expenses	12,798	
Vehicle expenses	(3,376)	
Pipeline	346,997	
CIG grants & conservation	22,000	
Land & Water expenses	31,779	
WPP Expenses	2,500	
Contracts paid	147,763	
Amortization of water rights lease	250,000	
Depreciation	<u>392,604</u>	
<b>Total Operating Expenses</b>		<b>1,411,034</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Salaries & wages	130,315	
Employee benefits	27,889	
Office expenses	20,308	
Accounting & audit fees	28,558	
Consulting	29,422	
Engineering fees	38,503	
Legal fees	141,356	
Lobbyist fees	53,747	
Other professional fees	158	
Insurance	30,000	
Directors expenses	<u>58,194</u>	
<b>Total General &amp; Administrative Expenses</b>		<b><u>558,450</u></b>
<b>TOTAL EXPENSES</b>		<b><u>1,969,484</u></b>
<b>OPERATING INCOME</b>		<b>5,307,302</b>

See auditor's report and notes to the financial statements.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Statement of Revenue, Expenses, and Changes in Net Position  
For the Year Ended December 31, 2017  
(continued)

OTHER INCOME (EXPENSE)		
Interest income	20,869	
Interest expense	(837,444)	
Investment Gain/Loss	19,211	
Gain on Sale of Assets	9,866	
Interest on fees	<u>18,217</u>	
Total Other Income		<u>(769,281)</u>
CHANGE IN NET POSITION		4,538,020
NET POSITION - Beginning		36,877,396
Prior Year Adjustment (Note 10)		<u>24,723</u>
NET POSITION - Ending		<u>41,440,139</u>

See auditor's report and notes to the financial statements.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Statement of Cash Flows  
For the Year Ended December 31, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Fees	6,976,685
Paid for Salaries & Benefits	(188,478)
Paid for Board Compensation	(15,900)
Paid to Well Owners	(460,402)
Paid to Suppliers	<u>(805,012)</u>
Net Cash Provided by Operating Activities	5,506,894
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	22,356
Acquisition of Water Rights	(1,311,735)
Assets Held for Sale	(1,028,176)
Purchase of Assets	<u>(55,057)</u>
Net Cash Used by Investing Activities	(2,372,612)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Interest Expense on Debt	(856,481)
Debt Payments	<u>(2,877,121)</u>
Net Cash Used by Financing Activities	(3,733,602)
NET INCREASE (DECREASE) IN CASH	(599,320)
CASH - Beginning of Year	<u>3,555,024</u>
CASH - End of Year	<u>2,955,704</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	5,307,302
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Depreciation & Amortization	642,604
Change in Contracts	(312,639)
GASB Accrual Adjustments	(605)
Changes in Assets & Liabilities	
Accounts Receivable	(96,175)
Prepaid Expenses	(28,701)
Accounts Payable	<u>(4,893)</u>
Total Adjustments	<u>199,592</u>
Net Cash Provided by Operating Activities	<u>5,506,894</u>

See auditor's report and notes to the financial statements.

**REPUBLICAN RIVER WATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - the District is a governmental unit operating with a sole enterprise fund while in accordance with Colorado Statute. The District was established to provide compliance with the Republican River Compact on behalf of the State of Colorado. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the District.

The District is considered to be a primary government because it has a separate governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

**Basis of Accounting** - enterprise fund accounting is utilized in accordance with generally accepted accounting principles. Enterprise funds recognize revenues and expenses on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are special assessment fees charged to landowners for their water usage. Operating expenses for the fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Capital Assets** - the District capitalizes assets valued over \$5,000. Assets are stated at cost, developer's cost, or estimated fair market value at the time of donation. Depreciation is recognized using the straight-line method over the assets estimated useful lives of one to forty years. Depreciation begins in the year following completion for assets under construction. Water rights, and the costs to obtain those rights, are capitalized but not depreciated.

**Irrigation Assessment Fees** - the District's primary means of revenue. These fees are paid by the property owner, along with property taxes, to the County Treasurer. They are payable in full on April 30 or in two installments on February 28 and June 15. The Counties of which the District is comprised collects the taxes and fees and remits them by the 10<sup>th</sup> of the month following the month of collection.

**Budgets** - each fall the Board of Directors adopt a budget and appropriates funds for the following calendar year. Unused appropriations lapse at year end.

All budget hearings are open to the public. An amendment of the budget through supplemental appropriation is subject to approval of the Board of Directors at a public hearing and the filing of the approved supplemental appropriation with the State of Colorado.

The basis of these budgets is Non-GAAP, in that revenues and expenditures are budgeted on the cash basis of accounting. This basis of accounting records transactions based upon the receipt of payment of funds. Revenues are recognized when funds are received, and expenditures are recognized when paid.

**REPUBLICAN RIVER WATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**  
(continued)

**Cash Flows** - for purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and demand, money market and savings accounts at financial institutions. Repurchase agreements, certificates of deposit, and U.S. Treasury Notes, including those with maturities of three months or less, are classified as investments and are not reflected as cash in the statement of cash flows.

**Net Position** - represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when the limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net positions are reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Use of Estimates** - the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the period. Actual results could differ from those estimates.

**(2) DEPOSITS AND INVESTMENTS**

**Cash Deposits** - for purpose of these financial statements, cash and cash equivalents consist of cash on hand and demand, money market and savings accounts at financial institutions.

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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Deposits are in 5 financial institutions and listed by appropriate risk category as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
On Hand		23
Insured (FDIC)	1,144,239	1,144,239
Uninsured: Collateral Held by District's Agent in Agent's Name	<u>4,030,261</u>	<u>3,990,725</u>
Total Cash	5,174,500	5,134,987
Shown as Certificates of Deposits		<u>(2,179,283)</u>
Shown as Cash & Cash Equivalents		2,955,704

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

Investments - Colorado statutes specify in which instruments a local government may invest, which include:  
(1) Obligations of the United States and certain U.S. agency securities, (2) Certain international agency securities,  
(3) General obligation and revenue bonds of U.S. local government entities, (4), Bankers' acceptances of certain  
banks, (5) Commercial paper, (6) Local government investment pool, (7) Written repurchase agreements  
collateralized by certain authorized securities, (8) Certain money market funds, and (9) Guaranteed investment  
contracts.

At December 31, 2017, the District had the following investments and maturities

<u>Investments</u>	<u>S&amp;P Rating</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>More than One Year</u>
Bonds	AA+	2,046,943	400,052	1,646,891
Cash		1,394		-

Credit Risk - The District is subject to Colorado statutes, which define eligible investments for local governments. Eligible investments include bonds and other interest bearing obligations of or guaranteed by the U.S. government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

Interest Rate Risk - As a means of limiting exposure to losses arising from changing interest rates, the District's investment policy requires all investments to mature within five years or less from the date of trade settlement.

(3) ACCOUNTS RECEIVABLE

The accounts receivable balance includes amounts due from District customers. The District uses the allowance method to recognize bad debts. No allowance for bad debts was deemed necessary at December 31, 2017.

(4) CAPITAL ASSETS

A summary of changes to capital assets for 2017 follows:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
Pipeline	17,686,033	-	-	17,686,033
Water Rights	55,217,467	1,311,734	-	56,529,201
Easements	263,114	-	-	263,114
Loan Origination Fees	589,979	-	-	589,979
Equipment	6,489	29,017	-	35,506
Assets Held for Resale	-	1,028,176	-	1,028,176
Automobile	33,840	39,290	33,840	39,290
Total	73,796,922	2,408,217	33,840	76,171,299
Accumulated Depreciation	1,234,808	392,604	30,456	1,596,956
Net Capital Assets	72,562,114			74,574,343

No capital assets have been acquired under a capital lease.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

## (5) LONG-TERM DEBT

## Changes in Long-Term Debt

	Balance <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31</u>
CREP Contracts	1,950,580	136,885	221,043	1,866,422
OAI Contracts	505,440	-	228,480	276,960
Leases Payable	352,951	-	29,413	323,538
Pipeline Loan	<u>42,919,427</u>	<u>-</u>	<u>2,847,709</u>	<u>40,071,718</u>
Total	45,728,397	136,885	3,326,645	42,538,638

Beginning in 2006, the District began entering into Conservation Reserve Enhancement Program (CREP) contracts with landowners. Payments for these contracts are disbursed over 15 years. The following information summarizes the annual payments due on the outstanding CREP contract obligations:

<u>Due in Year</u>	<u>Amount</u>
2018	141,844
2019	142,732
2020	134,955
2021	1,149,967
2022	144,650
2023-2027	90,780
2028-2033	<u>61,495</u>
Total	1,866,422

In 2008, the District entered into a loan agreement with Colorado Water Conservation Board for the construction of the Republican River Compact Compliance Pipeline Project which includes the purchase of water rights, with a total possible loan amount of \$60,600,000 which includes a 1% loan service fee, with interest at 2.00% for 20 years. The loan payments are \$3,706,097 per year. The first payment was made in December 2012. The District is required to establish and maintain a debt service reserve account by depositing an amount equal to one-tenth of an annual payment into this account on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan. Following is a schedule of payments;

<u>Due in Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	2,904,663	801,434	3,706,097
2019	2,962,756	743,341	3,706,097
2020	3,022,011	684,086	3,706,097
2021	3,082,451	623,646	3,706,097
2022	3,144,100	561,997	3,706,097
2023-2027	16,689,265	1,841,221	18,530,486
2028-2030	<u>8,266,472</u>	<u>282,126</u>	<u>8,548,598</u>
Total	40,071,719	5,537,851	45,609,569

**REPUBLICAN RIVER WATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**  
**(continued)**

In 2015, the District entered into OAI 15 agreements with landowners. Payments for these contracts are disbursed over 4 years. The following information summarizes the annual payments;

<u>Due in Year</u>	<u>Principal</u>
2018	170,000
Total	170,000

In 2016, the District entered into OAI 16 agreements with landowners. Payments for these contracts are disbursed over 4 years. The following information summarizes the annual payments;

<u>Due in Year</u>	<u>Principal</u>
2018	58,480
2019	48,480
Total	106,960

**Total long-term commitments**

<u>Due in Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3,304,399	801,434	4,105,833
2019	3,183,380	743,341	3,926,721
2020	3,186,379	684,086	3,870,465
2021	4,261,831	623,646	4,885,477
2022	3,318,163	561,997	3,880,159
2023-2027	16,927,107	1,841,221	18,768,328
2028-2033	<u>8,357,379</u>	<u>282,126</u>	<u>8,639,505</u>
Total	42,538,638	5,537,851	48,076,488

**(6) RECONCILIATION OF PROPRIETARY (GAAP) REVENUES AND EXPENSES TO BUDGETARY REVENUES AND EXPENDITURES**

The District prepares its budget annually. The budget comparison in this report is presented on a Non-GAAP budgetary basis. The following reconciliation is presented to reconcile to the GAAP basis financial statements.

Operating Revenue - GAAP Basis	7,942,578
Non-Operating Revenues (Expenses) - GAAP Basis	<u>19,045</u>
Total Revenues - GAAP Basis	7,961,623
Total Expenditures - GAAP Basis	2,466,539
Interest Expenses	<u>839,352</u>
Total Expenses - Budgetary Basis	3,305,891

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

(7) RISK MANAGEMENT

The District is exposed to various risks of loss to related torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. In order to manage these risks, the District has purchased commercial insurance with various deductibles.

(8) TABOR REQUIREMENTS

In 1992, Colorado voters approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to State of Colorado and all local governments.

Enterprise, defined as government owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenues in grants from all state and local governments combined, are excluded from the provision of TABOR.

TABOR establishes 1992 as the initial base for spending and revenue limits. Future spending and revenue limits can be adjusted for inflation and local growth without voter approval. TABOR requires the establishment of Emergency Reserves that must be at least 3% of spending (excluding bonded debt service). Excess funds within the spending and revenue limits can be reserved for general use and, when spent in subsequent years, are not subject to the spending limits mentioned above.

The total amount of restricted net position for emergency reserves at December 31, 2017 is \$98,181.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing taxes, or spending above the limits described above, increasing a mill levy, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors and qualifications as an Enterprise, will require judicial interpretation.

(9) BUDGETARY COMPLIANCE

For the year ended December 31, 2017 expenditures did not exceed the budgeted amount.

(10) PRIOR YEAR ADJUSTMENT

Prior year adjustment is due to a change in accounting for pension liability and expenses. We were using the same yearend on the PERA report as the District's yearend. This was causing the audit report to not be received in a timely manner. We are now using the prior year PERA report as permitted by standards.

(11) DEFINED BENEFIT PENSION PLAN

**Summary of Significant Accounting Policies**

*Pensions* - The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual and the accrual basis and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

**General Information about the Pension Plan**

*Plan description* – The Local Government Trust Fund (LGDTF) is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is administered by the Colorado Public Employee's Retirement Association (PERA). PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided* - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth in C.R.S 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible employees under the PERA Benefit Structure is the greater of the:  
Highest average salary multiplied by 2.5 percent and then multiplied years of service credit.

The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on the life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living (COLAs), referred to as annual increased in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

**Contributions** - Eligible employees of the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate	
Employer Contribution Rate <sup>1</sup>	10.00%	
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%	
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%	
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%	
<b>Total Employer Contribution Rate to the SCHDTF<sup>1</sup></b>	<b>12.68%</b>	

Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$21,370 for the year ended December 31, 2016.

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017, the District reported a liability of \$375,458 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the District's portion was 0.0278046411 percent, which was the same percent from its proportion measured as of December 31, 2016.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

For the year ended December 31, 2017, the District recognized pension expense of \$605. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	6,681	0
Changes of assumptions or other inputs	26,632	1,086
Net difference between projected and actual earnings on pension plan investments	45,091	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,458	31,630
Contributions subsequent to the measurement date	25,654	N/A
Total	105,516	32,716

\$25,654 was reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred inflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2017	
December 31, 2018	(26,059)
December 31, 2019	( 3,884)
December 31, 2020	-0-
December 31, 2021	-0-
Thereafter	-0-

**REPUBLICAN RIVER WATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**  
(continued)

*Actuarial assumptions* – Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA’s Board on November 18, 2016 to more closely reflect PERA’s actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

**Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

**Female:** Mortality improvement projected to 2020 using MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

**REPUBLICAN RIVER WATER CONSERVATION DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**  
**(continued)**

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumption changed, effective December 31, 2016 as follows:

Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expense to 7.25 percent per year, compounded annually, net of investment expense.

Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

Real rate of investment return assumption increased from 4.70 percent per year, net of investment expense, to 4.85 percent per year, net of investment expenses.

Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluation the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income-Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown in the previous section. In addition, the following methods and assumptions were used in the projection of cash flows:

Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%

Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service cost for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow time is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

Benefit payments and contributions were assumed to be made at the end of the month.

Based upon the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(continued)

*Sensitivity of the RRWCD proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Discount Rate	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	553,595	375,457	227,940

*Pension plan fiduciary net position.* Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### Other Post-Employment Benefits.

##### Health Care Trust Fund

*Plan Description* - The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorized disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51 Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended June 30, 2014, 2015, 2016 and 2017 were \$1,579, \$1,673, \$1,513, and \$1,623 respectively, equal to their required contributions for each year.

SUPPLEMENTARY INFORMATION

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Statement of Revenues, Expenditures and Changes in Retained Earnings -  
Budget to Actual - Budgetary Basis  
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Irrigation Assessment Fees	7,537,498	7,537,498	6,946,073	(591,425)
Commercial & Municipal Well Assessments	123,000	123,000	110,144	(12,856)
Surface Evaporative Loss Fees	658	658	658	-
Conservation & Water Lease	275,610	275,610	238,128	(37,482)
Investment Gain	5,812	5,812	19,211	13,399
Gain on Sale of Assets	-	-	9,866	9,866
Interest Income	<u>19,045</u>	<u>19,045</u>	<u>20,869</u>	<u>1,823</u>
<b>Total Revenues</b>	<b>7,961,623</b>	<b>7,961,623</b>	<b>7,344,949</b>	<b>(616,675)</b>
<b>EXPENDITURES</b>				
Salaries & Wages	144,382	144,382	130,315	14,067
Employee Benefits	30,253	30,253	27,889	2,364
Board and Director Expenses	50,800	50,800	46,235	4,565
Office	18,931	18,931	20,263	(1,332)
Engineering Fees	66,000	66,000	38,503	27,498
Legal Fees	250,000	250,000	141,356	108,644
Accounting & Auditing	30,000	30,000	28,558	1,442
Lobbyist Fees	51,000	51,000	53,747	(2,747)
Other Professional Fees	28,264	28,264	29,580	(1,317)
EQIP Contracts	228,480	228,480	(113,571)	342,051
CREP/AWEP Contracts	421,043	421,043	231,922	189,122
Land & Water Expenses	39,000	39,000	34,279	4,721
Leases	29,413	29,413	29,413	-
Interest	839,352	839,352	837,444	1,908
Operating Expenses	591,761	591,761	424,465	167,296
Pipeline Revegetation	-	-	-	-
County Treasurer's Fees	207,713	207,713	203,926	3,787
Lease of Water Rights	-	-	250,000	(250,000)
Depreciation	<u>279,499</u>	<u>279,499</u>	<u>392,604</u>	<u>(113,105)</u>
<b>Total Expenses</b>	<b>3,305,891</b>	<b>3,305,891</b>	<b>2,806,928</b>	<b>498,963</b>
Revenues over (under) Expenses	4,655,732	4,655,732	4,538,020	(117,712)
Beginning Retained Earnings	8,595,717	8,595,717	36,877,396	28,281,679
Prior Year Adjustment	-	-	24,723	24,723
Ending Retained Earnings	<u>13,251,449</u>	<u>13,251,449</u>	<u>41,440,139</u>	<u>28,188,689</u>

See auditor's report and notes to the financial statements.

**REPUBLICAN RIVER WATER CONSERVATION DISTRICT**  
**Wray, Colorado**  
**Schedule of District's Proportionate Share of the Net Pension Liability**  
**Last 10 Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.0278046411%	0.0278046411%	0.0343911300%	0.0325339888%	0.0278232730%
Proportionate share of the collective net pension liability	375,458	375,457	378,846	291,605	228,963
Covered payroll	168,531	168,531	195,315	178,776	148,440
Proportionate share of the net pension liability as a percentage of its covered employee payroll	44.89%	44.89%	51.56%	61.31%	64.83%
Plan fiduciary net position of the total pension liability	73.60%	73.60%	76.90%	80.70%	

The amounts presented for each year were determined as of December 31.

REPUBLICAN RIVER WATER CONSERVATION DISTRICT  
Wray, Colorado  
Schedule of Contributions and Related Ratios  
Last 10 Fiscal Years

As of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contributions	21,370	21,370	24,766	22,605	18,822	17,515	17,291	15,421
Contributions in relation to the statutorily required contribution	<u>21,370</u>	<u>21,370</u>	<u>24,766</u>	<u>22,605</u>	<u>18,822</u>	<u>17,515</u>	<u>17,291</u>	<u>15,421</u>
Contribution deficiency (excess)	0	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	168,531	168,531	195,315	178,776	148,440	138,131	136,363	121,615
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%	12.64%	12.68%	12.68%	12.68%	12.68%

See auditor's report and notes to the financial statements.