TRI-COUNTY WATER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2017 and 2016

E

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

DONALD R. MORELAND & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Water Conservancy District
Montrose, Colorado 81401

We have audited the accompanying financial statements of Tri-County Water Conservancy District, as of and for the years ended December 31, 2017 and 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 audits. We conducted our audits 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 consolidated 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 District'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 District'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-County Water Conservancy District as of December 31, 2017 and 2016, and respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Telephone (970) 249-3424 Facsimile (970) 249-3425
1675 East Niagara Road * Montrose, Colorado 81401

Board of Directors
Tri-County Water Conservancy District
Page Two

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tri-County Water Conservancy District's financial statements as a whole. The supplementary information - revenues and expenditures - budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information - revenues and expenditures - budget and actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Donald R. Moreland & Associates, P.C.

Montrose, Colorado
July 9, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Tri-County Water Conservancy District, we offer readers of the Tri-County Water Conservancy District's financial statements this narrative overview and analysis of the financial activities of the Tri-County Water Conservancy District for the fiscal years ended December 31, 2017 and 2016.

Financial Highlights

- The assets of the Tri-County Water Conservancy District (also referred to as the District) exceeded its liabilities at the close of the most recent fiscal year by $40,512,543 (net position). Of this amount, $14,146,122 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors. At the close of the prior fiscal year the District's net position and unrestricted net position were $40,365,245 and $13,651,841, respectively.

- The District's total net position increased (decreased) by $147,298 in 2017 and $532,773 in 2016, mainly the result of increased water and hydropower sales, and increased property and specific ownership taxes, in 2017. In 2016, the increase was the result of federal hydropower incentives, increased water and hydropower sales, increased property and specific ownership taxes and reduced personnel costs.

- The District implemented a fee structure effective January, 2011 as a result of the annual cost of service analysis. Residential tap fees were $5,000 plus the cost of installation. In November, 2016, residential tap fees were increased to $5,500 plus the cost of installation.

- District revenues and expenses increased from 2016 to 2017. In 2014, the District began the operation of hydropower which has increased revenues and related expenses. Investment income reflects the current depressed market rates. Each year the District budgets and constructs projects identified by a capital improvement program which includes renewals and replacements of aged or problem infrastructure, new or enlarged pipelines, and tanks or pump stations necessitated by growth. This annual renewal and replacement is in the same order of magnitude as the annual depreciation on the water distribution system as generally recommended in the industry. Depreciation including hydropower facilities for 2017 and 2016 was $1,591,402 and $1,593,270, respectively. During 2008, the District hired HDR, Inc. to identify current system deficiencies and to project those that may occur as a result of population growth, system age, or increasingly strict water quality regulations and form a Capital Improvements Plan based on the results. This plan has been implemented along with additional capital improvements as determined by the District.

- In 2017, capital contributions - tap fees were up due to increased growth in the District's service area. This reverses the trend set in prior years when capital contributions were down due to decreased growth in the District's service area and uncertainties concerning the economy.

- In December 1976 the voters in the District voted to accept the repayment contract by a 9 to 1 margin for the construction of the Dallas Creek Project to deliver project water for irrigation, municipal, industrial, hydropower and other uses. The District subsequently entered into agreements and contracts with various entities including the United States Bureau of Reclamation. The irrigation repayment obligation consists of three parts totaling not less than $6,266,000 to be paid over 50 years with final payment in 2042. The municipal and industrial repayment obligation is $38,000,000 plus interest to be repaid in not more than 50 years plus a ten year development period preceding the repayment obligation which makes the final payment due in 2049. The District has agreements for purchase of irrigation, municipal, and industrial water uses by other entities and has committed to their projected domestic water supply plus any excess addressed in the contract with Reclamation.

- On February 6, 2012 the District obtained a Lease of Power Privilege from the United States of America to construct an 8-megawatt (MW) hydropower generating facility at the existing outlet works of Ridgway Dam. Loans obtained to fund the project were $13,130,000 from Colorado Water Conservation Board for thirty years at 2% and includes a 1% loan service fee and $2,000,000 from Colorado Water Resources and Power Development Authority for twenty years at 2%. The hydropower is generated from irrigation water releases. The City of Aspen, Colorado has entered into a Power Purchase Agreement for the winter power and Renewable Energy Credits (October through May). Tri-State Generation and Transmission purchases the summer power (June through September) with the Town of Telluride, Colorado purchasing the Summer Renewable Energy Credits. Construction on site began in 2012 with completion in 2015.

- The District has committed to purchase treatment of a minimum of 183 million gallons of water annually from the Project 7 Water Authority. The District incurred costs in 2017 and 2016 under this agreement of $730,682 for 812 million gallons and $650,191 for 723 million gallons, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Tri-County Water Conservancy District's basic financial statements. The Tri-County Water Conservancy District's basic financial statements are presented as a special purpose government engaged in business type activities - providing domestic water utility services, hydropower and operation and management services for the Ridgway Reservoir Dam.

The *statement of net position* presents information on all of the Tri-County Water Conservancy District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Tri-County Water Conservancy District is improving or deteriorating.

The *statement of revenues, expenses and changes in fund net position* presents information showing how the District's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* report the District's cash flows from operating, capital and investing activities. Also presented are beginning and end of year cash and cash equivalents.

The basic financial statements can be found on pages 8 through 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 24 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the Tri-County Water Conservancy District's budgetary comparisons for revenues and expenditures. Supplementary information can be found on pages 25 through 26 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the Tri-County Water Conservancy District, assets exceeded liabilities and deferred inflows of resources by $40,512,543 at the close of the most recent fiscal year.

A significant amount of the District's net position reflect its investment in capital assets (e.g., land, buildings, equipment, water tanks, distribution system and hydropower facility), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Tri-County Water Conservancy District Net Position

	2017	2016
Current assets	$ 4,932,375	4,395,506
Capital assets	39,808,198	40,639,289
Other assets	12,470,817	12,206,353
Total assets	57,211,390	57,241,148
Current liabilities	1,980,643	1,741,517
Long-term liabilities	13,368,005	13,816,223
Total liabilities	15,348,648	15,557,740
Deferred inflows of resources	1,350,199	1,318,163
Net position:		
Net investment in capital assets	26,007,684	26,414,755
Restricted	358,737	298,649
Unrestricted	14,146,122	13,651,841
Total net position	$40,512,543	40,365,245

At the end of the current and prior fiscal year, the Tri-County Water Conservancy District is able to report positive balances in all categories of net position.

Under the GASB 34 reporting model the audit shows the District's net position increased (decreased) by $147,298 and $532,773, respectively, during the fiscal years ended December 31, 2017 and 2016. The increase in net position for 2017 was mainly due to increased water and hydropower sales and increased property and specific ownership taxes. The increase in net position for 2016 was mainly the result of federal hydropower incentives, increased water and hydropower sales, increased property and specific ownership taxes and reduced personnel costs.

Tri-County Water Conservancy District Changes in Fund Net Position

	2017	2016
Revenues:		
Operating revenue	$ 5,873,754	5,677,326
Non-operating revenue	1,698,634	2,108,554
Total revenues	7,572,388	7,785,880
Expenses:		
Operating expenses:		
Water costs	3,399,616	3,308,015
Hydropower costs	166,200	147,555
Administrative and general	2,206,899	2,157,663
Depreciation	1,591,402	1,593,270
Non-operating expenses:		
Net (increase) decrease in fair value of investments	92,174	38,842
Interest expense	282,082	290,443
Treasurers' fees	28,845	28,623
Total expenses	7,767,218	7,564,411
Income (loss) before contributions	(194,830)	221,469
Capital contributions - tap fees	342,128	257,764
Capital contributions - other		53,540
Change in net position	147,298	532,773
Net position - beginning of year	40,365,245	39,832,472
Net position - end of year	$40,512,543	40,365,245

For the most part, the District was able to contain expenses. The District incurred a reduction in non-operating revenues mainly due to federal hydropower incentives. The District had an increase in expenses due to increased water costs.

Budgetary highlights

Changes between actual revenues and budgeted amounts were primarily due to tap fees.

Actual expenses reflect budgeted amounts which have remained relatively consistent due to the economy except for decreased personnel costs.

Capital Asset and Debt Administration

Capital assets. The Tri-County Water Conservancy District's investment in capital assets as of December 2017 and 2016 amounted to $39,808,198 and $40,639,289, respectively, (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, water tanks, distribution system and hydropower facility.

Major capital asset events during the current and prior fiscal year included water distribution system expansion and replacement and the hydropower facility.

Tri-County Water Conservancy District Capital Assets
(net of depreciation)

	2017	2016
Water distribution system	$20,806,307	21,198,066
Water meters	1,781,558	1,806,997
Storage tanks and pumping stations	1,361,863	1,368,423
Buildings and improvements	2,898	4,240
Office furniture and fixtures	6,544	8,726
Transportation and other equipment	200,442	178,438
Hydropower facility	15,648,586	16,074,399
	$39,808,198	40,639,289

Additional information on the District's capital assets can be found in Note 3 of this report.

Economic Factors and Next Year's Budgets and Rates

- Tap fees will be a combination of the plant investment fee and installation fee. This insures that the costs incurred are those collected.
- The District will continue to monitor, analyze, and improve the potable water distribution system.
- The District will continue to take active measures to provide dependable, quality domestic water service indefinitely.
- The District will continue in the management of investments in a manner that will ensure the safety of the principal, maximize returns, and control and minimize risk.
- The District will continue with the generation of hydropower from the Tri-County Water Hydropower Facility.

Request for information

This financial report is designed to provide a general overview of the Tri-County Water Conservancy District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Tri-County Water Conservancy District, 647 N. 7th Street, Montrose, Colorado, 81401.

FINANCIAL STATEMENTS

TRI-COUNTY WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
December 31, 2017 and 2016

		2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$	2,660,192	2,198,802
Due from other governments		16,216	12,047
Accounts receivable		516,600	485,473
Property taxes receivable		1,350,199	1,318,163
Inventory of supplies		389,168	381,021
TOTAL CURRENT ASSETS		4,932,375	4,395,506
UTILITY PLANT IN SERVICE			
Water distribution system		35,478,303	35,057,548
Water meters		5,169,355	5,002,796
Storage tanks and pumping stations		2,620,364	2,556,116
Buildings and improvements		108,256	108,256
Office furniture and fixtures		51,095	51,095
Transportation and other equipment		1,241,184	1,268,531
Hydropower facility		17,032,476	17,032,476
		61,701,033	61,076,818
Less accumulated depreciation		21,892,835	20,437,529
UTILITY PLANT IN SERVICE - NET		39,808,198	40,639,289
OTHER ASSETS			
Restricted assets - cash and cash equivalents		358,737	298,649
Long-term receivable		376,503	778,713
Long-term investments		11,735,577	11,128,991
TOTAL OTHER ASSETS		12,470,817	12,206,353
TOTAL ASSETS	$	57,211,390	57,241,148
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$	314,052	210,965
Accrued payroll taxes		80,507	80,034
Accrued salaries and benefits		292,318	257,353
Accrued interest		66,234	68,209
New construction deposits		40,750	1,974
Unearned revenue - other		754,273	698,963
Long-term debt due in one year		432,509	424,019
TOTAL CURRENT LIABILITIES		1,980,643	1,741,517
LONG-TERM LIABILITIES			
Unearned revenue - Ridgway Recreation Area			15,708
Loans payable - net of current portion		13,368,005	13,800,515
TOTAL LONG-TERM LIABILITIES		13,368,005	13,816,223
TOTAL LIABILITIES		15,348,648	15,557,740
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - taxes		1,350,199	1,318,163
TOTAL DEFERRED INFLOWS OF RESOURCES		1,350,199	1,318,163
NET POSITION			
Net investment in capital assets		26,007,684	26,414,755
Restricted for :			
Debt service		176,009	117,320
Hydropower		182,728	181,329
Unrestricted		14,146,122	13,651,841
TOTAL NET POSITION	$	40,512,543	40,365,245

See Notes to Financial Statements.

TRI-COUNTY WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the years ended December 31, 2017 and 2016

		2017	2016
OPERATING REVENUES			
Water sales and charges			
Raw water	$	1,273,321	1,273,058
Treated water		3,079,526	2,960,869
Hydropower sales		1,248,597	1,141,903
Material sales and reimbursements		253,881	292,921
Miscellaneous		18,429	8,575
TOTAL OPERATING REVENUES		5,873,754	5,677,326
OPERATING EXPENSES			
Water costs			
Raw water		2,668,934	2,657,824
Treated water		730,682	650,191
Hydropower lease of power privilege		75,655	70,253
Hydropower other costs		90,545	77,302
Materials and supplies		48,811	43,851
Salaries and wages		995,830	1,000,107
Employee benefits		514,162	455,447
Payroll taxes		83,606	85,274
Insurance		55,188	56,953
Directors fees and expenses		47,725	50,292
Professional fees		54,681	75,514
Office expense		97,253	99,256
Utilities		177,535	162,745
Telephone		9,741	9,382
Equipment fuel and repairs		101,817	92,833
Building repair and maintenance		4,817	7,858
Miscellaneous		15,733	18,151
Depreciation		1,591,402	1,593,270
TOTAL OPERATING EXPENSES		7,364,117	7,206,503
OPERATING INCOME (LOSS)		(1,490,363)	(1,529,177)
NON-OPERATING REVENUES (EXPENSES)			
Property and specific ownership taxes		1,510,560	1,472,757
Investment income		177,346	149,822
Federal hydropower incentives			456,275
Gain on sale of equipment		10,728	29,700
Net increase (decrease) in fair value of investments		(92,174)	(38,842)
Interest expense		(282,082)	(290,443)
Treasurers' fees		(28,845)	(28,623)
NET NON-OPERATING REVENUES (EXPENSES)		1,295,533	1,750,646
NET INCOME (LOSS)		(194,830)	221,469
Capital contributions - tap fees		342,128	257,764
Capital contributions - other			53,540
CHANGE IN NET POSITION		147,298	532,773
NET POSITION, JANUARY 1		40,365,245	39,832,472
NET POSITION, DECEMBER 31	$	40,512,543	40,365,245

See Notes to Financial Statements.

TRI-COUNTY WATER CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS
For the years ended December 31, 2017 and 2016

		2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from user charges	$	6,322,972	6,028,776
Payments to suppliers for goods and services		(4,084,177)	(4,107,487)
Payments to employees		(1,558,160)	(1,508,249)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		680,635	413,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property and specific ownership tax - net		1,477,546	1,443,498
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		1,477,546	1,443,498
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(760,311)	(772,415)
Payment of long-term debt		(424,020)	(415,697)
Federal hydropower incentives			456,275
Capital contributions - tap fees		342,128	257,764
Proceeds from sale of capital assets		10,728	29,700
Interest paid on loans		(284,057)	(292,379)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		(1,115,532)	(736,752)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in long-term investments		(3,098,760)	(6,000,000)
Proceeds from sale and maturities of long-term investments		2,400,000	4,850,000
Deposits to restricted assets		(60,088)	(298,649)
Investment income received		177,589	149,822
INVESTING ACTIVITIES		(581,259)	(1,298,827)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		461,390	(179,041)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,198,802	2,377,843
CASH AND CASH EQUIVALENTS, END OF YEAR	$	2,660,192	2,198,802

		2017	2016
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$	(1,490,363)	(1,529,177)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		1,591,402	1,593,270
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable		370,840	381,042
Inventory of supplies		(8,147)	13,656
Increase (Decrease) in:			
Accounts payable		103,087	(48,738)
Unearned revenue		78,378	(29,592)
Accrued payroll taxes		473	12,182
Accrued salaries and benefits		34,965	20,397
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	680,635	413,040

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Tri-County Water Conservancy District is incorporated as a conservancy district under the laws of the State of Colorado with a judicially appointed board of fifteen directors. The District distributes domestic water throughout the rural area of the Uncompahgre Valley in Western Colorado, generates hydropower and operates and manages Ridgway Reservoir Dam. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) 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 financial statements of the District consist only of the enterprise fund of the District, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which the District is financially accountable. The more significant of the District's accounting policies are described below.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a designated use or purpose, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION

Cash and cash equivalents. The District considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted assets. Restricted assets are cash and cash equivalents set aside for loan repayment and are classified as restricted assets on the statement of net position because their use is limited by applicable loan covenants. Also certain resources have been set aside pursuant to the lease of power privilege agreement with the United States of America through the Bureau of Reclamation.

Allowance for doubtful accounts. The District considers all accounts receivable collectible and, accordingly, provides no allowance for doubtful accounts.

Investments. It is the District's policy to invest in money market deposits with SEC registered broker-dealers and securities issued or guaranteed by the Federal government or its agencies. Investments are stated at fair value.

Property taxes receivable. Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

Inventory of supplies. The inventory of supplies is stated at cost using the average unit cost method.

Capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Construction costs are increased by interest incurred on debt during the construction period and reduced by earnings from the investment of the unexpended loan proceeds. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

Water distribution system	40 years
Water meters	20 years
Storage tanks	40 years
Building and improvements	10 - 40 years
Office furniture and fixtures	5 - 10 years
Vehicles and work equipment	5 - 10 years
Hydropower facility	40 years

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION (continued)

Compensated absences. Vested or accumulated vacation, sick leave and compensated time is recorded as an expense and liability as the benefits accrue to employees.

Unearned revenue-other. Unearned revenue-other represents amounts received in advance of the service being performed or prior to the delivery of water.

Reclassifications. Certain prior years amounts have been reclassified to conform with the current year presentation.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Board of Directors of the District follows these procedures in establishing the budget.

a. Management serving as the District's budget officer submits a proposed operating budget to the Board. A public hearing is held prior to December 15 for the following calendar year. The operating budget includes proposed expenditures and the means of financing them.

b. Prior to January 1, the budget is enacted by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that contributions from system users (tap fees) and grants are budgeted as revenues, principal payments and capital outlays are budgeted as expenditures, and no provision is made for depreciation or system abandonments. Budgeted expenditures are appropriated in total for the District and the level of control is in total.

c. The Board of Directors may authorize supplemental appropriations during the year. During 2017 and 2016, no supplemental appropriations were adopted.

d. Appropriations lapse at the end of the year.

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

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

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Deposits (continued)

Custodial Credit Risks - Deposits

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 does not have a deposit policy for custodial credit risk. As of December 31, 2017 and 2016 none of the District's bank balances of $2,331,776 and $1,753,881, respectively, were exposed to custodial credit risk as $277,914 and $252,675 respectively, was insured and $2,053,862 and $1,500,806, respectively, was collateralized by securities pledged by financial institutions.

At December 31, 2017 and 2016, the carrying amount of the District's deposits were presented on the balance sheet as follows:

	2017	2016
Cash and cash equivalents	$2,660,192	2,198,802
Cash and cash equivalents - restricted assets	358,737	298,649
Investments included in cash and cash equivalents		
Colotrust	(493,776)	(488,284)
Money market deposit	(196,723)	(260,576)
	$2,328,430	1,748,594

Investments

As of December 31, 2017 and 2016, the District had the following investments and maturities:

2017	INVESTMENT MATURITIES (in years)		
INVESTMENT TYPE	FAIR VALUE	LESS THAN 1	1-5
U. S. Agencies	$11,735,577	2,246,682	9,488,895
Colotrust	493,776	493,776	
Money market deposit	196,723	196,723	
	$12,426,076	2,937,181	9,488,895

2016	INVESTMENT MATURITIES (in years)		
INVESTMENT TYPE	FAIR VALUE	LESS THAN 1	1-5
U. S. Agencies	$11,128,991		11,128,991
Colotrust	488,284	488,284	
Money market deposit	260,573	260,573	
	$11,877,848	748,857	11,128,991

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Interest rate risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities of less than ten years.

Credit risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District has no policy that would further limit its investment choice. As of December 31, 2017 and 2016, the District's investment in Colotrust Plus and the Schwab Government Money Fund, 2a7-like investment pools, was rated AAA by Standard & Poor's and AAA by Moody's Investors Service. The District's investments in U. S. agencies securities were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk

The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in U.S. agencies securities. At December 31, 2017, Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank and Federal Home Loan Mortgage securities represented 41%, 19%, 28% and 6%, respectively, of the District's investments. At December 31, 2016, Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit Bank securities represented 46%, 26% and 22%, respectively, of the District's investments.

These investments are presented on the balance sheet as follows:

	2017	2016
Cash and cash equivalents	$ 2,660,192	2,198,802
Cash and cash equivalents - restricted assets	358,737	298,649
Deposits included in cash and cash equivalents	(2,328,430)	(1,748,594)
	690,499	748,857
Long-term investments	11,735,577	11,128,991
	$12,426,076	11,877,848

2 - DEPOSITS AND INVESTMENTS (continued)

Fair value measurement

Government Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair application guidance and enhances disclosures about fair value measurements.

The District's investments and derivative instruments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure fair value of assets and liabilities as follows.

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The following table reflects the fair value of the District's investments and derivative instruments as of December 31, 2017 and 2016:

2 - DEPOSITS AND INVESTMENTS (continued)

Fair value measurement (continued)

2017

Assets	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Investments				
Colotrust	$ 493,776	493,776		
Money market deposit	196,723	196,723		
U.S. instrumentality securities:				
Federal Home Loan Bank	5,103,179		5,103,179	
Federal National Mortgage Association	2,313,658		2,313,658	
Federal Farm Credit Bank	3,531,186		3,531,186	
Federal Home Loan Mortgage	$ 787,554		787,554	
Total investments	$12,426,076	690,499	11,735,577	

2016

Assets	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Investments				
Colotrust	$ 488,284	488,284		
Money market deposit	260,573	260,573		
U.S. instrumentality securities:				
Federal Home Loan Bank	5,432,075		5,432,075	
Federal National Mortgage Association	3,119,931		3,119,931	
Federal Farm Credit Bank	$ 2,576,985		2,576,985	
Total investments	$11,877,848	748,857	11,128,991	

3 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2017 and 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
2017				
Capital assets being depreciated:				
Water distribution system	$35,057,548	438,804	18,049	35,478,303
Water meters	5,002,796	166,559		5,169,355
Storage tanks and pumping stations	2,556,116	64,248		2,620,364
Buildings and improvements	108,256			108,256
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,268,531	90,700	118,047	1,241,184
Hydropower facility	17,032,476			17,032,476
Total capital assets being depreciated	61,076,818	760,311	136,096	61,701,033
Less accumulated depreciation for:				
Water distribution system	13,859,482	830,568	18,049	14,671,996
Water meters	3,195,799	191,995		3,387,797
Storage tanks and pumping stations	1,187,693	70,805		1,258,501
Buildings and improvements	104,016	1,342		105,358
Office furniture and fixtures	42,369	2,182		44,551
Transportation and other equipment	1,090,093	68,698	118,047	1,040,742
Hydropower facility	958,077	425,812		1,383,890
Total accumulated depreciation	20,437,529	1,591,402	136,096	21,892,835
Total capital assets, net	$40,639,289	(831,091)		39,808,198

3 - CAPITAL ASSETS (continued)

2016	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Water distribution system	$34,565,801	521,113	29,366	35,057,548
Water meters	4,856,021	146,775		5,002,796
Storage tanks and pumping stations	2,529,933	101,719	75,526	2,556,116
Buildings and improvements	108,256			108,256
Office furniture and fixtures	174,411		123,316	51,095
Transportation and other equipment	1,366,070	56,358	153,897	1,268,531
Hydropower facility	17,032,476			17,032,476
Total capital assets being depreciated	60,632,968	825,955	382,105	61,076,818
Less accumulated depreciation for:				
Water distribution system	13,070,017	818,831	29,366	13,859,482
Water meters	3,007,332	188,467		3,195,799
Storage tanks and pumping stations	1,195,537	67,682	75,526	1,187,693
Buildings and improvements	102,666	1,350		104,016
Office furniture and fixtures	163,503	2,182	123,316	42,369
Transportation and other equipment	1,155,043	88,947	153,897	1,090,093
Hydropower facility	532,266	425,811		958,077
Total accumulated depreciation	19,226,364	1,593,270	382,105	20,437,529
Total capital assets, net	$41,406,604	(767,315)		40,639,289

4 - SHORT-TERM DEBT

The District had no short-term debt during the years ended December 31, 2017 and 2016.

5 - LONG-TERM LIABILITIES

A. Unearned Revenue - Ridgway Recreation Area

In 1986, the District entered into an agreement to install a water distribution system to serve the State Recreation Facilities at the Dallas Creek Project. The District was advanced $1,052,000 to provide treated water to those facilities for an initial period of 50 years from September 30, 1987. Water provided during this period will reduce the amount of unearned revenue based on the District's current billing structure. If the consumption of water during this period exceeds the total unearned revenue, the Bureau of Reclamation, its successor or assignee will assume payment for such excess consumption. In 2017, the consumption of water exceeded the unearned revenue.

During 2017 and 2016, $15,708 and $33,735 were billed and reduced the deferred revenue.

B. Colorado Water Conservation Board Loan Payable

During 2012, the District entered into a loan agreement with the Colorado Water Conservation Board (CWCB) for $9,090,000, amended in 2013 to $13,130,000 for the construction of an 8-megawatt hydropower generating facility at the existing outlet works of Ridgway Dam. The loan is for thirty years at two percent interest and is payable in annual installments of $586,253 on October 1 of each year. The District is required to deposit an amount equal to one-tenth of an annual payment into its debt service reserve fund on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment. Such deposit has been made into a separate account. The loan outstanding at December 31, 2017 of $12,139,491 is payable as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST
2018	$ 343,464	242,790	586,254
2019	350,333	235,921	586,254
2020	357,339	228,914	586,253
2021	364,486	221,767	586,253
2022	371,776	214,477	586,253
2023 - 2027	1,973,433	957,834	2,931,267
2028 - 2032	2,178,829	752,438	2,931,267
2033 - 2037	2,405,603	525,664	2,931,267
2038 - 2042	2,655,980	275,287	2,931,267
2043 - 2044	1,138,248	34,260	1,172,508
	$12,139,491	3,689,352	15,828,843

5 - LONG-TERM LIABILITIES (continued)

C. Colorado Water Resources and Power Development Authority Loan Payable

On March 27, 2013, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for $2,000,000 for the construction of an 8-megawatt hydropower generating facility at the existing outlet works of Ridgway Dam. The loan is for 20 years at two percent interest and is payable in semi-annual installments of $60,911 on May 1 and November 1 of each year. The loan outstanding at December 31, 2017 of $1,661,023 is payable as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST
2018	$ 89,045	32,777	121,822
2019	90,835	30,987	121,822
2020	92,660	29,162	121,822
2021	94,523	27,299	121,822
2022	96,423	25,399	121,822
2023 - 2027	511,977	97,135	609,112
2028 - 2032	565,541	43,571	609,112
2033	120,019	1,806	121,825
	$1,661,023	288,136	1,949,159

The CWRPDA loan is subject to prepayment, in whole or in part without penalty upon prior written notice to the CWRPDA of not less than 30 days.

Long-term liability for the years ended December 31, 2017 and 2016 was as follows:

	BALANCE BEGINNING OF YEAR	ADDITION	REDUCTION	BALANCE END OF YEAR	DUE WITHIN ONE YEAR
2017					
CWCB Loan	$12,476,220		336,729	12,139,491	343,464
CWRPDA Loan	1,748,314		87,291	1,661,023	89,045
	$14,224,534		424,020	13,800,514	432,509
2016					
CWCB Loan	$12,806,347		330,127	12,476,220	336,729
CWRPDA Loan	1,833,884		85,570	1,748,314	87,290
	$14,640,231		415,697	14,224,534	424,019

In 2017 and 2016, the District incurred interest costs totaling $282,082 and $290,586, respectively.

6 - COMMITMENTS

Purchase Commitment

In 1977 the District entered into a contract with the United States of America for the construction of the Dallas Creek Project to store and deliver project water for irrigation, municipal, industrial, hydropower and other uses. The District subsequently entered into agreements with various entities for the purchase of said water.

The irrigation obligation consists of three parts totaling not less than a $6,266,000 repayment obligation over a fifty year period as follows.

The first part is a $2,025,000 obligation which requires an annual payment of $40,500. The second part is a $1,175,000 obligation which requires an annual payment of $23,500. The District collects these amounts from the Uncompahgre Valley Water Users Association which has a contract to purchase 100% of the irrigation water. The third part is twenty-five percent of the annual ad valorem tax the District was authorized to collect in 1977 under state law for minimum aggregate payments of $3,066,000 plus $5,995,164 repayment to the Colorado River Basin fund over a fifty year period.

The municipal and industrial principal repayment obligation is $38,000,000 to be repaid in not more than fifty years following a ten year development period. The outstanding obligation at December 31, 2017 and 2016 was $30,631,829 and $31,048,105, respectively. The District has agreements for purchase of municipal and industrial water uses by other entities. The total commitment and purchase commitments by others are as follows by acre feet (A.F.) and cost:

	TOTAL COMMITMENTS		PURCHASE COMMITMENTS		DISTRICT COMMITMENT	
YEARS	A.F.	COST	A.F.	COST	A.F.	COST
2000 forward	28,100	$2,180,940	15,240	1,182,830	12,860	998,110

The purchase price of water from the Dallas Creek Project is currently $77.613523 per acre foot, with potential cost adjustments at no longer than five year intervals. The operation, maintenance and replacement costs were set at $7.50 per acre foot for 2017 and 2016, subject to annual adjustment.

During 2017 and 2016, the District's payment was based on 28,100 acre feet per the contract agreement and sold 15,240 acre feet, respectively, as per agreements.

7 - EMPLOYEE RETIREMENT PLAN

The District contributes to each employee's individual account in the Tri-County Water Conservancy District 457 Plan (Plan), a defined contribution pension plan for its full-time employees. The Plan is administered by CPI Qualified Plan Consultants, Inc. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Directors of the District. Employees are eligible to participate after ninety days of full-time employment, at which point the District contributes 5% (10% after one year's employment) of the employees' base salary each month. Employees are also permitted to make contributions up to applicable Internal Revenue Code limits.

Full vesting of benefits begin immediately resulting in no forfeitures for the Plan. For the years ended December 31, 2017 and 2016, employee contributions were $21,640 and $23,890, respectively, and the District recognized pension expense of $109,429 and $117,595, respectively.

The District had no liability to the Plan at December 31, 2017 and 2016.

8 - JOINT VENTURE

The District is a participant with three municipalities and another water district in a joint venture to operate the Project 7 Water Authority, a water treatment facility. The Authority is governed by a five member board consisting of an appointed representative from each of the participants. The District is obligated by contract to purchase the treatment of 183 million gallons of water annually from the Authority so long as the Authority has any unpaid debt other than for operating expenses, at rates set by the Authority. The rate for 2017 and 2016 was 90 cents per thousand gallons which results in a minimum annual purchase commitment of $155,550 but the rate charged may be changed by action of the Authority.

During the years ended December 31, 2017 and 2016, the District purchased treatment of 812 and 723 million gallons for $730,682 and $650,191, respectively. At December 31, 2017 and 2016, the District owed the Authority $48,228 and $45,699, respectively. Separate financial statements of Project 7 Water Authority are available from the District or the Authority.

9 - SPENDING AND DEBT LIMITATIONS

The State Constitution, Article X, Section 20, has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. It is the opinion of management and the District's attorney that the District's water and hydropower activities are an enterprise within the meaning of Article X, Section 20, and is not subject to the revenue limitations nor required to establish the emergency reserves, but is subject to the property tax limitations contained therein.

10 - RISK MANAGEMENT

The District is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure, except for the distribution system, is covered by purchase of commercial insurance, including worker's compensation, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11 - NONCASH INVESTING AND FINANCING ACTIVITIES

In addition to cash invested in the acquisition and construction of capital assets, developers and other governments contributed water distribution system improvements valued at $53,540 for the year ended December 31, 2016.

SUPPLEMENTARY INFORMATION

TRI-COUNTY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the years ended December 31, 2017 and 2016

	2017			2016		
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
PROPRIETARY						
REVENUES						
Water sales $	3,230,000	3,079,526	(150,474)	3,230,000	2,960,869	(269,131)
Hydropower sales	1,190,000	1,248,597	58,597	1,020,000	1,141,903	121,903
Reimbursed hydropower costs			-	375,000	357,081	(17,919)
Material sales						
and reimbursements		8,099	8,099		1,332	1,332
New construction		2,891	2,891		8,633	8,633
Tap fees	200,000	342,128	142,128	150,000	257,764	107,764
Investment income	130,000	177,346	47,346	110,000	149,822	39,822
Miscellaneous	14,270	18,429	4,159	10,490	7,214	(3,276)
Vehicle and equipment sales	10,000	10,728	728	10,000	29,700	19,700
Raw water	1,311,430	1,273,321	(38,109)	1,305,830	1,273,058	(32,772)
Line extension fees	40,000		(40,000)	40,000		(40,000)
Dam monitoring	159,300	242,891	83,591	148,680	284,318	135,638
Fedral hydropower incentives	15,000		(15,000)		456,275	456,275
TOTAL PROPRIETARY REVENUES	6,300,000	6,403,956	103,956	6,400,000	6,927,969	527,969
EXPENDITURES	7,600,000	6,918,564	681,436	7,800,000	6,782,334	1,017,666
EXCESS (DEFICIT) OF PROPRIETARY REVENUES OVER (UNDER) EXPENDITURES	(1,300,000)	(514,608)	785,392	(1,400,000)	145,635	1,545,635
GOVERNMENT						
REVENUES						
Property and specific ownership taxes	1,400,000	1,510,560	110,560	1,400,000	1,472,757	72,757
EXPENDITURES	1,400,000	349,409	1,050,591	1,400,000	338,078	1,061,922
EXCESS (DEFICIT) OF GOVERNMENT REVENUES OVER (UNDER) EXPENDITURES	-	1,161,151	1,161,151	-	1,134,679	1,134,679
TOTAL DISTRICT REVENUES	7,700,000	7,914,516	214,516	7,800,000	8,400,726	600,726
TOTAL DISTRICT EXPENDITURES	9,000,000	7,267,973	1,732,027	9,200,000	7,120,412	2,079,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES $	(1,300,000)	646,543	1,946,543	(1,400,000)	1,280,314	2,680,314
RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENDITURES TO CHANGE IN NET POSITION:						
Capital contributions - other					53,540	
Capital expenditures		760,311			772,415	
Net increase (decrease) in fair value of investments		(92,174)			(38,842)	
Reimbursed hydropower costs					(357,081)	
Debt service - principal		424,020			415,697	
Depreciation		(1,591,402)			(1,593,270)	
$		147,298			(747,541)	

TRI-COUNTY WATER CONSERVANCY DISTRICT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the years ended December 31, 2017 and 2016

	2017			2016		
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
PROPRIETARY						
EXPENDITURES						
Directors' expense	$ 55,000	47,725	7,275	55,000	50,292	4,708
Travel and lodging	8,000	4,884	3,116	8,000	3,152	4,848
Training	7,000	7,144	(144)	7,000	6,435	565
Dues and subscriptions	7,000	4,629	2,371	7,000	8,868	(1,868)
Publishing and printing	15,000	15,354	(354)	15,000	20,155	(5,155)
Attorney fees	12,000	9,874	2,126	12,000	11,019	981
Audit and accounting	13,250	13,075	175	13,000	12,500	500
Financial advisor fees	25,000	20,984	4,016	25,000	19,879	5,121
Consulting fees		4,554	(4,554)		20,713	(20,713)
Lab	3,000	865	2,135	6,000	865	5,135
Radio repeater rental/upgrade		1,500	(1,500)		1,500	(1,500)
Office supplies and equipment	38,000	27,765	10,235	38,000	24,420	13,580
Communications	11,500	7,901	3,599	11,500	7,838	3,662
Postage and CC/EFT fees	50,000	49,125	875	48,000	45,554	2,446
Utilities - office	13,000	8,852	4,148	13,000	9,742	3,258
Building maintenance	10,000	4,816	5,184	10,000	7,858	2,142
Small tools	12,000	5,041	6,959	12,000	4,622	7,378
Equipment, vehicles and tools	100,000	90,700	9,300	100,000	56,358	43,642
Capital improvements	500,000	427,941	72,059	500,000	327,421	172,579
Materials and supplies	50,000	25,266	24,734	75,000	43,559	31,441
Weed control	2,000		2,000	5,000	98	4,902
Equipment maintenance	35,000	30,519	4,481	35,000	28,571	6,429
Vehicle maintenance	20,000	10,311	9,689	20,000	4,732	15,268
Equipment fuel	100,000	50,880	49,120	100,000	47,513	52,487
Insurance and bonds	40,000	30,329	9,671	50,000	31,191	18,809
Personnel costs	1,300,000	1,084,379	215,621	1,325,000	1,105,325	219,675
Payroll taxes	110,000	83,749	26,251	110,000	89,522	20,478
Employee benefits	565,000	476,193	88,807	525,000	489,338	35,662
Workmen's comp insurance	50,000	20,497	29,503	50,000	22,438	27,562
Water treatment	700,000	730,682	(30,682)	720,000	650,191	69,809
Electricity	180,000	159,466	20,534	180,000	144,282	35,718
Raw water	2,180,940	2,187,920	(6,980)	2,188,140	2,187,920	220
Irrigation water	64,000	64,000	-	64,000	64,000	-
Dam operations and maintenance	334,450	339,342	(4,892)	320,020	380,768	(60,748)
Water conservation	10,000		10,000	10,000		10,000
Hydropower project	900,000	90,545	809,455	1,020,000	77,302	942,698
Hydropower transmission cost			-			-
Hydropower lease of power privilege		75,655	(75,655)		70,253	(70,253)
Debt service - principal		424,020	(424,020)		415,697	(415,697)
Debt service - interest		282,082	(282,082)		290,443	(290,443)
Contingency	78,860		78,860	122,340		122,340
TOTAL PROPRIETARY EXPENDITURES	$ 7,600,000	6,918,564	681,436	7,800,000	6,782,334	1,017,666
GOVERNMENT						
EXPENDITURES						
Irrigation ad valorum	320,564	320,564	-	309,455	309,455	-
Treasurers' fees	30,000	28,845	1,155	30,000	28,623	1,377
Contingency	1,049,436		1,049,436	1,060,545		1,060,545
TOTAL GOVERNMENT EXPENDITURES	$ 1,400,000	349,409	1,050,591	1,400,000	338,078	1,061,922