TRI-COUNTY WATER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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

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
June 9, 2020

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, 2019 and 2018.

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 $42,512,435 (net position). Of this amount, $16,663,503 (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 $41,152,687 and $15,095,906, respectively.

- The District's total net position increased (decreased) by $1,359,748 in 2019 and $640,144 in 2018, mainly the result of increased hydropower sales, increased property and specific ownership taxes, increased investment income, federal hydropower incentives and net increase in fair value of investments in 2019. In 2018, the increase was the result of increased water sales and increased property and specific ownership taxes, increased investment income, federal hydropower incentives and net increase in fair value of investments.

- 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 2018 to 2019. In 2014, the District began the operation of hydropower which has increased revenues and related expenses. Investment income reflects the improving 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 approximate order of magnitude as the annual depreciation on the water distribution system as generally recommended in the industry. Depreciation including hydropower facilities for 2019 and 2018 was $1,627,945 and $1,616,766, 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 2018, capital contributions - tap fees were up due to increased growth in the District's service area. This reverses the trend set in years prior to 2017 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 2014.

- 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 2019 and 2018 under this agreement of $715,442 for 795 million gallons and $797,592 for 886 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 23 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 24 through 25 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 $42,512,435 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

	2019	2018
Current assets	$ 6,336,511	4,090,728
Capital assets	38,114,221	39,007,144
Other assets	14,078,019	12,285,581
Total assets	58,528,751	57,383,453
Current liabilities	2,047,799	1,890,275
Long-term liabilities	12,476,839	12,926,837
Total liabilities	14,524,638	14,817,112
Deferred inflows of resources	1,491,678	1,413,654
Net position:		
Net investment in capital assets	25,187,383	25,639,139
Restricted	661,549	417,642
Unrestricted	16,663,503	15,095,906
Total net position	$42,512,435	41,152,687

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 $1,359,748 and $640,144, respectively, during the fiscal years ended December 31, 2019 and 2018. The increase in net position for 2019 was mainly due to increased hydropower sales, increased property and specific ownership taxes, increased investment income, federal hydropower incentives, net increase in fair value of investments and increased capital contributions. The increase in net position for 2018 was mainly the result of increased water sales, increased property and specific ownership taxes, increased investment income, federal hydropower incentives, and net increase in fair value of investments.

Tri-County Water Conservancy District Changes in Fund Net Position

	2019	2018
Revenues:		
Operating revenue	$ 5,948,694	5,607,024
Non-operating revenue	2,500,028	2,126,239
Total revenues	8,448,422	7,733,263
Expenses:		
Operating expenses:		
Water costs	3,400,442	3,474,742
Hydropower costs	163,213	114,285
Administrative and general	2,452,325	2,084,910
Depreciation	1,627,945	1,616,766
Non-operating expenses:		
Net (increase) decrease in fair value of investments	(193,807)	(9,131)
Interest expense	264,854	273,553
Treasurers' fees	30,772	29,398
Total expenses	7,745,744	7,584,523
Income (loss) before contributions	702,678	148,740
Capital contributions - tap fees	517,700	429,900
Capital contributions - other	139,370	61,504
Change in net position	1,359,748	640,144
Net position - beginning of year	41,152,687	40,512,543
Net position - end of year	$42,512,437	41,152,687

For the most part, the District was able to contain expenses. The District incurred an increase in non-operating revenues mainly due to federal hydropower incentives, increased property and specific ownership taxes, increased investment income and net income in fair value of investments. The District had an increase in expenses due to increased personnel costs and an increase in fair value of investments.

Budgetary highlights

Changes between actual revenues and budgeted amounts were primarily due to increased hydropower sales, increased tap fees, increased investment income and federal hydropower incentives.

Actual expenses reflect budgeted amounts which have remained relatively consistent due to the economy except for decreased capital improvements and equipment purchases.

Capital Asset and Debt Administration

Capital assets. The Tri-County Water Conservancy District's investment in capital assets as of December 2019 and 2018 amounted to $38,114,221 and $39,007,144, 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.

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

	2019	2018
Water distribution system	$20,080,918	20,444,772
Water meters	1,701,097	1,766,379
Storage tanks and pumping stations	1,382,026	1,353,581
Buildings and improvements	1,110	2,111
Office furniture and fixtures	2,181	4,363
Transportation and other equipment	149,926	213,163
Hydropower facility	14,796,963	15,222,775
	$38,114,221	39,007,144

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, 2019 and 2018

		2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$	4,173,643	1,826,191
Due from other governments		20,881	15,726
Accounts receivable		177,616	447,477
Property taxes receivable		1,491,678	1,413,654
Inventory of supplies		472,693	387,680
TOTAL CURRENT ASSETS		6,336,511	4,090,728
UTILITY PLANT IN SERVICE			
Water distribution system		36,402,171	35,942,050
Water meters		5,484,065	5,350,193
Storage tanks and pumping stations		2,789,963	2,685,496
Buildings and improvements		108,256	108,256
Office furniture and fixtures		51,095	51,095
Transportation and other equipment		1,252,548	1,254,695
Hydropower facility		17,032,476	17,032,476
		63,120,574	62,424,261
Less accumulated depreciation		25,006,353	23,417,117
UTILITY PLANT IN SERVICE - NET		38,114,221	39,007,144
OTHER ASSETS			
Restricted assets - cash and cash equivalents		661,549	417,642
Long-term investments		13,416,470	13,867,939
TOTAL OTHER ASSETS		14,078,019	14,285,581
TOTAL ASSETS	$	58,528,751	57,383,453
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$	156,226	150,463
Accrued payroll taxes			80,114
Accrued salaries and benefits		483,484	317,050
Accrued interest		62,166	64,220
New construction deposits			11,936
Unearned revenue - other		895,924	825,324
Long-term debt due in one year		449,999	441,168
TOTAL CURRENT LIABILITIES		2,047,799	1,890,275
LONG-TERM LIABILITIES			
Loans payable - net of current portion		12,476,839	12,926,837
TOTAL LONG-TERM LIABILITIES		12,476,839	12,926,837
TOTAL LIABILITIES		14,524,638	14,817,112
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - taxes		1,491,678	1,413,654
TOTAL DEFERRED INFLOWS OF RESOURCES		1,491,678	1,413,654
NET POSITION			
Net investment in capital assets		25,187,383	25,639,139
Restricted for :			
Debt service		294,939	234,640
Hydropower		366,610	183,002
Unrestricted		16,663,503	15,095,906
TOTAL NET POSITION	$	42,512,435	41,152,687

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, 2019 and 2018

		2019	2018
OPERATING REVENUES			
Water sales and charges			
Raw water	$	1,279,116	1,278,075
Treated water		3,156,682	3,508,618
Hydropower sales		1,178,068	536,182
Material sales and reimbursements		325,282	272,888
Miscellaneous		9,246	11,261
TOTAL OPERATING REVENUES		5,948,394	5,607,024
OPERATING EXPENSES			
Water costs			
Raw water		2,685,000	2,677,150
Treated water		715,442	797,592
Hydropower lease of power privilege		68,975	30,425
Hydropower other costs		94,238	83,860
Materials and supplies		76,218	34,415
Salaries and wages		1,106,864	931,803
Employee benefits		603,688	458,680
Payroll taxes		93,575	80,534
Insurance		48,531	51,256
Directors fees and expenses		52,100	48,474
Professional fees		65,260	76,813
Office expense		95,800	91,192
Utilities		187,293	191,208
Telephone		10,855	10,874
Equipment fuel and repairs		94,646	93,633
Building repair and maintenance		3,146	2,912
Miscellaneous		14,349	13,116
Depreciation		1,627,945	1,616,766
TOTAL OPERATING EXPENSES		7,643,925	7,290,703
OPERATING INCOME (LOSS)		(1,695,531)	(1,683,679)
NON-OPERATING REVENUES (EXPENSES)			
Property and specific ownership taxes		1,635,358	1,544,142
Investment income		361,147	219,572
Federal hydropower incentives		498,493	338,555
Gain on sale of equipment		5,030	23,970
Net increase (decrease) in fair value of investments		193,807	9,131
Interest expense		(264,854)	(273,553)
Treasurers' fees		(30,772)	(29,398)
NET NON-OPERATING REVENUES (EXPENSES)		2,398,209	1,832,419
NET INCOME (LOSS)		702,678	148,740
Capital contributions - tap fees		517,700	429,900
Capital contributions - other		139,370	61,504
CHANGE IN NET POSITION		1,359,748	640,144
NET POSITION, JANUARY 1		41,152,687	40,512,543
NET POSITION, DECEMBER 31	$	42,512,435	41,152,687

See Notes to Financial Statements.

TRI-COUNTY WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS

For the years ended December 31, 2019 and 2018

		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from user charges	$	6,276,919	6,094,887
Payments to suppliers for goods and services		(4,291,103)	(4,365,021)
Payments to employees		(1,717,807)	(1,445,892)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		268,009	283,974
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property and specific ownership tax - net		1,599,431	1,515,234
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		1,599,431	1,515,234
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(595,652)	(754,208)
Payment of long-term debt		(441,167)	(432,509)
Federal hydropower incentives		498,493	338,555
Capital contributions - tap fees		517,700	429,900
Proceeds from sale of capital assets		5,030	23,970
Interest paid on loans		(266,908)	(275,567)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		(282,504)	(669,859)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in long-term investments		(7,227,178)	(5,573,230)
Proceeds from sale and maturities of long-term investments		7,872,454	3,450,000
Deposits to restricted assets		(243,907)	(58,905)
Investment income received		361,147	218,785
INVESTING ACTIVITIES		762,516	(1,963,350)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,347,452	(834,001)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,826,191	2,660,192
CASH AND CASH EQUIVALENTS, END OF YEAR	$	4,173,643	1,826,191
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$	(1,695,531)	(1,683,679)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		1,627,945	1,616,766
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable		269,861	445,626
Inventory of supplies		(85,013)	1,488
Increase (Decrease) in:			
Accounts payable		5,763	(163,589)
Unearned revenue		58,664	42,237
Accrued payroll taxes		(80,114)	393
Accrued salaries and benefits		166,434	24,732
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	268,009	283,974

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 2019 and 2018, 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)

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 has a deposit policy for custodial credit risk which limits bank deposits to State and National banks located in Colorado and insured by FDIC and which are approved as public fund depositories by the State of Colorado. Deposits exceeding the insured amount shall be collateralized as required by applicable statutes. The maximum allowable certificate of deposit investment in any one bank holding company is $100,000. As of December 31, 2019 and 2018 none of the District's bank balances of $449,401 and $1,684,962, respectively, were exposed to custodial credit risk as $259,688 and $261,164 respectively, was insured and $189,713 and $1,423,798, respectively, was collateralized by securities pledged by financial institutions.

At December 31, 2019 and 2018, the carrying amount of the District's deposits were presented on the balance sheet as follows:

	2019	2018
Cash and cash equivalents	$4,173,643	1,826,191
Cash and cash equivalents - restricted assets	665,549	417,642
Investments included in cash and cash equivalents		
Colotrust	(3,307,296)	(504,147)
Money market deposit	(1,105,226)	(52,659)
	$ 442,670	1,687,027

Investments

As of December 31, 2019 and 2018, the District had the following investments and maturities:

2019

INVESTMENT TYPE	FAIR VALUE	INVESTMENT MATURITIES (in years) LESS THAN 1	1-5
U. S. Agencies	$13,416,474	1,396,315	12,020,159
Colotrust	3,307,296	3,307,296	
Money market deposit	1,105,226	1,105,226	
	$17,828,996	5,808,837	12,020,159

2018

INVESTMENT TYPE	FAIR VALUE	INVESTMENT MATURITIES (in years) LESS THAN 1	1-5
U. S. Agencies	$13,867,938		13,867,938
Colotrust	504,147	504,147	
Money market deposit	52,659	52,659	
	$14,424,744	556,806	13,867,938

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

As of December 31, 2019 and 2018, the District has invested $3,307,296 and $504,147, respectively, in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. The value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool.

The District's investment in COLOTRUST is rated AAAm by S&P. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following address:

COLOTRUST
717 17th Street, Suite 1850
Denver, CO 80202
www.colotrust.com

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, 2019 and 2018, 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.

2 - DEPOSITS AND INVESTMENTS (continued)

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, 2019, Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Mortgage, United States Treasury Notes and Federal National Mortgage Corporation securities represented 21%, 4%, 6%, 7%, 19% and 18%, respectively, of the District's investments. At December 31, 2018, Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank and Federal Home Loan Mortgage securities represented 42%, 11%, 16% and 27%, respectively, of the District's investments.

These investments are presented on the balance sheet as follows:

	2019	2018
Cash and cash equivalents	$ 4,173,643	1,826,191
Cash and cash equivalents - restricted assets	661,549	417,642
Deposits included in cash and cash equivalents	(422,670)	(1,687,027)
	4,412,522	556,806
Long-term investments	13,416,474	13,920,599
	$17,828,996	14,477,405

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.

2 - DEPOSITS AND INVESTMENTS (continued)

Fair value measurement (continued)

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, 2019 and 2018:

2019

Assets	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Investments				
Colotrust	$ 3,307,296			
Money market deposit	1,105,226			
U.S. instrumentality securities:				
Federal Home Loan Bank	3,690,684		3,690,684	
Federal National Mortgage Association	798,134		798,134	
Federal Farm Credit Bank	1,098,460		1,098,460	
Federal Home Loan Mortgage	1,202,670		1,202,670	
United States Treasury Notes	3,416,033		3,416,033	
Federal National Mortgage Corporation	$ 3,210,493		3,210,493	
Total investments	$17,828,996		13,416,474	

2018

Assets	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Investments				
Colotrust	$ 504,147			
Money market deposit	52,659			
U.S. instrumentality securities:				
Federal Home Loan Bank	5,995,325		5,995,325	
Federal National Mortgage Association	1,565,260		1,565,260	
Federal Farm Credit Bank	2,344,790		2,344,790	
Federal Home Loan Mortgage	$ 3,962,563		3,962,563	
Total investments	$14,424,744		13,867,938	

(A) During the year, the District invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chose to provide maximum safety and liquidity, while still maximizing interest earnings.

3 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2019 and 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
2019				
Capital assets being depreciated:				
Water distribution system	$35,942,050	490,130	30,009	36,402,171
Water meters	5,350,193	133,872		5,484,065
Storage tanks and pumping stations	2,685,496	104,467		2,789,963
Buildings and improvements	108,256			108,256
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,254,695	6,553	8,700	1,252,548
Hydropower facility	17,032,476			17,032,479
Total capital assets being depreciated	62,424,261	735,022	38,709	63,120,574
Less accumulated depreciation for:				
Water distribution system	15,497,278	853,984	30,009	16,321,253
Water meters	3,583,814	199,154		3,782,968
Storage tanks and pumping stations	1,331,915	76,022		1,407,937
Buildings and improvements	106,145	1,001		107,146
Office furniture and fixtures	46,732	2,182		48,914
Transportation and other equipment	1,041,532	69,790	8,700	1,102,622
Hydropower facility	1,809,701	425,812		2,235,513
Total accumulated depreciation	23,417,117	1,627,945	38,709	25,006,353
Total capital assets, net	$39,007,144	(892,923)		38,114,221

3 - CAPITAL ASSETS (continued)

2018	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Water distribution system	$35,478,303	480,452	16,705	35,942,050
Water meters	5,169,355	180,838		5,350,193
Storage tanks and pumping stations	2,620,364	65,132		2,685,496
Buildings and improvements	108,256			108,256
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,241,184	89,290	75,779	1,254,695
Hydropower facility	17,032,476			17,032,476
Total capital assets being depreciated	61,701,033	815,712	92,484	62,424,261
Less accumulated depreciation for:				
Water distribution system	14,671,996	841,987	16,705	15,497,278
Water meters	3,387,797	196,017		3,583,814
Storage tanks and pumping stations	1,258,501	73,414		1,331,915
Buildings and improvements	105,358	787		106,145
Office furniture and fixtures	44,551	2,181		46,732
Transportation and other equipment	1,040,742	76,569	75,779	1,041,532
Hydropower facility	1,383,890	425,811		1,809,701
Total accumulated depreciation	21,892,835	1,616,766	92,484	23,417,117
Total capital assets, net	$39,808,198	(801,054)		39,007,144

4 - SHORT-TERM DEBT

The District had no short-term debt during the years ended December 31, 2019 and 2018.

5 - LONG-TERM LIABILITIES

A. 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, 2019 of $11,445,694 is payable as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST
2020	$ 357,339	228,914	586,253
2021	364,486	221,767	586,253
2022	371,776	214,477	586,253
2023	379,212	207,042	586,254
2024	386,796	199,457	586,253
2025 - 2029	2,053,159	878,108	2,931,267
2030 - 2034	2,266,854	664,413	2,931,267
2035 - 2039	2,502,790	428,477	2,931,267
2040 - 2044	2,763,282	167,985	2,931,267
	$11,445,694	3,207,640	14,653,334

B. 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, 2019 of $1,481,144 is payable as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST
2020	$ 92,660	29,162	121,822
2021	94,523	27,299	121,822
2022	96,423	25,399	121,822
2023	98,361	23,461	121,822
2024	100,338	21,484	121,822
2025 - 2029	532,765	76,347	609,112
2030 - 2033	466,074	21,215	487,289
	$1,481,144	224,367	1,705,511

5 - LONG-TERM LIABILITIES (continued)

B. Colorado Water Resources and Power Development Authority Loan Payable (continued)

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, 2019 and 2018 was as follows:

	BALANCE BEGINNING OF YEAR	ADDITION	REDUCTION	BALANCE END OF YEAR	DUE WITHIN ONE YEAR
2019					
CWCB Loan	$11,796,027		350,333	11,445,694	357,339
CWRPDA Loan	1,571,978		90,834	1,481,144	92,660
	$13,368,005		441,167	12,926,838	449,999
2018					
CWCB Loan	$12,139,491		343,464	11,796,027	350,333
CWRPDA Loan	1,661,023		89,045	1,571,978	90,835
	$13,800,514		432,509	13,368,005	441,168

In 2019 and 2018, the District incurred interest costs totaling $264,854 and $273,553, 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.

6 - COMMITMENTS (continued)

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, 2019 and 2018 was $29,726,327 and $30,191,485, 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 $8.00 per acre foot for 2019 and 2018, respectively, subject to annual adjustment.

During 2019 and 2018, 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, 2019 and 2018, employee contributions were $30,674 and $28,430, respectively, and the District recognized pension expense of $120,266 and $118,527, respectively.

The District had no liability to the Plan at December 31, 2019 and 2018.

8 - JOINT VENTURE

The District is a participant with three municipalities and two other water districts in a joint venture to operate the Project 7 Water Authority, a water treatment facility. The Authority is governed by a six 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 2019 and 2018 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, 2019 and 2018, the District purchased treatment of 795 and 886 million gallons for $715,442 and $797,596, respectively. At December 31, 2019 and 2018, the District owed the Authority $42,673 and $44,266, 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 $139,370 and $61,504 for the years ended December 31, 2019 and 2018.

12 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 12, 2020 which is the date the financial statements were available to be issued.

In 2020, domestic and international economies face uncertainty related to the COVID-19 pandemic. The District may be adversely affected through a delay in collection of the charges and negative impacts on operations. However, the related financial impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

TRI-COUNTY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the years ended December 31, 2019 and 2018

		2019			2018		
		ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
PROPRIETARY							
REVENUES							
Water sales	$	3,230,000	3,156,682	(73,318)	3,160,500	3,508,618	348,118
Hydropower sales		1,020,000	1,178,068	158,068	1,406,000	536,182	(869,818)
Material sales and reimbursements			64,940	64,940		10,020	10,020
New construction			10,454	10,454		17,350	17,350
Tap fees		250,000	517,700	267,700	286,000	429,900	143,900
Investment income		230,000	361,147	131,147	177,530	219,572	42,042
Miscellaneous		16,550	9,246	(7,304)	20,000	6,093	(13,907)
Vehicle and equipment sales		10,000	5,030	(4,970)	11,000	23,970	12,970
Raw water		1,316,530	1,279,116	(37,414)	1,310,670	1,278,075	(32,595)
Line extension fees		10,000		(10,000)	10,000		(10,000)
Dam monitoring		166,920	249,888	82,968	154,300	247,389	93,089
Fedral hydropower incentives			498,493	498,493		338,555	338,555
TOTAL PROPRIETARY REVENUES		6,250,000	7,330,764	1,080,764	6,536,000	6,615,724	79,724
EXPENDITURES		7,500,000	6,987,452	512,548	6,836,000	6,808,560	27,440
EXCESS (DEFICIT) OF PROPRIETARY REVENUES OVER (UNDER) EXPENDITURES		(1,250,000)	343,312	1,593,312	(300,000)	(192,836)	107,164
GOVERNMENT							
REVENUES							
Property and specific ownership taxes		1,500,000	1,635,358	135,358	1,494,600	1,544,142	49,542
EXPENDITURES		1,500,000	360,973	1,139,027	1,494,600	351,748	1,142,852
EXCESS (DEFICIT) OF GOVERNMENT REVENUES OVER (UNDER) EXPENDITURES		-	1,274,385	1,274,385	-	1,192,394	1,192,394
TOTAL DISTRICT REVENUES		7,750,000	8,966,122	1,216,122	8,030,600	8,159,866	129,266
TOTAL DISTRICT EXPENDITURES		9,000,000	7,348,425	1,651,575	8,330,600	7,160,308	1,170,292
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$	(1,250,000)	1,617,697	2,867,697	(300,000)	999,558	1,299,558
RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENDITURES TO CHANGE IN NET POSITION:							
Capital contributions - other			139,370			61,504	
Capital expenditures			595,652			754,208	
Net increase (decrease) in fair value of investments			193,807			9,131	
Debt service - principal			441,167			432,509	
Depreciation			(1,627,945)			(1,616,766)	
	$		1,359,748			640,144	

TRI-COUNTY WATER CONSERVANCY DISTRICT

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the years ended December 31, 2019 and 2018

	2019 ORIGINAL AND FINAL BUDGET	2019 ACTUAL	2019 FAVORABLE (UNFAVORABLE) VARIANCE	2018 ORIGINAL AND FINAL BUDGET	2018 ACTUAL	2018 FAVORABLE (UNFAVORABLE) VARIANCE
PROPRIETARY						
EXPENDITURES						
Directors' expense	$ 55,000	52,100	2,900	49,000	48,474	526
Travel and lodging	8,000	3,124	4,876	4,000	4,021	(21)
Training	7,000	4,624	2,376	5,000	3,619	1,381
Dues and subscriptions	7,000	5,238	1,762	5,000	6,170	(1,170)
Publishing and printing	15,000	9,839	5,161	15,000	9,271	5,729
Attorney fees	12,000	17,191	(5,191)	9,000	11,480	(2,480)
Audit and accounting	14,000	13,940	60	13,000	13,500	(500)
Financial advisor fees	30,000	25,649	4,351	26,000	22,311	3,689
Consulting fees		2,500	(2,500)		2,500	(2,500)
Lab	2,000	865	1,135	1,000	865	135
Radio repeater rental/upgrade		1,500	(1,500)		1,500	(1,500)
Office supplies and equipment	38,000	30,852	7,148	38,000	26,217	11,783
Communications	11,500	9,079	2,421	9,000	8,386	614
Postage and CC/EFT fees	60,000	49,860	10,140	48,000	49,462	(1,462)
Utilities - office	13,000	9,254	3,746	10,000	9,733	267
Building maintenance	10,000	3,146	6,854	3,000	2,912	88
Small tools	12,000	12,983	(983)	5,200	7,292	(2,092)
Equipment, vehicles and tools	100,000	6,553	93,447	100,000	89,290	10,710
Capital improvements	500,000	311,182	188,818	510,000	250,322	259,678
Materials and supplies	50,000	54,735	(4,735)	32,500	27,444	5,056
Weed control	1,000	613	387	500		500
Equipment maintenance	35,000	18,372	16,628	25,500	15,555	9,945
Vehicle maintenance	20,000	4,304	15,696	13,500	9,772	3,728
Equipment fuel	50,000	53,022	(3,022)	42,000	55,893	(13,893)
Insurance and bonds	40,000	32,061	7,939	45,000	32,352	12,648
Personnel costs	1,300,000	1,285,132	14,868	1,025,000	1,131,355	(106,355)
Payroll taxes	110,000	93,912	16,088	86,000	88,038	(2,038)
Employee benefits	525,000	506,426	18,574	435,000	472,882	(37,882)
Workmen's comp insurance	40,000	11,279	28,721	35,000	14,462	20,538
Water treatment	800,000	715,442	84,558	680,000	797,592	(117,592)
Electricity	150,000	169,253	(19,253)	140,000	173,353	(33,353)
Raw water	2,180,940	2,187,920	(6,980)	2,180,940	2,187,920	(6,980)
Irrigation water	64,000	64,000	-	64,000	64,000	-
Dam operations and maintenance	355,880	352,768	3,112	328,450	350,269	(21,819)
Water conservation	10,000		10,000			-
Hydropower project	800,000	94,238	705,762	850,000	83,860	766,140
Hydropower lease of power privilege		68,975	(68,975)		30,426	-
Debt service - principal		441,167	(441,167)		432,509	(432,509)
Debt service - interest		264,854	(264,854)		273,553	(273,553)
Contingency	73,680		73,680	2,410		2,410
TOTAL PROPRIETARY EXPENDITURES	$ 7,500,000	6,987,952	512,048	6,836,000	6,808,560	27,440
GOVERNMENT						
EXPENDITURES						
Irrigation ad valorum	330,201	330,201	-	320,564	322,350	(1,786)
Treasurers' fees	35,000	30,772	4,228	29,000	29,398	(398)
Contingency	1,134,799		1,134,799	1,145,036		1,145,036
TOTAL GOVERNMENT EXPENDITURES	$ 1,500,000	360,973	1,139,027	1,494,600	351,748	1,142,852