

Menoken Water District
Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Menoken Water District
Montrose, Colorado

We have audited the accompanying financial statements of the business-type activities of Menoken Water District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Menoken Water District, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–5 and 18–19 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.

Blair and Associates, P.C.

Cedaredge, Colorado

May 13, 2021

Menoken Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2020

As management of the Menoken Water District, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- The District's assets exceeded its liabilities by \$ 1,651,114 at the end of the year, a decrease of \$ 196,118 from the prior year, after \$ 180,880 of depreciation expense.
- The District's unrestricted net position was \$ 479,985, decrease of \$ 41,137 from the prior year.
- During 2020, the District received capital contributions of \$ 45,000 from tap fees and \$ 2,706 from developer extensions.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of four components: (1) statement of net position, (2) statement of revenues, expenses and changes in net position, (3) statement of cash flows, and (4) notes to the financial statements.

- The statement of net position presents information on all of the 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 a useful indicator of whether the financial position of the District is improving or deteriorating (see page 6).
- The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. 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. The statement reports the District's operating and non-operating revenue by source along with operating and non-operating expenses and capital contributions (see page 7).
- The statements of cash flows report the District's cash flows from operating, investing and capital activities (see page 8).
- The notes to the financial statements 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 beginning on page 9 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons. This information can be found beginning on page 18 of this report.

Financial Analysis

The following summarizes the District's net position as of December 31, 2020 and 2019.

	2020	2019
Assets		
Current assets	\$ 511,660	\$ 547,214
Capital assets	1,171,129	1,326,110
Total assets	<u>1,682,789</u>	<u>1,873,324</u>
Liabilities		
Current liabilities	20,076	15,894
Non current liabilities	11,599	10,198
Total liabilities	<u>31,675</u>	<u>26,092</u>
Net Position		
Net investment in capital assets	1,171,129	1,326,110
Unrestricted	479,985	521,122
Total net position	<u>\$ 1,651,114</u>	<u>\$ 1,847,232</u>

By far, the largest portion of the District's net position, 71%, reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its users; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining \$ 479,985 is unrestricted and available for on-going obligations of the District.

The following summarized the change in the District's net position for the years ended December 31, 2020 and 2019.

	2020	2019
Revenues		
Operating revenues	\$ 722,780	\$ 678,936
Non-operating revenues	1,180	2,351
Capital contributions	47,706	40,106
Total revenues	<u>771,666</u>	<u>721,393</u>
Expenses		
Operating expenses	786,904	678,420
Depreciation	180,880	179,054
Total expenses	<u>967,784</u>	<u>857,474</u>
Changes in net position	(196,118)	(136,081)
Net position - January 1	1,847,232	1,983,313
Net position - December 31	<u>\$ 1,651,114</u>	<u>\$ 1,847,232</u>

Capital Assets

The District's net investment in capital assets amounts to \$ 1,171,129, net of \$ 4,967,917 of accumulated depreciation, as of December 31, 2020. This investment consists of land, storage and distributions system, building and improvements, equipment and furniture and fixtures.

Additional information on the District's capital assets can be found on page 16.

Economic Factors and Next Year's Budgets

Water Rates:

Water rates remained the same in 2020. The Project 7 Water Authority Treatment plant increased rates \$.15 per 1,000 gallons on January 2020. Project 7 is currently preparing to construct a second treatment plant near Ridgeway Reservoir which will require an estimated \$.15 per year increase for 5 years. The district will need to pass the increased costs to customers.

Water usage was up 26.56 % over 2019 for District customers.

Cost of Service: Per 1,000 gallons sold	2020 = 173,479,000 gallons	
Raw water	\$ 0.32	
Water treatment	0.97	
Office & administrative	1.12	
System O&M	2.07	
Capital improvement	0.15	
Cost of service		\$ 4.63
Water sold in 2019	\$ 4.10	
Service fees	0.08	
Tap fees, Pipe extensions	0.25	
Investments	0.01	
Income		\$ 4.44
net income per 1,000 gal.		\$ (0.19)

Capital expenditure for 2020 was a new service truck

Capital expenditures estimated for 2021:
Meter change out program \$ 48,000

Request for Information

This financial report is designed to provide a general overview of the district's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District Manager, 4386 6225 Road, Montrose, Colorado 81401.

**Menoken Water District
Statements of Net Position
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 108,521	\$ 144,838
Certificates of deposit	217,525	216,586
Investments	53,279	53,046
Accounts receivable		
Customers	67,425	67,915
Prepaid expenses	5,220	5,139
Inventory	59,690	59,690
Total current assets	<u>511,660</u>	<u>547,214</u>
Capital Assets		
Land	51,465	51,465
Distribution System, net	1,038,704	1,209,409
Equipment, net	52,376	32,947
Buildings, net	28,584	32,289
Total capital assets	<u>1,171,129</u>	<u>1,326,110</u>
Total assets	<u>1,682,789</u>	<u>1,873,324</u>
Current Liabilities		
Accounts payable	13,420	9,937
Accrued compensated absences, current portion	6,656	5,957
Total current liabilities	<u>20,076</u>	<u>15,894</u>
Non-current Liabilities		
Accrued compensated absences	11,599	10,198
Total liabilities	<u>31,675</u>	<u>26,092</u>
Net Position		
Net investment in capital assets	1,171,129	1,326,110
Unrestricted	479,985	521,122
Total net position	<u>\$ 1,651,114</u>	<u>\$ 1,847,232</u>

The accompanying notes are an integral part of these financial statements.

Menoken Water District
Statements of Revenues, Expenses and Changes in Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Water sales	\$ 712,185	\$ 660,590
Other sales and charges for services	3,021	5,769
Miscellaneous	7,574	12,577
Total operating revenues	<u>722,780</u>	<u>678,936</u>
Operating Expenses		
Personal services	421,630	374,291
Water purchase and treatment	228,854	179,174
Other operating	81,072	65,034
General administrative	55,348	59,921
Total operating expenses	<u>786,904</u>	<u>678,420</u>
Operating loss before depreciation	(64,124)	516
Depreciation	<u>(180,880)</u>	<u>(179,054)</u>
Operating loss	<u>(245,004)</u>	<u>(178,538)</u>
Non-operating revenues (expenses)		
Interest income	1,180	2,351
Total non-operating revenues (expenses)	<u>1,180</u>	<u>2,351</u>
Loss before capital contributions	<u>(243,824)</u>	<u>(176,187)</u>
Capital contributions		
Tap fees	45,000	33,500
Developers	2,706	6,606
Total capital contributions	<u>47,706</u>	<u>40,106</u>
Change in net position	<u>(196,118)</u>	<u>(136,081)</u>
Net position - January 1	<u>1,847,232</u>	<u>1,983,313</u>
Net position - December 31	<u>\$ 1,651,114</u>	<u>\$ 1,847,232</u>

The accompanying notes are an integral part of these financial statements.

**Menoken Water District
Statements of Cash Flows
December 31, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Receipts from users and customers	\$ 723,271	\$ 670,668
Payments for employee services	(419,530)	(374,209)
Payments to suppliers	(361,872)	(304,706)
Net cash used for operating activities	(58,131)	(8,247)
Cash flows from capital related financing activities		
Tap fees	45,000	33,500
Developers	2,706	6,606
Capital expenditures	(25,900)	
Net cash provided by capital and related financing activities	21,806	40,106
Cash flows from investing activities		
Interest earned on deposits and investments	1,180	2,351
Purchase of investments	(1,172)	(2,303)
Net cash provided by (used) for investing activities	8	48
Net increase (decrease) in cash	(36,317)	31,907
Cash - January	144,838	112,931
Cash - December	\$ 108,521	\$ 144,838
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (245,004)	\$ (178,538)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	180,880	179,054
Decrease (increase) in accounts receivable	491	(8,268)
Decrease (increase) in prepaid expenses	(81)	2,561
Decrease (increase) in inventory	-	-
Increase (decrease) in accounts payable	3,483	(3,138)
Increase in compensated absences payable	2,100	82
Net cash used for operating activities	\$ (58,131)	\$ (8,247)

The accompanying notes are an integral part of these financial statements.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note A – Summary of Significant Accounting Policies

The financial statements of Menoken Water District, (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles:

1. Reporting Entity

The District was originally incorporated as Menoken Water Company (the Company) in 1960 as a Colorado nonprofit entity. On November 4, 1997, the electors approved changing the Company to a political subdivision of the State of Colorado, and changing the Company's name to Menoken Water District. The District provides domestic water to customers in northeast Montrose County, Colorado. The District is governed by an elected five-member board. For financial reporting purposes, the district, an Enterprise (C.R.S Section 20 Article X) is a stand-alone entity; there are no component units included in the accompanying financial statements and the district is not considered a component unit of another entity.

2. Financial Statement Presentation

The accounts of the District have been organized on the basis of a single enterprise fund. Enterprise funds are used to account for operation that are financed and operated in a manner similar to private business enterprises. It is the intent of the governing body that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to users for water sales which result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and give up essentially equal values. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note A – Summary of Significant Accounting Policies - continued

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The District utilized the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

The assets, liabilities, and net position of the District are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the District's programs.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of cash certificates of deposits and highly liquid investments purchased with an initial maturity of three months or less.

5. Fair Value Measurement

The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The District's investments consist of ColoTrust Prime which is stated at net asset value.

6. Accounts Receivable

The District considers accounts receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is maintained. If amounts become uncollectible, they are charged to operations when that determination is made.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note A – Summary of Significant Accounting Policies – continued

7. Inventory

Inventory consists of materials and supplies which are stated at cost on a first-in/first-out method.

8. Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets that have a useful life of more than one year and that have an initial cost of \$ 5,000 or more. Replacements, which improve or extend the lives of property, are capitalized. The District capitalizes labor and equipment costs for self-constructed capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Storage and distribution	30 to 45 years
Building and improvements	25 years
Equipment, furniture and fixtures	5 to 10 years

9. Compensated Absences

Vacation time accrues at the rate of one week after one year of employment and two weeks after two years of employment. Sick leave accrues at the rate of ½ day per month up to 15 days, after which unused sick leave is paid monthly.

10. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note A – Summary of Significant Accounting Policies – continued

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Note B – Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirement of state and local governments.

The amendment excludes enterprises from its provisions; Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provision of the amendment. It is the District's opinion that qualifies for the exclusion and is therefore excluded from the provisions of the amendment.

Note C – Budgets

The District adheres to the following budgetary procedures:

- Budgets are required by state law.
- The budget officer is required to submit a proposed budget by October 15.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Expenditures may not legally exceed total appropriations. Board approval is required for changes in the adopted budget. Budget appropriations lapse at the end of the year. The District could be in violation of Colorado Budget Law because actual expenditures exceeded budgetary amounts.
- The District's budgets are prepared based on the flow of current financial resources using a modified accrual basis of accounting.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note C – Budgets – continued

Following is a summary of the adjustment necessary to convert to the budgetary basis from GAAP:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 771,666	\$ 967,784
Adjustments:		
Capital Outlay		25,900
Depreciation		(180,880)
Budgetary basis	771,666	812,804
Budget	<u>726,100</u>	<u>808,583</u>
Variance – favorable (unfavorable)	<u>\$ 45,566</u>	<u>\$ (4,221)</u>

Note D – Deposits and Investments

The District adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, effective for periods beginning after June 15, 2004. This statement establishes and modifies disclosure requirements related to investment credit risk; including custodial credit risk and concentrations of credit risk; interest rate risk and foreign currency risk; as well as deposit custodial credit risk and foreign currency risk.

1. Deposits

Colorado State Statutes govern the District’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to one hundred and two percent of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020 the carrying amount of the District’s deposits was \$ 325,546 and the bank balances were \$ 344,943. Of the bank balances, all were insured under FDIC.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note D – Deposits and Investments – continued

2. Investments

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 United States government agency securities; certain international agency securities; general obligation and revenue bonds of 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 investment policy that would further limit its investment choices.

Fair Value Hierarchy: the District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments required to be reported under the fair value hierarchy.

Investments Measured at Net Asset Value

ColoTrust Prime \$53,279

At December 31, 2020 and 2019 the District had investments of \$53,279 and \$ 53,046, respectively, in a local government investment pool; the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is 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 (CRS), 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 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. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. Separately issued financial statements may be obtained at the following address:

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

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note D – Deposits and Investments – continued

3. Reconciliation of Cash and Investments as Shown on the Statements of Net Position as of December 31, 2020:

Cash and investments:	
Cash on hand	\$ 500
Carrying amount of deposits	325,546
Carrying amount of investments	<u>53,279</u>
	<u>\$ 379,325</u>
Statements of net position classification:	
Cash	\$ 108,521
Certificates of deposit	217,525
Investments	<u>53,279</u>
	<u>\$ 379,325</u>

Note E – Non-current Liabilities

Non-current liability activity for compensated absences for the year ended December 31, 2020, was as follows:

Balance January 1, 2020	\$ 16,155
Additions	2,100
Reductions	<u>-</u>
Balance December 31, 2020	<u>\$ 18,255</u>
Current portion	<u>\$ 6,656</u>

Note F – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, including employee health insurance and workman’s compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three years.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note G – Capital Assets

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 51,465	\$ -	\$ -	\$ 51,465
Total capital assets, not being depreciated	<u>51,465</u>	<u>-</u>	<u>-</u>	<u>51,465</u>
Capital, being depreciated				
Storage and distribution system	5,459,765	-	-	5,459,765
Building and improvements	168,280	-	-	168,280
Equipment	396,484	25,900	-	422,384
Furniture and fixtures	37,152	-	-	37,152
Total capital assets, being depreciated	<u>6,061,681</u>	<u>25,900</u>	<u>-</u>	<u>6,087,581</u>
Less accumulated depreciation for:				
Storage and distribution system	(4,250,356)	(170,705)	-	(4,421,061)
Building and improvements	(135,991)	(3,706)	-	(139,697)
Equipment	(363,537)	(6,470)	-	(370,007)
Furniture and fixtures	(37,152)	-	-	(37,152)
Total accumulated depreciation	<u>(4,787,036)</u>	<u>(180,881)</u>	<u>-</u>	<u>(4,967,917)</u>
Total capital assets, being depreciated, net	<u>1,274,645</u>	<u>(154,981)</u>	<u>-</u>	<u>1,119,664</u>
Net investment in capital assets	<u>\$ 1,326,110</u>	<u>\$ (154,981)</u>	<u>\$ -</u>	<u>\$ 1,171,129</u>

Note H – Commitments

The District purchases all of its treated water from the Project 7 Water Authority. The District is committed to paying for the treatment of a minimum of 45 million gallons of water annually from the Project 7 Water Authority. During the years ended December 31, 2020 and 2019 the District's actual usage was 169.7 million and 138.6 million gallons at a cost of \$ 169,688 and \$ 124,740, respectively.

Menoken Water District
Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Note H – Commitments – continued

Pursuant to a contract with the Tri-County Water Conservancy District, the District is committed to purchasing an allotment of raw water from the Dallas Creek Water Projects. The allotment amounts are as follows:

Blocks One and Two	565 acre feet annually
Block Three	<u>75</u> acre feet annually
Total	<u>640</u> acre feet annually

Payment for the cost of the water will be paid annually for fifty years at which time the District will own water rights in the amount listed. Required payments for the additional acre feet in Block Three began in 2000. The required payment was \$ 55,113 and \$ 54,793 for 2020 and 2019 respectively, including operations and maintenance costs.

Note I – Employee Retirement Plan

The District provides pension benefits for all of its full time employees in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

All full time employees are eligible to participate in the plan that is administered by the District from the date of hire. The District will match up to 6% of each employee base salary. District contributions for all employees are a 100% vested.

The District's total payroll for the year 2020 was \$ 305,165. The District's contributions were calculated using the base salary of \$ 195,433. The District made the required contributions of \$ 11,726 and the employees made required contributions of \$ 11,726.

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Available Resources - January 1	\$ 473,643	\$ 473,643	\$ 521,123	\$ 47,480
Revenues				
Water sales	670,000	670,000	712,185	42,185
Material sold to customers	3,500	3,500	2,706	(794)
Service charges	5,000	5,000	1,792	(3,208)
Lock-off fees	1,100	1,100	1,193	93
Penalties	4,600	4,600	3,443	(1,157)
Extension labor and equipment	4,000	4,000	3,021	(979)
Tap fees	36,000	36,000	45,000	9,000
Interest	1,800	1,800	1,180	(620)
Miscellaneous	100	100	1,146	1,046
Total revenues	<u>726,100</u>	<u>726,100</u>	<u>771,666</u>	<u>45,566</u>
Total available resources	<u>1,199,743</u>	<u>1,199,743</u>	<u>1,292,789</u>	<u>93,046</u>
Expenditures				
Personal services:				
Salaries	310,834	310,834	300,035	10,799
Employee medical insurance	86,963	86,963	77,482	9,481
Payroll taxes	23,638	23,638	23,345	293
Workmen's compensation	6,500	6,500	6,792	(292)
Unemployment insurance	800	800	880	(80)
Miscellaneous labor	500	500	1,370	(870)
Employee retirement	10,098	10,098	11,726	(1,628)
Water				
Raw water	57,000	57,000	56,399	601
Treatment	147,090	147,090	172,405	(25,315)
UVWUA	50	50	50	-
Operating:				
Gas, oil and fuel	8,000	8,000	10,053	(2,053)
Vehicle maintenance and repair	2,500	2,500	5,742	(3,242)
Shop supplies	2,500	2,500	2,174	326
Equipment maintenance and repair	2,500	2,500	4,937	(2,437)
Small tools	2,500	2,500	3,403	(903)
System maintenance and repair	18,300	18,300	47,126	(28,826)
Materials sold to customers	2,500	2,500	1,699	801
Permits	500	500	195	305
Water Samples	600	600	677	(77)
Other	-	-	2,416	(2,416)

Menoken Water District
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
General Administrative:				
Insurance	20,800	20,800	21,798	(998)
Office equipment and computers	4,000	4,000	2,627	1,373
Accounting and audit	6,900	6,900	7,000	(100)
Telephone	6,500	6,500	7,783	(1,283)
Postage	5,000	5,000	4,722	278
Office supplies	3,000	3,000	2,908	92
Director's fees	2,100	2,100	1,800	300
Electricity	2,800	2,800	3,068	(268)
Pest control and trash removal	300	300	300	-
Heat	1,300	1,300	1,096	204
Office equipment maintenance and repair	300	300	206	94
Dues and memberships	400	400	400	-
Legal	100	100	136	(36)
Employee advancement	720	720	683	37
Building maintenance and repair	2,000	2,000	331	1,669
Refunds	500	500	0	500
Water system tax	490	490	490	-
Capital expenditures:				
New meter pit installations	7,500	7,500	1,399	6,101
System improvements	45,000	45,000	0	45,000
Capital equipment	500	500	27,151	(26,651)
Customer extensions	5,000	5,000	0	5,000
Contingency	10,000	10,000	0	10,000
Total expenditures	<u>808,583</u>	<u>808,583</u>	<u>812,804</u>	<u>(4,221)</u>
Available Resources December 31	<u>\$ 391,160</u>	<u>\$ 391,160</u>	<u>\$ 479,985</u>	<u>\$ 88,825</u>