

**PROJECT 7 WATER AUTHORITY
FINANCIAL STATEMENTS
& INDEPENDENT AUDITOR'S
REPORT
December 31, 2020 & 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Project 7 Water Authority
Montrose, CO 81401

I have audited the accompanying financial statements of the business-type activities of the Project 7 Water Authority, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 Authority'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 Authority's internal control. Accordingly, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Project 7 Water Authority as of December 31, 2020 and 2019, and the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Project 7 Water Authority's financial statements as a whole. The supplementary information, which includes: revenues and expenditures – budget and actual (budgetary basis), is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kelly Neal States, CPA, PC

Delta, Colorado
August 12, 2021

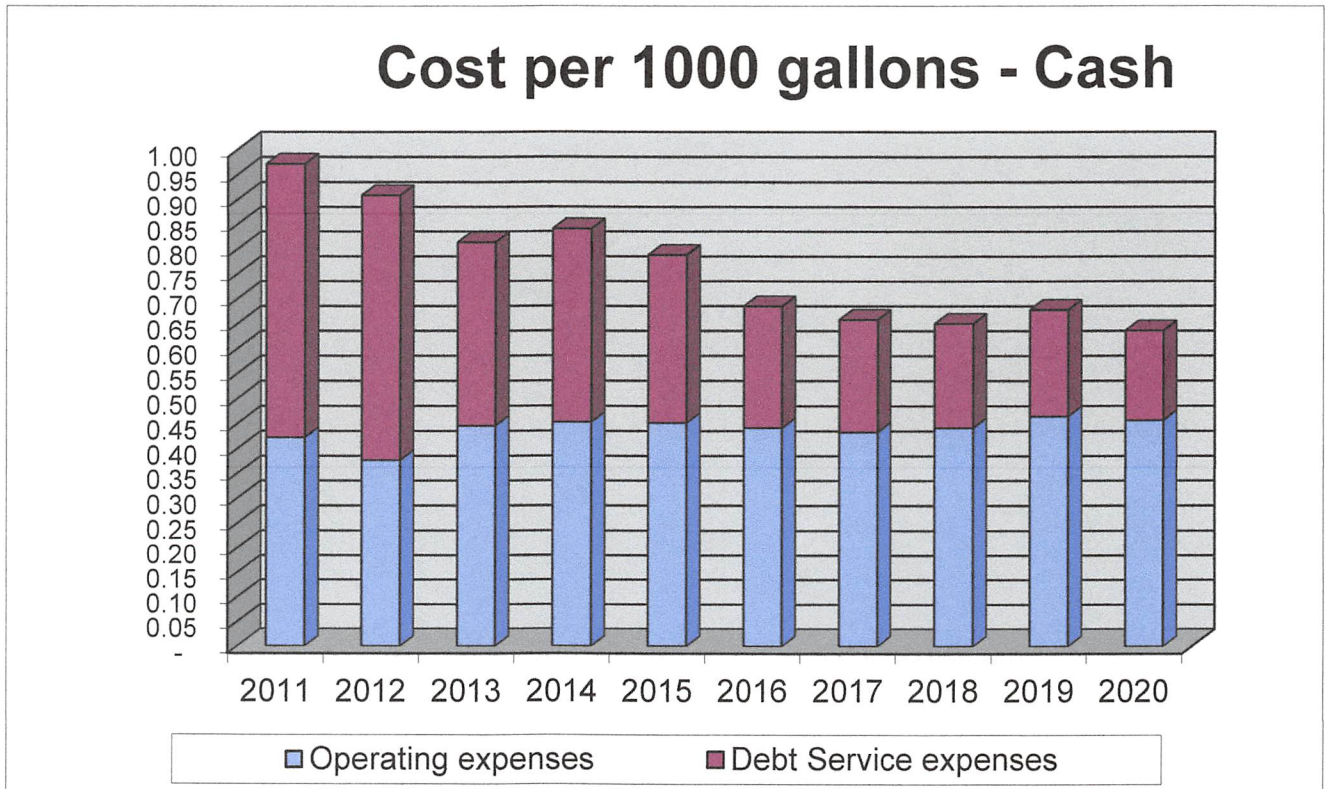
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Project 7 Water Authority, (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2020 and 2019.

Financial Highlights

- The assets of the Authority exceeded its liabilities at December 31, 2020 and 2019 by \$10,556,619 and \$9,468,191 respectively, (net position). Of this amount, \$3,263,917 and \$3,300,861, at December 31, 2020 and 2019, respectively, (unrestricted net position), may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by \$1,088,429 and \$367,369 for the years ended December 31, 2020 and 2019, respectively.
- The Authority's operating expenses increased from 2019 to 2020 due to increased employee costs, chemicals, repairs and maintenance and professional fees. Water sales increased significantly 27.0% due to an increase in consumption and a rate increase from 90 cents per thousand gallons to 1.00 per thousand gallons of treated water to the contracting parties.
- The cost per 1000 gallons has decreased due to a decrease in debt service costs and an increase in the number of gallons of water sold.



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements in an enterprise fund. As an enterprise fund, the Authority's basic financial statements are presented as a special purpose government engaged only in business type activities, i.e. providing water treatment services and are comprised of two components: 1) the financial statements and 2) notes to financial statements used to explain in more detail some of the information in the financial statements.

The *Statement of Net Position* reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. The statements provide information about the nature and the amounts of investments (assets) and the obligations owed by the Authority (liabilities). It provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. However, other non-financial factors should be considered, such as changes in economic conditions and the effects of new or changed governmental legislation.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the Authority's operating and non-operating revenues and expenses. Operating expenses include all operational costs of the District including depreciation. Non-operating revenue includes interest income and non-operating expense includes interest expense.

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 11 through 14 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 15 through 28 of the report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's budgetary comparisons for revenues and expenditures. Supplementary information can be found on pages 29 through 32 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$10,556,619 at the close of the most recent fiscal year.

A majority of the Authority's net position, (approximately 62 percent), reflects its investment in capital assets, (e.g. land, buildings, equipment, water tanks and distribution system), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to members; consequently, these assets are not available for future spending. Restricted net position of \$312,500, are those net assets legally restricted for loan covenants.

At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

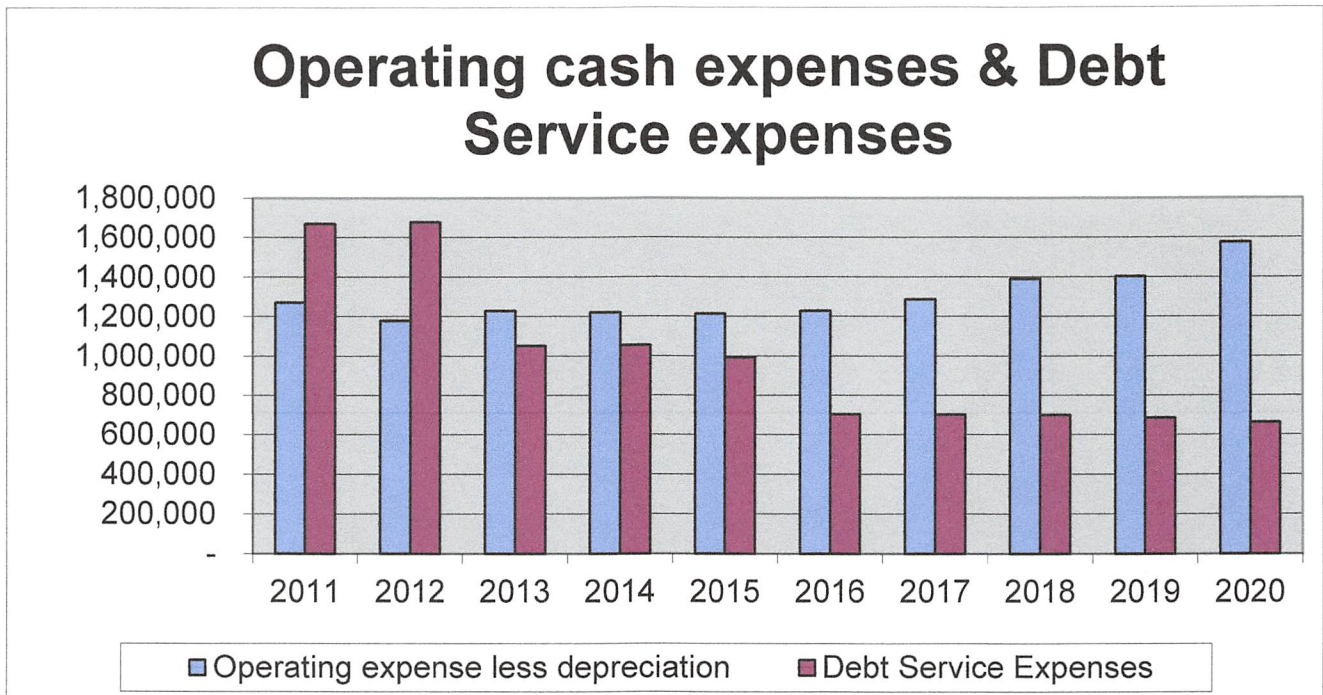
		Project 7 Water Authority Net Position	
Assets:		<u>2020</u>	<u>2019</u>
Current	\$	3,437,818	3,409,102
Restricted		312,500	312,500
Capital		<u>12,413,885</u>	<u>11,748,718</u>
	Total Assets	<u>16,164,202</u>	<u>15,470,320</u>
Liabilities:			
Current		697,158	615,576
Long-term			
Debt		<u>4,910,425</u>	<u>5,386,553</u>
	Total Liabilities	<u>5,607,583</u>	<u>6,002,129</u>
Net Position:			
Net Investment in Capital Assets		6,943,258	5,891,774
Restricted		312,500	312,500
Unrestricted		<u>3,300,861</u>	<u>3,263,917</u>
	Total Net Position	<u>\$ 10,556,619</u>	<u>9,468,191</u>

The Authority's net position increased by \$1,088,428 and \$367,369, respectively, during the fiscal years ended December 31, 2020 and 2019.

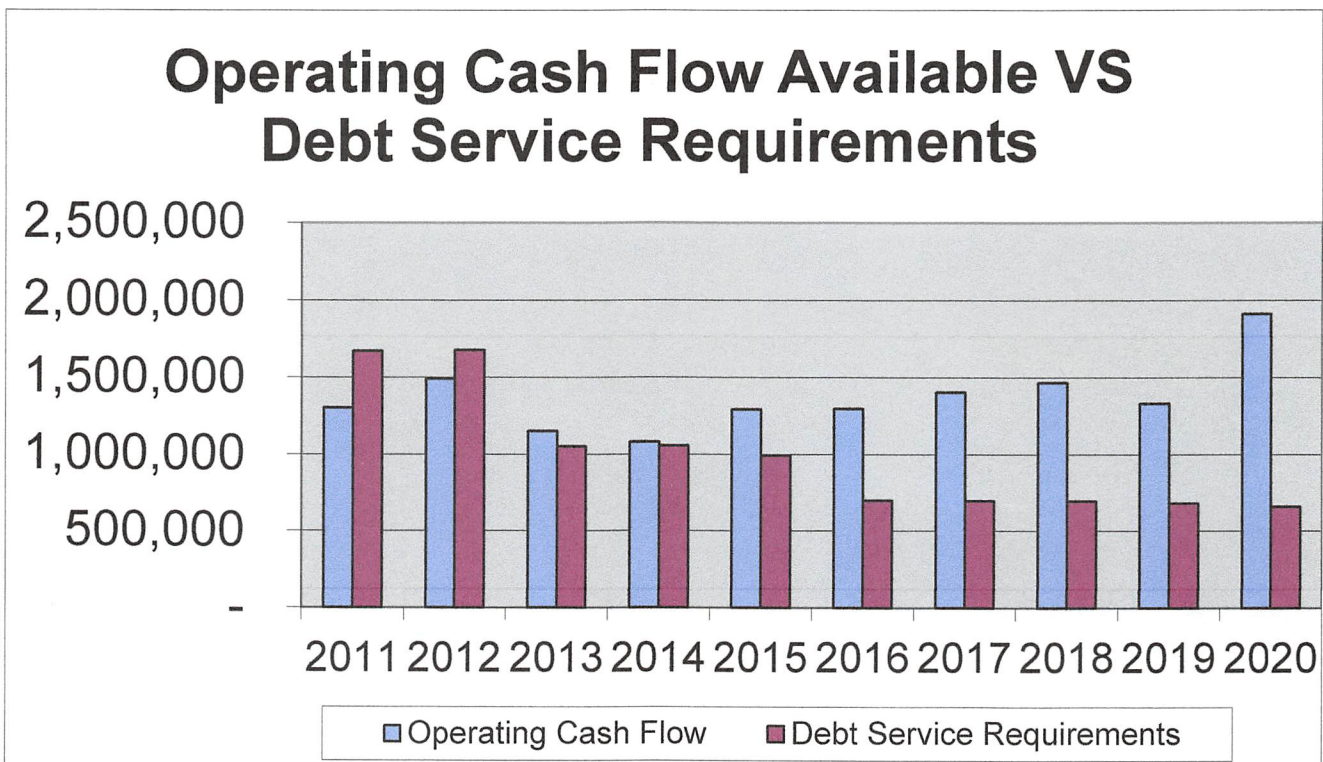
Project 7 Water Authority Changes in Net Position		
	<u>2020</u>	<u>2019</u>
Revenues:		
Operating	\$ 3,487,253	2,735,216
Non-Operating	11,008	25,216
Total Revenues	<u>3,498,261</u>	<u>2,760,432</u>
Expenses:		
Operating Expenses:		
Source of Supply	19,100	35,630
Water Treatment	1,507,964	1,461,589
Transmission and Distribution	381,673	369,928
Administrative and General	330,691	306,466
Non-Operating	170,405	219,450
Total Expenses	<u>2,409,833</u>	<u>2,393,063</u>
Changes in Net Position	1,088,428	367,369
Net Position - Beginning of Year	<u>9,468,191</u>	<u>9,100,822</u>
Net Position - End of Year	<u>\$ 10,556,619</u>	<u>9,468,191</u>

The end of year cash and investment balances stayed even though \$1,845,468 was spent on capital assets and the amount of gallons sold and rate per thousand gallons charged to the member entities increased from 2019 to 2020.

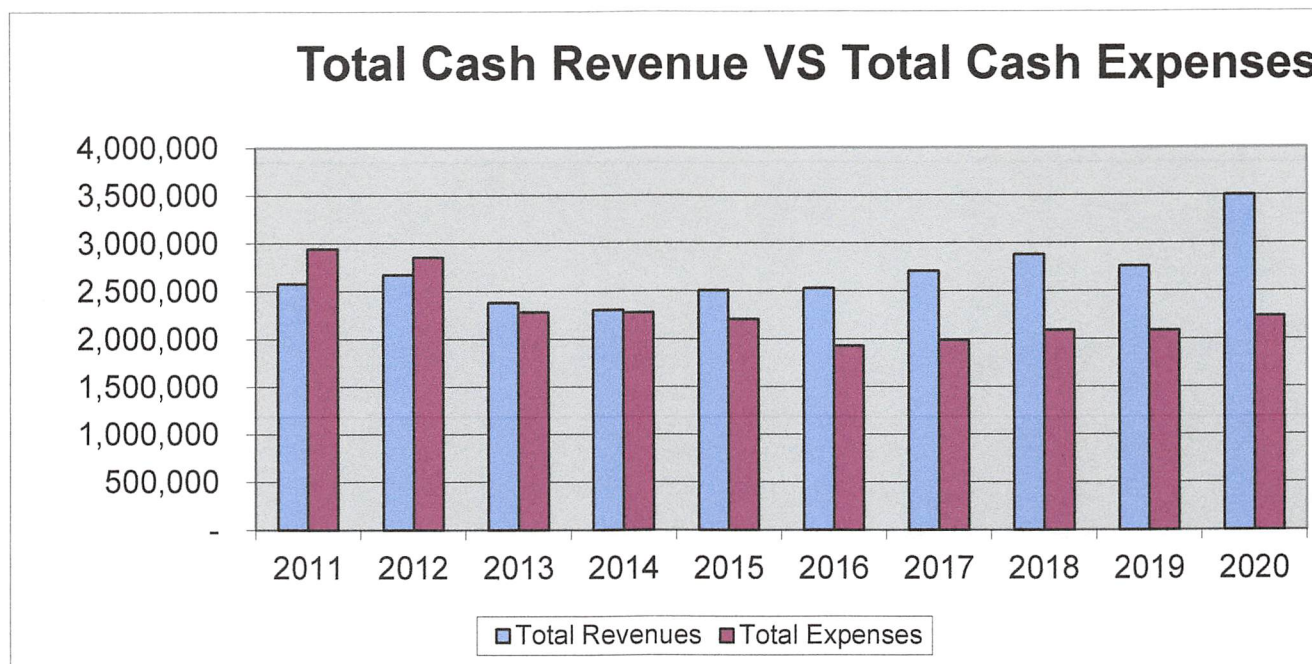
The Authority's operating cash expenses compared to the debt service expenses are illustrated in the following graph:



The Authority's net cash flow available (revenues less operating expenses excluding depreciation) compared to the debt service requirements illustrated in the following graph:



The Authority's total cash revenues compared to cash expenses, including debt service, but not capital outlay, is illustrated by the following graph:



Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets as of December 31, 2020 and 2019 amounted to \$12,329,811 and \$11,748,717, respectively, (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, water tanks and distribution system. There were no major capital asset events during the past fiscal year.

PROJECT 7 WATER AUTHORITY CAPITAL ASSETS (Net of Depreciation)

	2020	2019
Land and Right-Of-Ways	\$ 1,412,134	697,042
Storage Reservoir and Transmission Line	7,463	24,650
Buildings and Improvements	161,870	174,219
Water Treatment Plant	7,387,086	7,708,043
Equipment	276,361	124,386
Vehicles	12,743	20,371
Transmission, Storage and Distribution System	2,494,631	2,772,954
Construction in Progress	661,597	227,052
Total Capital Assets	\$ 12,413,885	11,748,717

Additional information on the Authority’s capital assets can be found in Note 3 on page 21 of this report.

Long-term debt. At the end of the current fiscal year, the Authority had \$ 5,856,944 of loans with the Colorado Water Resources and Power Development Authority secured by the revenues of the Authority.

		<u>2020</u>	<u>2019</u>
2008 CWRPDA Loan	\$	<u>5,386,553</u>	<u>5,856,944</u>
LONG-TERM DEBT	\$	<u>5,386,553</u>	<u>5,856,944</u>

Additional information on the Authority’s long-term debt can be found in note 5 on page 23 of this report.

Economic Factors and Next Year’s Budgets

- Real property was purchased in 2020 at a cost of \$1,315,000 as a location for an additional water plant. The Authority has sold the property purchased in 2018 that was originally intended for the additional plant in December, 2020.
- In 2020 the Authority will be diligently focused on the design of the additional plant.
- One of the three 50 HP pumps used for backwashing the filters stopped working in late 2018. As of May 2021, all three pumps were replaced and two motors re-wound.
- In 2021 the Authority will continue to work on building consensus with all stakeholders for the additional south water plant. A consensus was reached going back towards using raw water pipeline from Ridgway Reservoir to the additional site. The Authority also got its first grant in 2021, a small \$25k optimization study from Bureau of Reclamation that makes getting future grants more likely. The Authority also was approved for a \$7,000,000 loan from the CWRPDA for design of the transmission line, treatment plant and raw delivery system for the additional water plant.
- We have begun to upgrade monitoring stations on the pipeline to transition to an internet based SCADA system for getting information back from remote sites. The first new technology was installed at Grand Ave in Montrose, Colorado to bring back signals from Chipeta Water District and the City of Montrose. If this new technology works well, up to sixteen additional sites may be served in a similar manner.
- As part of the design, we will pilot (using small scale models) of two competing technologies to prove to CDPHE which technology can successfully treat Ridgway Reservoir water the most efficiently. This will be a large effort the over fall of 2021 to spring of 2022.
- A contractor and engineering firm will be brought on-board early in 2022 to begin the construction process of the additional water plant and water lines.

Request for Information

This financial report is designed to provide a general overview of the Project 7 Water Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Project 7 Water Authority, 69128 E. Hwy 50, P.O. Box 1185, Montrose, Colorado, 81402.

FINANCIAL STATEMENTS

PROJECT 7 WATER AUTHORITY
STATEMENT OF NET POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,218,480	3,218,393
Due from Related Parties	156,126	127,128
Prepaid Insurance	27,600	26,175
Inventory of Supplies	35,612	37,406
TOTAL CURRENT ASSETS	<u>3,437,818</u>	<u>3,409,102</u>
NONCURRENT ASSETS		
RESTRICTED ASSETS		
Operations and Maintenance Reserve Account:		
Cash and Cash Equivalents	312,500	312,500
TOTAL RESTRICTED ASSETS	<u>312,500</u>	<u>312,500</u>
UTILITY PLANT IN SERVICE		
Land, Right-Of-Way and Easements	1,412,134	697,042
Storage Reservoir and Transmission Line	1,333,704	1,333,704
Buildings and Improvements	362,390	362,390
Water Treatment Plant	14,659,777	14,659,777
Equipment	787,598	607,985
Vehicles	102,386	102,386
Transmission, Storage and Distribution System	13,700,285	13,700,285
Construction in Progress	661,597	227,052
UTILITY PLANT IN SERVICE	<u>33,019,871</u>	<u>31,690,621</u>
Less Accumulated Depreciation	<u>(20,605,987)</u>	<u>(19,941,903)</u>
UTILITY PLANT IN SERVICE - NET	<u>12,413,884</u>	<u>11,748,718</u>
TOTAL ASSETS	<u>16,164,202</u>	<u>15,470,320</u>

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	84,288	159
Accrued Payroll	8,880	5,341
Accrued Costs of Compensated Absences	52,329	43,619
Accrued Interest Payable	75,533	96,066
Current Portion of Long-Term Debt	476,128	470,391
TOTAL CURRENT LIABILITIES	<u>697,158</u>	<u>615,576</u>
LONG-TERM DEBT - NET	<u>4,910,425</u>	<u>5,386,553</u>
TOTAL LIABILITIES	<u>5,607,583</u>	<u>6,002,129</u>
NET POSITION		
Net Investment in Capital Assets	7,027,331	5,891,774
Restricted:		
For Operations and Maintenance Reserve	312,500	312,500
Unrestricted	<u>3,216,788</u>	<u>3,263,917</u>
TOTAL NET POSITION	<u>\$ 10,556,619</u>	<u>9,468,191</u>

PROJECT 7 WATER AUTHORITY**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water Sales	\$ 3,453,776	2,721,292
Miscellaneous	33,477	13,924
TOTAL OPERATING REVENUES	<u>3,487,253</u>	<u>2,735,216</u>
OPERATING EXPENSES		
Source of Supply	19,100	35,630
Water Treatment	1,507,964	1,461,589
Transmission and Distribution	381,673	369,928
Administrative and General	330,691	306,466
TOTAL OPERATING EXPENSES	<u>2,239,428</u>	<u>2,173,613</u>
OPERATING INCOME	<u>1,247,825</u>	<u>561,603</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	8,757	25,216
Interest Expense	(170,405)	(219,450)
Gain on sale of assets	2,251	
NET NONOPERATING REVENUES (EXPENSES)	<u>(159,397)</u>	<u>(194,234)</u>
CHANGE IN NET POSITION	<u>1,088,428</u>	<u>367,369</u>
NET POSITION - BEGINNING	<u>9,468,191</u>	<u>9,100,822</u>
NET POSITION - ENDING	<u>\$ 10,556,619</u>	<u>9,468,191</u>

The Accompanying Notes are an Integral Part of These Financial Statements

PROJECT 7 WATER AUTHORITY**STATEMENT OF CASH FLOWS**

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Water Sales	\$ 3,424,778	2,726,349
Payments to Suppliers	(845,021)	(776,833)
Payments to Employees	(633,577)	(611,675)
Other Receipts	33,477	13,924
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,979,657</u>	<u>1,351,765</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(1,929,542)	(545,000)
Proceeds from the sale of capital assets	602,542	
Principal Paid on Long-Term Debt	(470,391)	(464,655)
Interest Paid on Long-Term Debt	(190,937)	(222,499)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,988,328)</u>	<u>(1,232,154)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	8,757	25,216
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>8,757</u>	<u>25,216</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86	144,827
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	<u>3,530,893</u>	<u>3,386,066</u>
END OF YEAR	<u>3,530,979</u>	<u>3,530,893</u>
DISPLAYED AS:		
Cash and Cash Equivalents in Current Assets	3,218,480	3,218,393
Restricted Cash and Cash Equivalents:		
Operations and Maintenance Reserve Account	312,500	312,500
RECONCILED TOTAL OF CASH	<u>\$ 3,530,980</u>	<u>3,530,893</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Income from Operations	\$ 1,247,825	561,603
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	664,083	796,888
Changes in Assets and Liabilities:		
(Increase) Decrease in Due from Related Parties	(28,998)	4,897
(Increase) Decrease in Prepaid Insurance	(1,425)	(493)
(Increase) Decrease in Inventory	1,794	(14,464)
Increase (Decrease) in Accounts Payable	84,129	(1,233)
Increase (Decrease) in Accrued Payroll	3,539	2,878
Increase (Decrease) in Accrued Compensated Absences	8,710	1,689
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,979,657</u>	<u>1,351,765</u>

The Accompanying Notes are an Integral Part of These Financial Statements

NOTES TO FINANCIAL STATEMENTS

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FORM OF ORGANIZATION

The Project 7 Water Authority, (Authority), operates under a contract that established the Authority as a separate governmental entity on September 29, 1977, under Colorado Revised Statutes, 29-1-203. The contracting parties that the Authority provides treated water to are the Cities of Delta and Montrose, Colorado, the Town of Olathe, Colorado, Tri-County Water Conservancy District, Menoken Water District and the Chipeta Water District. The Authority is governed by a board consisting of an appointed representative from each of the contracting parties.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

B. REPORTING ENTITY

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as 1) Appointment of a voting majority of the component unit's board and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or 2) fiscal dependency on the primary government. Based on these criteria, there are no other organizations that would be considered component units of the Authority.

C. BASIC FINANCIAL STATEMENTS

The Authority is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service and loan reserves, and unrestricted net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the change in net position is necessary or useful to sound financial administration. Proprietary funds distinguish operating revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to contracting parties for sales of treated water. 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 non-operating revenues and expenses.

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

E. ASSETS, LIABILITIES AND NET POSITION

Cash and cash equivalents. The Authority 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.

Investments. The Authority's policy is to invest in certificates of deposit and securities guaranteed or issued by the Federal government or its agencies. Investments are stated at fair value.

Allowance for Doubtful Accounts. The Authority considers all receivables collectible, and accordingly, provides no allowance for doubtful accounts.

Revenue Recognition. Revenues are recognized when earned. Metered water accounts are read and billed at the end of each month.

Inventories. Inventory, consisting primarily of operating supplies for water treatment, is stated at the lower of cost or market. Cost is determined by using last invoice cost.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. ASSETS, LIABILITIES AND NET POSITION (continued)

Restricted Assets. These assets consist of certificates of deposit, investments and investments classified as cash and cash equivalents restricted for debt service.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Construction costs are increased by interest incurred on bonds during the construction period and reduced by earnings from investment of the unexpended bond proceeds. It is the Authority's policy to capitalize all capital expenditures over \$1,000 with an estimated useful life in excess of two years. 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 and no depreciation is recorded in the year of acquisition or construction. The estimated useful lives are as follows:

Storage Reservoir	40 years
Buildings and Improvements	5 to 25 years
Water Treatment Plant	15 to 40 years
Equipment	3 to 10 years
Vehicles	5 years
Transmission and Distribution System	40 years

Compensated Absences. The liability for compensated absences consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Debt Issuance Costs. Debt issuance costs are recognized as an expense during the period of issuance.

Reclassifications. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES AND NET POSITION (continued)

Net Position. Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, into one component of net position. Accumulated depreciation and related debt of these assets reduce this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations, including debt service covenants, of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Authority, which are not restricted for any project or other purpose. A deficit would require future funding.

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

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, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. BUDGETS AND BUDGETARY ACCOUNTING

The Authority follows these procedures in establishing the budget.

- a. The Authority's manager submits a proposed operating budget to the Board and a public hearing is held prior to December 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 grants and loan proceeds 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 Authority and the level of control is in total.
- c. The Board of Directors may authorize supplemental appropriations during the year. During 2020 and 2019 no supplemental appropriations were adopted.
- d. Unused appropriations lapse at the end of the year.

2 – DEPOSITS 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.

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 Authority does not have a deposit policy for custodial credit risk. As of December 31, 2020 and 2019 none of the Authority's bank balances of \$2,568,947 and \$2,604,110, respectively, were exposed to custodial credit risk as \$500,000 was insured, and \$2,068,947 and \$2,104,110, respectively, was collateralized by securities pledged by financial institutions.

PROJECT 7 WATER AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2020 and 2019

2 – DEPOSITS AND INVESTMENTS (continued)

Investments

At December 31, 2020 and 2019, the Authority had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>	
		<u>2020</u>	<u>2019</u>
Colostrust Plus	N/A	\$ 999,324	992,080

Interest Rate risk. The Authority does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority has not experienced fair value losses for the past 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 Authority has no policy that would further limit its investment choice. As of December 31, 2020 and 2019, the Authority's investment in Colostrust Plus, a 2a7-like investment pool, was rated AAAM by Standard & Poor's, Aaa by Moody's Investors Service and AAA/V-1 by Fitch Ratings. Separate financial statements for Colostrust are available at www.colostrust.com.

Concentration of Credit Risk. The Authority places no limit on the amount the Authority may invest in any one issuer and all of the investments for the years ended 2020 and 2019 were in Colostrust Plus.

PROJECT 7 WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020 and 2019

3 - CAPITAL ASSETS (continued)

2020	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land and Rights-Of-Way	\$ 697,042	1,315,384	600,292	\$ 1,412,134
Construction in Progress	227,052	434,545		661,597
Total Capital Assets Not Being Depreciated	<u>924,094</u>	<u>1,749,929</u>	<u>600,292</u>	<u>2,073,731</u>
Capital Assets Being Depreciated:				
Storage Reservoir and Transmission Line	1,333,704			1,333,704
Buildings and Improvements	362,390			362,390
Water Treatment Plant	14,659,777			14,659,777
Equipment	607,985	179,613		787,598
Vehicles	102,386			102,386
Transmission, Storage and Distribution System	13,700,285			13,700,285
Total Capital Assets Being Depreciated	<u>30,766,527</u>	<u>179,613</u>	<u>-</u>	<u>30,946,140</u>
Less Accumulated Depreciation For:				
Storage Reservoir and Transmission Line	1,309,054	17,187		1,326,241
Buildings and Improvements	188,171	12,349		200,520
Water Treatment Plant	6,951,734	320,957		7,272,691
Equipment	483,599	27,638		511,237
Vehicles	82,015	7,628		89,643
Transmission, Storage and Distribution System	10,927,331	278,322		11,205,654
Total Accumulated Depreciation	<u>19,941,904</u>	<u>664,081</u>	<u>-</u>	<u>20,605,986</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 11,748,717</u>	<u>1,265,461</u>	<u>-</u>	<u>\$ 12,413,885</u>

PROJECT 7 WATER AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2020 and 2019

3 - CAPITAL ASSETS (continued)

2019	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land and Rights-Of-Way	\$ 697,042			\$ 697,042
Construction in Progress	109,457	117,595		227,052
Total Capital Assets Not Being Depreciated	<u>806,499</u>	<u>117,595</u>	<u>-</u>	<u>924,094</u>
Capital Assets Being Depreciated:				
Storage Reservoir and Transmission Line	1,333,704			1,333,704
Buildings and Improvements	362,390			362,390
Water Treatment Plant	14,659,777			14,659,777
Equipment	585,856	22,129		607,985
Vehicles	102,386			102,386
Transmission, Storage and Distribution System	13,295,008	405,277		13,700,285
Total Capital Assets Being Depreciated	<u>30,339,121</u>	<u>427,406</u>	<u>-</u>	<u>30,766,527</u>
Less Accumulated Depreciation For:				
Storage Reservoir and Transmission Line	1,275,359	33,695		1,309,054
Buildings and Improvements	175,821	12,349		188,171
Water Treatment Plant	6,581,358	370,376		6,951,734
Equipment	461,357	22,242		483,599
Vehicles	74,386	7,629		82,015
Transmission, Storage and Distribution System	10,576,733	350,597		10,927,331
Total Accumulated Depreciation	<u>19,145,014</u>	<u>796,888</u>	<u>-</u>	<u>19,941,904</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 12,000,606</u>	<u>(251,887)</u>	<u>-</u>	<u>\$ 11,748,717</u>

Depreciation was charged to operations during the years ended December 31, 2020 and 2019 as follows:

Source of Supply	2020	2019
	\$ 17,186	33,695
Water Treatment	356,378	400,400
Transmission and Distribution	278,323	350,597
Administrative and General	12,196	12,196
	<u>\$ 664,083</u>	<u>796,888</u>

FUTURE EXPANSION - CONSTRUCTION IN PROGRESS

The Authority has purchased property near Ridgway, Colorado with the intention of building an additional water treatment plant in order to increase treatment capacity for the long-term. The Authority is still in the developmental stage of planning and designing the additional water treatment plant and cost estimates for construction are not available as of December 31, 2020.

PROJECT 7 WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020 and 2019

4 - SHORT-TERM DEBT

For the years ended December 31, 2020 and 2019, the Authority had no short-term debt.

5 - LONG-TERM DEBT

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOANS

	<u>2020</u>	<u>2019</u>
\$10,176,512 - 2008 loan due in semi-annual installments of February 1st \$330,406 and August 1st \$333,656 in 2020 and decreasing to \$324,077 in 2030 including interest at 3.82% less the refunded bond credits described below Accrued interest payable is \$75,533 and \$96,066 at December 31, 2020 and 2019, respectively	\$ 5,386,553	5,856,944
Total principal amounts due	5,386,553	5,856,944
Less amounts due in one year	(476,128)	(470,391)
Long-term Debt - Net	<u>4,910,425</u>	<u>5,386,553</u>

During 2019, the Authority was notified by the Colorado Water Resources and Power Development Authority that they had refunded certain of their own bonds to generate savings for the loan to Project 7 of approximately \$432,456 through 2130 when the loan would be paid off. The Colorado Water Resources and Power Development Authority applies savings credits to loan interest first with any remaining credits applied to principal in the year the credits are realized reducing the total principal and interest payments due. The original principal amounts due and the covenants of the 2008 loan, remain unchanged. The credits are recorded as a reduction of interest expense in the financial statements.

PROJECT 7 WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2020 and 2019

5 - LONG-TERM DEBT (continued)
COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOANS (continued)

A summary of changes in debt is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
2020:					
2008 CWRPDA Loan	\$ 5,856,944		470,391	5,386,553	476,128
2019:					
2008 CWRPDA Loan	\$ 6,321,599		464,655	5,856,944	470,391

The annual requirements to amortize all debt outstanding as of December 31, 2020 is as follows:

Year	Principal	Interest	Anticipated Interest Credits	Estimated Total Payment
2021	\$ 476,128	230,558	(37,234)	669,452
2022	481,864	222,812	(37,664)	667,012
2023	487,601	207,840	(34,621)	660,820
2024	499,074	199,964	(37,281)	661,757
2025	504,810	191,904	(35,238)	661,476
2026-2030	2,937,076	573,050	(198,154)	3,311,972
	\$ 5,386,553	1,626,128	(380,192)	6,632,489

For the years ended December 31, 2020 and 2019, the Authority had no capitalized interest and incurred \$170,405 and \$219,450 respectively of interest costs which was charged to interest expense.

PROJECT 7 WATER AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2020 and 2019

5 – LONG-TERM DEBT (continued)

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOANS PAYABLE (continued)

The Authority may prepay the loans with the CWRPDA in whole or in part in the amount of \$100,000 or any integral multiple of \$100,000, with payments applied first to accrued interest and then to principal.

The Authority has covenanted to establish, maintain, revise and collect charges and rates at least sufficient to create gross revenues each year sufficient for all costs associated with operation and maintenance expenses and to create net revenue in an amount: (i) equal to not less than 110% of the amount necessary to pay when due the principal of and interest on the 2008 loan, and (ii) sufficient to make up any deficiencies in the rate stabilization reserve account. For the years ended December 31, 2020 and 2019, a rate stabilization reserve account was not required due to the fact that the net revenues available for debt service were sufficient in compliance with this covenant as follows:

Debt Service Coverage Ratio	<u>2020</u>	<u>2019</u>
Revenues Available for Debt Service	\$ 3,498,261	2,760,432
Operating Expenses - Budget Basis	<u>1,575,345</u>	<u>1,376,725</u>
Net Revenues Available for Debt Service	<u>\$ 1,922,916</u>	<u>1,383,707</u>
Total Principle and Interest On Long-Term Debt		
Maturities For The Current Year	<u>\$ 661,328</u>	<u>687,154</u>
Coverage Ratio	291%	201%

An Operations and Maintenance Reserve account equal to three month's budgeted operations and maintenance expenses is required and has been provided in the amount of \$312,500.

5 – COMMITMENTS

The Authority has entered into contracts for the engineering and design of an additional water treatment plant for \$941,464. At December 31, 2020, \$413,445 has been paid on the contract.

PROJECT 7 WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020 and 2019

6 – BUDGETARY ACCOUNTING

Originally adopted budgeted expenditures, amendments and final adopted budgeted expenditures for the years ended December 31, 2020 and 2019 are as follows:

	Original Budget	Amendment	Final Budget
2020	\$ 5,657,736		5,657,736
2019	2,828,476		2,828,476

The following adjustments are required to convert from financial statements presented in accordance with generally accepted accounting principles (GAAP), to revenues and expenditures using the budgetary basis of accounting as described in Note 1:

	GAAP Basis	Adjustments	Budgetary Basis
2020			
REVENUES:			
Operating Revenues	\$ 3,487,253		3,487,253
Interest Income	8,757		8,757
Gain on sale of assets	2,251		2,251
	<u>\$ 3,498,261</u>	<u>-</u>	<u>3,498,261</u>
EXPENDITURES:			
Operating Expenses	\$ 2,239,428	B) (664,083)	1,575,345
Debt Service:			-
Principal		A) 470,391	470,391
Interest	170,405	B) 20,532	190,937
Capital Improvements		C) 1,929,542	1,929,542
	<u>\$ 2,409,833</u>	<u>1,756,382</u>	<u>4,166,215</u>
2019			
REVENUES:			
Operating Revenues	\$ 2,735,216		2,735,216
Interest Income	25,216		25,216
	<u>\$ 2,760,432</u>	<u>-</u>	<u>2,760,432</u>
EXPENDITURES:			
Operating Expenses	\$ 2,173,613	B) (796,888)	1,376,725
Debt Service:			
Principal		A) 464,655	464,655
Interest	219,450	B) 3,049	222,499
Capital Improvements		C) 545,000	545,000
	<u>\$ 2,393,063</u>	<u>215,816</u>	<u>2,608,879</u>

A) Long-Term Debt Principal Payments

B) Depreciation and Amortization

C) Capital Improvements and Equipment Purchases

PROJECT 7 WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020 and 2019

7 – RELATED PARTIES

	<u>Accounts Receivable</u>		<u>Water Purchase</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
City of Montrose	\$ 52,037	45,503	1,531,508	1,241,350
City of Delta	23,900	19,884	546,972	441,454
Tri-County Conservancy Distri	54,965	42,673	928,823	715,442
Menoken Water District	10,028	7,311	172,405	123,044
Chipeta Water District	9,266	7,460	170,340	130,178
Town of Olathe	5,930	4,297	103,688	69,824
TOTAL	\$ <u>156,126</u>	<u>127,128</u>	\$ <u>3,453,736</u>	<u>2,721,292</u>

8 – EMPLOYEE RETIREMENT PLAN

The Authority provides pension benefits for all employees through a Simplified Employee Pension (SEP) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes 14.20% of the employee’s base salary each month. Contributions are transferred to an insurance company under terms of a group contract. Employees are not permitted to contribute to the plan. Full vesting of benefits begins immediately.

The Authority’s total payroll, base salary and contribution amounts were as follows:

	<u>2020</u>	<u>2019</u>
Total Payroll	\$ 645,826	616,243
Base Salary	621,880	601,594
Contributions	88,307	85,426

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 Authority’s attorney that the Authority is 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.

10 – RISK MANAGEMENT

The Authority 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 – SUBSEQUENT EVENTS

Effective January 1, 2021 the Authority increased the amount charged to the contracting parties from \$1.00 to \$1.15 for 1,000 gallons of treated water.

In July, 2021, the Authority passed a resolution to authorize entering into a loan agreement with the Colorado Water Resources and Power Development Authority in an amount not to exceed \$7,000,000.

PROJECT 7 WATER AUTHORITY

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES WITH BUDGET COMPARISONS

For the year ended December 31, 2020 with comparative totals for 2019

	2020			2019
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE	ACTUAL
REVENUES				
Water Sales	\$ 3,453,776	2,871,800	581,976	2,721,292
Miscellaneous	33,477	15,000	18,477	13,924
Interest Income	8,757	15,000	(6,243)	25,216
Gain on sale of assets	2,251		2,251	
TOTAL REVENUES	\$ 3,498,261	2,901,800	596,461	2,760,432

SUPPLEMENTARY INFORMATION

PROJECT 7 WATER AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES WITH BUDGET COMPARISONS
For the year ended December 31, 2020 with comparative totals for 2019

	2020			2019
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE	ACTUAL
SOURCE OF SUPPLY				
Electricity	\$ 456	500	44	477
Repairs and Maintenance		1,000	1,000	
Telemetry Circuits	1,458	1,500	42	1,458
Professional Services		2,000	2,000	
TOTAL SOURCE OF SUPPLY	<u>1,914</u>	<u>5,000</u>	<u>3,086</u>	<u>1,935</u>
WATER TREATMENT				
PERSONNEL SERVICES				
Salaries	505,877	491,400	(14,477)	480,776
Employee Retirement	68,903	68,160	(743)	66,648
Life Insurance	1,628	1,950	322	1,757
Group Health Insurance	205,643	230,000	24,357	198,367
Payroll Taxes	4,946	4,000	(946)	4,720
Workmen's Compensation	11,719	28,000	16,281	17,376
TOTAL PERSONNEL SERVICES	<u>798,716</u>	<u>823,510</u>	<u>24,794</u>	<u>769,644</u>
OTHER OPERATING EXPENSES				
Tools	430	600	170	339
Chemicals	248,717	215,000	(33,717)	215,658
Computer Expenses	158	1,200	1,042	223
Diesel Fuel and Lubricants	1,432	1,200	(232)	3,179
Education and Travel	915	2,400	1,485	2,025
Electricity	9,748	7,500	(2,248)	11,336
Miscellaneous			-	8
Outside Lab Analysis	17,203	20,000	2,797	11,207
Natural Gas	3,716	3,000	(716)	2,597
Professional Services		500	500	225
Safety	22	300	278	-
Security	563	2,500	1,937	749
Repairs and Maintenance				
Buildings	24,751	8,500	(16,251)	9,737
Instrumentation	406	4,700	4,294	54
Plant	22,132	11,000	(11,132)	6,899
Yard	1,631	3,000	1,369	1,372
Sludge Disposal	52	1,500	1,448	4,483
Lab Supplies	15,377	13,500	(1,877)	13,905
Trash Service	1,392	1,600	208	1,796
Uniforms	1,190	2,400	1,210	2,288
Vehicle Expense	3,035	4,000	965	3,465
TOTAL OTHER OPERATING EXPENSES	<u>352,870</u>	<u>304,400</u>	<u>(48,470)</u>	<u>291,545</u>
TOTAL WATER TREATMENT	<u>\$ 1,151,586</u>	<u>1,127,910</u>	<u>(23,676)</u>	<u>1,061,189</u>

PROJECT 7 WATER AUTHORITY

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES WITH BUDGET COMPARISONS (continued)

For the year ended December 31, 2020 with comparative totals for 2019

	2020			2019
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE	ACTUAL
TRANSMISSION AND DISTRIBUTION				
Electricity	\$ 5,641	5,000	(641)	4,910
Professional Services	4,454	7,700	3,246	3,479
Repairs and Maintenance				
Lines	82,376	3,500	(78,876)	1,069
Meters		2,500	2,500	
Circuits (telephone)	10,879	11,500	621	9,873
TOTAL TRANSMISSION AND DISTRIBUTION	\$ 103,350	30,200	(73,150)	19,331
ADMINISTRATIVE AND GENERAL PERSONNEL SERVICES				
Salaries	139,949	143,000	3,051	135,466
Employee Retirement	19,405	23,000	3,595	18,779
Life Insurance	407	750	343	439
Group Health Insurance	58,429	65,600	7,171	57,048
Payroll Taxes	1,842	2,050	208	1,803
Workmen's Compensation	3,906	7,350	3,444	5,792
TOTAL PERSONNEL SERVICES	223,938	241,750	17,812	219,327
OTHER OPERATING EXPENSES				
Advertising and Legal Notices	243	500	257	259
Audit	6,750	6,750	-	6,500
Bank Service Charges	60		(60)	32
Communications	4,069	3,000	(1,069)	8,169
Computer Expense	20	600	580	650
Director's Expenses	4,984	4,800	(184)	5,217
Dues, Memberships and Subscriptions	1,063	1,000	(63)	979
Education and Travel	105	1,000	895	1,016
Insurance	39,937	40,000	63	39,322
Legal	193	800	607	910
Miscellaneous	7,410	1,500	(5,910)	1,412
Office Expense	5,492	5,000	(492)	3,826
Postage	330	600	270	538
Professional Services	18,150	2,000	(16,150)	
Telephone	3,626	3,600	(26)	3,647
Vehicle Expense	1,740	3,000	1,260	2,165
Water	385	400	15	301
TOTAL OTHER OPERATING EXPENSES	94,557	74,550	(20,007)	74,943
TOTAL ADMINISTRATIVE AND GENERAL	\$ 318,495	316,300	(2,195)	294,270
TOTAL OPERATING EXPENSES BUDGET BASIS	\$ 1,575,345	1,479,410	(95,935)	1,376,725

PROJECT 7 WATER AUTHORITY

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES WITH BUDGET COMPARISONS (continued)

For the year ended December 31, 2020 with comparative totals for 2019

	2020			2019
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE	ACTUAL
DEBT SERVICE				
Principal	\$ 470,391	470,000	(391)	464,655
Interest	190,937	231,000	40,063	222,499
TOTAL DEBT SERVICE	<u>661,328</u>	<u>701,000</u>	<u>39,672</u>	<u>687,154</u>
CAPITAL OUTLAY				
Construction	434,545	700,000	265,455	522,871
Land	1,315,384	2,577,326	1,261,942	
Equipment	179,613	200,000	20,387	22,129
TOTAL CAPITAL OUTLAY	<u>1,929,542</u>	<u>3,477,326</u>	<u>1,547,784</u>	<u>545,000</u>
TOTAL EXPENDITURES	<u>\$ 4,166,215</u>	<u>5,657,736</u>	<u>1,491,521</u>	<u>2,608,879</u>