TRI-COUNTY WATER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2022 and 2021

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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

Opinion

We have audited the accompanying financial statements of Tri-County Water Conservancy District, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tri-County Water Conservancy District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Water Conservancy District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a text basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Tri-County Water Conservancy District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Water Conservancy District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tri-County Water Conservancy District's basic financial statements. The supplementary information - revenues and expenditures - budget and actual is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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 our opinion, based on our audit, the information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Donald R. Moreland + Associates, P.C.

Montrose, Colorado
June 14, 2023

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, 2022 and 2021.

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 $45,547,553 (net position). Of this amount, $18,618,885 (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 $44,815,418 and $18,529,715, respectively.

- The District's total net position increased (decreased) by $732,135 in 2022 and $1,670,358 in 2021, mainly the result of increased treated water sales, increased capital contributions, increased federal hydropower incentives and increased property and specific ownership taxes less the decrease in fair market value of investments in 2022. In 2021, the increase was the result of increased treated water sales, increased capital contributions, increased federal hydropower incentives, increased property and specific ownership taxes 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. Effective January 1, 2022, residential tap fees were increased to $6,500 plus the cost of installation.

- District revenues and expenses increased from 2021 to 2022. In 2014, the District began the operation of hydropower which has increased revenues and related expenses. Investment income reflects the increasing 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 2022 and 2021 was $1,713,432 and $1,666,487, 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.

- Since 2018, capital contributions - tap fees are 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 2022 and 2021 under this agreement of $1,189,183 for 915 million gallons and $998,147 for 868 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 annual 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 9 through 11 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 12 through 24 of this report.

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the Tri-County Water Conservancy District, assets exceeded liabilities and deferred inflows of resources by $45,547,553 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

	2022	2021
Current assets	$ 5,793,260	5,489,551
Capital assets	37,020,059	37,163,987
Other assets	18,044,218	17,580,530
Total assets	60,857,537	60,234,068
Current liabilities	2,377,405	2,129,036
Long-term liabilities	11,072,056	11,549,629
Total liabilities	13,449,461	13,678,665
Deferred inflows of resources	1,860,523	1,739,985
Net position:		
Net investment in capital assets	25,470,430	25,146,159
Restricted	1,458,238	1,139,544
Unrestricted	18,618,885	18,529,715
Total net position	$45,547,553	44,815,418

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 $732,135 and $1,670,358, respectively, during the fiscal years ended December 31, 2022 and 2021. The increase in net position for 2022 was mainly due to increased treated water sales, increased capital contributions, increased federal hydropower incentives and increased property and specific ownership taxes less the decrease in fair value of investments. The increase in net position for 2021 was mainly the result of increased treated water sales, increased capital contributions, increased federal hydropower incentives, increased property and specific ownership taxes and net increase in fair value of investments.

Tri-County Water Conservancy District Changes in Fund Net Position

	2022	2021
Revenues:		
Operating revenue	$ 6,317,884	6,172,003
Non-operating revenue	2,562,287	2,367,777
Total revenues	8,880,171	8,529,780
Expenses:		
Operating expenses:		
Water costs	3,935,184	3,724,168
Hydropower costs	172,630	160,458
Administrative and general	2,633,065	2,592,044
Depreciation	1,713,432	1,666,487
Non-operating expenses:		
Net (increase) decrease in fair value of investments	1,245,384	354,025
Interest expense	237,697	246,929
Treasurers' fees	37,934	34,190
Total expenses	9,975,326	8,778,301
Income (loss) before contributions	(1,095,155)	(238,521)
Capital contributions - tap fees	1,430,150	1,422,500
Capital contributions - other	377,140	486,379
Change in net position	712,135	1,670,358
Net position - beginning of year	44,815,418	43,145,060
Net position - end of year	$45,527,553	44,815,418

For the most part, the District was able to contain expenses excluding costs of treated water. The District incurred an increase in non-operating revenues mainly due to increased property and specific ownership taxes. The District had an increase in expenses due to increased treated water costs and decrease in fair value of investments.

Budgetary highlights

Changes between actual revenues and budgeted amounts were primarily due to increased water sales, increased tap fees, increased investment income, increased federal hydropower incentives, increased property and specific ownership taxes and decreased hydropower sales.

Actual expenses reflect budgeted amounts which have remained relatively consistent due to the economy except for increased equipment purchases, increased treated water costs and decreased personnel costs.

Capital Asset and Debt Administration

Capital assets. The Tri-County Water Conservancy District's investment in capital assets as of December 2022 and 2021 amounted to $37,020,059 and $37,163,987, 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)

	2022	2021
Water distribution system	$19,611,113	19,682,833
Water meters	1,900,739	1,715,097
Storage tanks and pumping stations	1,531,145	1,538,569
Buildings and improvements	103,207	564
Transportation and other equipment	354,327	281,585
Hydropower facility	13,519,528	13,945,339
	$37,020,059	37,163,987

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, 2022 and 2021

		2022	2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$	3,208,820	2,656,451
Due from other governments		20,026	22,515
Accounts receivable		80,240	375,560
Property taxes receivable		1,860,523	1,739,985
Prepaid expenses		11,962	
Inventory of supplies		611,689	695,040
TOTAL CURRENT ASSETS		5,793,260	5,489,551
UTILITY PLANT IN SERVICE			
Water distribution system		38,439,931	37,677,070
Water meters		6,309,041	5,905,910
Storage tanks and pumping stations		3,201,447	3,113,704
Buildings and improvements		210,913	108,256
Office furniture and fixtures		51,095	51,095
Transportation and other equipment		1,533,847	1,488,440
Hydropower facility		17,032,476	17,032,476
		66,778,750	65,376,951
Less accumulated depreciation		29,758,691	28,212,964
UTILITY PLANT IN SERVICE - NET		37,020,059	37,163,987
OTHER ASSETS			
Restricted assets - cash and cash equivalents		1,458,238	1,139,544
Long-term investments		16,585,980	16,440,986
TOTAL OTHER ASSETS		18,044,218	17,580,530
TOTAL ASSETS	$	60,857,537	60,234,068
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$	358,737	165,588
Accrued salaries and benefits		397,873	398,514
Accrued interest		55,752	57,932
Unearned revenue - other		1,087,470	1,038,803
Long-term debt due in one year		477,573	468,199
TOTAL CURRENT LIABILITIES		2,377,405	2,129,036
LONG-TERM LIABILITIES			
Loans payable - net of current portion		11,072,056	11,549,629
TOTAL LONG-TERM LIABILITIES		11,072,056	11,549,629
TOTAL LIABILITIES		13,449,461	13,678,665
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - taxes		1,860,523	1,739,985
TOTAL DEFERRED INFLOWS OF RESOURCES		1,860,523	1,739,985
NET POSITION			
Net investment in capital assets		25,470,430	25,146,159
Restricted for :			
Debt service		538,373	413,737
Hydropower		919,865	725,807
Unrestricted		18,618,885	18,529,715
TOTAL NET POSITION	$	45,547,553	44,815,418

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, 2022 and 2021

		2022	2021
OPERATING REVENUES			
Water sales and charges			
Raw water	$	1,284,906	1,284,117
Treated water		3,833,422	3,604,907
Hydropower sales		854,445	690,462
Material sales and reimbursements		319,821	580,445
Miscellaneous		25,290	12,072
TOTAL OPERATING REVENUES		6,317,884	6,172,003
OPERATING EXPENSES			
Water costs			
Raw water		2,746,001	2,726,021
Treated water		1,189,183	998,147
Hydropower lease of power privilege		45,630	38,520
Hydropower other costs		127,000	121,938
Materials and supplies		101,031	43,087
Salaries and wages		1,198,040	1,197,510
Employee benefits		506,976	590,826
Payroll taxes		101,387	109,786
Insurance		45,666	47,346
Directors fees and expenses		50,757	42,446
Professional fees		104,048	94,475
Office expense		111,105	107,861
Utilities		227,747	216,288
Telephone		13,360	11,672
Equipment fuel and repairs		132,170	109,148
Building repair and maintenance		3,973	3,474
Miscellaneous		36,805	18,125
Depreciation		1,713,432	1,666,487
TOTAL OPERATING EXPENSES		8,454,311	8,143,157
OPERATING INCOME (LOSS)		(2,136,427)	(1,971,154)
NON-OPERATING REVENUES (EXPENSES)			
Property and specific ownership taxes		2,004,547	1,827,973
Investment income		177,861	141,412
Federal hydropower incentives		337,879	388,392
Gain on sale of equipment		42,000	10,000
Net increase (decrease) in fair value of investments		(1,245,384)	(354,025)
Interest expense		(237,697)	(246,929)
Treasurers' fees		(37,934)	(34,190)
NET NON-OPERATING REVENUES (EXPENSES)		1,041,272	1,732,633
NET INCOME (LOSS)		(1,095,155)	(238,521)
Capital contributions - tap fees		1,450,150	1,422,500
Capital contributions - other		377,140	486,379
CHANGE IN NET POSITION		732,135	1,670,358
NET POSITION, JANUARY 1		44,815,418	43,145,060
NET POSITION, DECEMBER 31	$	45,547,553	44,815,418

See Notes to Financial Statements.

TRI-COUNTY WATER CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS
For the years ended December 31, 2022 and 2021

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from user charges	$	6,661,871	5,969,022
Payments to suppliers for goods and services		(4,669,938)	(4,935,477)
Payments to employees		(1,807,044)	(2,000,224)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		184,889	(966,679)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property and specific ownership tax - net		1,969,102	1,793,783
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		1,969,102	1,793,783
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(1,192,364)	(978,450)
Payment of long-term debt		(468,199)	(459,010)
Federal hydropower incentives		337,879	388,392
Capital contributions - tap fees		1,450,150	1,422,500
Proceeds from sale of capital assets		42,000	10,000
Interest paid on loans		(239,877)	(249,067)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		(70,411)	134,365
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in long-term investments		(4,297,716)	(9,900,000)
Proceeds from sale and maturities of long-term investments		2,907,338	7,706,292
Deposits to restricted assets		(318,694)	(240,460)
Investment income received		177,861	141,412
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		(1,531,211)	(2,292,756)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		552,369	(1,331,287)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,656,451	3,987,738
CASH AND CASH EQUIVALENTS, END OF YEAR	$	3,208,820	2,656,451
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$	(2,136,427)	(1,971,154)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		1,713,432	1,666,487
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable		295,320	(263,834)
Prepaid expense		(11,962)	
Inventory of supplies		83,351	(290,951)
Increase (Decrease) in:			
Accounts payable		193,149	(65,978)
Unearned revenue		48,667	60,853
Accrued salaries and benefits		(641)	(102,102)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	184,889	(966,679)

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 annual leave 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 2022 and 2021, 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, 2022 and 2021 none of the District's bank balances of $293,736 and $436,923, respectively, were exposed to custodial credit risk as $255,350 and $254,186 respectively, was insured and $38,386 and $187,737, respectively, was collateralized by securities pledged by financial institutions.

At December 31, 2022 and 2021, the carrying amount of the District's deposits were presented on the balance sheet as follows:

	2022	2021
Cash and cash equivalents	$3,208,820	2,656,451
Cash and cash equivalents - restricted assets	1,458,238	1,139,544
Investments included in cash and cash equivalents		
Colotrust	(4,282,676)	(3,159,770)
Money market deposit	(110,052)	(208,015)
	$ 274,330	428,210

Investments

As of December 31, 2022 and 2021, the District had the following investments and maturities:

2022	INVESTMENT MATURITIES (in years)		
INVESTMENT TYPE	FAIR VALUE	LESS THAN 1	1-5
U. S. Agencies	$16,585,980	663,812	15,902,168
Colotrust	4,282,676	4,282,676	
Money market deposit	110,052	110,052	
	$20,978,708	5,056,540	15,902,168

2021	INVESTMENT MATURITIES (in years)		
INVESTMENT TYPE	FAIR VALUE	LESS THAN 1	1-5
U. S. Agencies	$16,440,986	1,214,000	15,226,986
Colotrust	3,159,770	3,159,770	
Money market deposit	208,015	208,015	
	$19,808,771	4,581,785	15,226,986

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

As of December 31, 2022 and 2021, the District has invested $4,282,676 and $3,159,770, 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, 2022 and 2021, 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, 2022, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage, Federal National Mortgage Association and United States Treasury Notes securities represented 14%, 24%, 4%, 7% and 30%, respectively, of the District's investments. At December 31, 2021, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage, Federal National Mortgage Association and United States Treasury Notes securities represented 14%, 26%, 4%, 10% and 30%, respectively, of the District's investments. investments.

These investments are presented on the balance sheet as follows:

	2022	2021
Cash and cash equivalents	$ 3,208,820	2,656,451
Cash and cash equivalents - restricted assets	1,458,238	1,139,544
Deposits included in cash and cash equivalents	(274,330)	(428,210)
	4,392,728	3,367,785
Long-term investments	16,585,980	16,440,986
	$20,978,708	19,808,771

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, 2022 and 2021:

2022

Assets	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Investments				
Colotrust	$ 4,282,676			
Money market deposit	110,052			
U.S. instrumentality securities:				
Federal Farm Credit Bank	2,849,133		2,849,133	
Federal Home Loan Bank	5,120,835		5,120,835	
Federal Home Loan Mortgage	908,542		908,542	
Federal National Mortgage Association	1,445,877		1,445,877	
United States Treasury Notes	6,261,593		6,261,593	
Total investments	$20,978,708		16,585,980	

2021

Assets	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Investments				
Colotrust	$ 3,159,770			
Money market deposit	208,015			
U.S. instrumentality securities:				
Federal Farm Credit Bank	3,127,407		3,127,407	
Federal Home Loan Bank	5,611,856		5,611,856	
Federal Home Loan Mortgage	977,603		977,603	
Federal National Mortgage Association	2,259,230		2,259,230	
United States Treasury Notes	4,464,890		4,464,890	
Total investments	$19,808,771		16,440,986	

(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, 2021 and 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
2022				
Capital assets being depreciated:				
Water distribution system	$37,677,070	807,086	44,215	38,439,931
Water meters	5,905,910	403,131		6,309,041
Storage tanks and pumping stations	3,113,704	87,743		3,201,447
Buildings and improvements	108,256	102,657		210,913
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,488,440	168,897	123,490	1,533,847
Hydropower facility	17,032,476			17,032,476
Total capital assets being depreciated	63,376,951	1,569,504	167,705	66,778,750
Less accumulated depreciation for:				
Water distribution system	17,994,237	878,796	44,215	18,828,818
Water meters	4,190,813	217,489		4,408,302
Storage tanks and pumping stations	1,575,135	95,167		1,670,302
Buildings and improvements	107,692	14		107,706
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,206,855	96,155	123,490	1,179,520
Hydropower facility	3,087,137	425,811		3,512,948
Total accumulated depreciation	28,212,964	1,713,432	167,705	29,758,691
Total capital assets, net	$37,163,987	(143,928)		37,020,059

3 - CAPITAL ASSETS (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
2021				
Capital assets being depreciated:				
Water distribution system	$36,989,298	719,727	31,955	37,677,070
Water meters	5,635,423	270,487		5,905,910
Storage tanks and pumping stations	2,838,314	275,390		3,113,704
Buildings and improvements	108,256			108,256
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,321,391	194,049	27,000	1,488,440
Hydropower facility	17,032,476			17,032,476
Total capital assets being depreciated	63,976,253	1,459,653	58,955	65,376,951
Less accumulated depreciation for:				
Water distribution system	17,145,368	880,824	31,955	17,994,237
Water meters	3,984,179	206,634		4,190,813
Storage tanks and pumping stations	1,487,270	87,865		1,575,135
Buildings and improvements	107,625	67		107,692
Office furniture and fixtures	51,095			51,095
Transportation and other equipment	1,168,569	65,286	27,000	1,206,855
Hydropower facility	2,661,326	425,811		3,087,137
Total accumulated depreciation	26,605,432	1,666,487	58,955	28,212,964
Total capital assets, net	$37,370,821	(206,834)		37,163,987

4 - SHORT-TERM DEBT

The District had no short-term debt during the years ended December 31, 2022 and 2021.

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, 2022 of $10,352,092 is payable as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST
2023	$ 379,212	207,042	586,254
2024	386,796	199,457	586,253
2025	394,533	191,721	586,254
2026	402,420	183,833	586,253
2027	410,471	175,782	586,253
2028 - 2032	2,178,829	752,438	2,931,267
2033 - 2037	2,405,603	525,664	2,931,267
2038 - 2042	2,655,980	275,287	2,931,267
2043 - 2044	1,138,248	31,259	1,169,507
	$10,352,092	2,545,484	12,897,576

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, 2022 of $1,197,537 is payable as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST
2023	$ 98,361	23,461	121,822
2024	100,338	21,484	121,822
2025	102,355	19,467	121,822
2026	104,412	17,410	121,822
2027	106,511	15,311	121,822
2028 - 2032	565,541	43,571	609,112
2033	120,019	1,803	121,822
	$1,197,537	142,508	1,340,045

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, 2022 and 2021 was as follows:

	BALANCE BEGINNING OF YEAR	ADDITION	REDUCTION	BALANCE END OF YEAR	DUE WITHIN ONE YEAR
2022					
CWCB Loan	$10,723,868		371,776	10,352,092	379,212
CWRPDA Loan	1,293,960		96,423	1,197,537	98,361
	$12,017,828		468,199	11,549,629	477,573
2021					
CWCB Loan	$11,088,355		364,487	10,723,868	371,776
CWRPDA Loan	1,388,483		94,523	1,293,960	96,423
	$12,476,838		459,010	12,017,828	468,199

In 2022 and 2021, the District incurred interest costs totaling $239,876 and $246,929, 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, 2022 and 2021 was $28,166,149 and $28,715,204, 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 $8.50 per acre foot for 2022 and 2021, respectively, subject to annual adjustment.

During 2022 and 2021, 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, 2022 and 2021, employee contributions were $2,000 and $4,000, respectively, and the District recognized pension expense of $120,615 and $128,381 respectively.

The District had no liability to the Plan at December 31, 2022 and 2021.

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 2022 and 2021 was $ 1.30 and $1.15 per thousand gallons, respectively, which results in a minimum annual purchase commitment of $237,900 but the rate charged may be changed by action of the Authority.

During the years ended December 31, 2022 and 2021, the District purchased treatment of 915 and 868 million gallons for $1,189,183 and $998,147, respectively. At December 31, 2022 and 2021, the District owed the Authority $75,013 and $55,926, 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 $377,140 for the year ended December 31, 2022.

12 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 14, 2023 which is the date the financial statements were available to be issued.

In 2021 and 2022, 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

REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

TRI-COUNTY WATER CONSERVANCY DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the years ended December 31, 2022 and 2021

	2022			2021		
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
PROPRIETARY						
REVENUES						
Water sales	$ 3,730,000	3,833,422	103,422	3,460,000	3,604,907	144,907
Hydropower sales	1,138,000	854,445	(283,555)	1,295,000	690,462	(604,538)
Material sales and reimbursements		17,757	17,757		6,571	6,571
New construction		15,095	15,095		50,277	50,277
Tap fees	750,000	1,450,150	700,150	500,000	1,422,500	922,500
Investment income	150,000	177,861	27,861	250,000	141,412	(108,588)
Miscellaneous	43,830	21,765	(22,065)	26,830	10,439	(16,391)
Vehicle and equipment sales	130,000	42,000	(88,000)	10,000	10,000	-
Raw water	1,323,630	1,284,906	(38,724)	1,323,630	1,284,117	(39,513)
Line extension fees	150,000	809	(149,191)	300,000	290,036	(9,964)
Dam monitoring	184,540	289,686	105,146	184,540	268,376	83,836
Fedral hydropower incentives		337,879	337,879		388,392	388,392
TOTAL PROPRIETARY REVENUES	7,600,000	8,325,775	725,775	7,350,000	8,167,489	817,489
EXPENDITURES	8,800,000	8,362,731	437,269	8,000,000	7,835,353	164,647
EXCESS (DEFICIT) OF PROPRIETARY REVENUES OVER (UNDER) EXPENDITURES	(1,200,000)	(36,956)	1,163,044	(650,000)	332,136	982,136
GOVERNMENT						
REVENUES						
Property and specific ownership taxes	1,975,000	2,004,546	29,546	1,750,000	1,827,973	77,973
EXPENDITURES	1,975,000	421,880	1,553,120	1,750,000	398,981	1,351,019
EXCESS (DEFICIT) OF GOVERNMENT REVENUES OVER (UNDER) EXPENDITURES	-	1,582,666	1,582,666	-	1,428,992	1,428,992
TOTAL DISTRICT REVENUES	9,575,000	10,330,321	755,321	9,100,000	9,995,462	895,462
TOTAL DISTRICT EXPENDITURES	10,775,000	8,784,611	1,990,389	9,750,000	8,234,334	1,515,666
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,200,000)	1,545,710	2,745,710	(650,000)	1,761,128	2,411,128
RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENDITURES TO CHANGE IN NET POSITION:						
Capital contributions - other		377,140			453,197	
Capital expenditures		1,299,902			1,017,535	
Net increase (decrease) in fair value of investments		(1,245,384)			(354,025)	
Debt service - principal		468,199			459,010	
Depreciation		(1,713,432)			(1,666,487)	
	$	732,135			1,670,358	

TRI-COUNTY WATER CONSERVANCY DISTRICT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the years ended December 31, 2022 and 2021

	2022			2021		
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
PROPRIETARY						
EXPENDITURES						
Directors' expense	$ 65,000	50,757	14,243	65,000	42,446	22,554
Travel and lodging	5,000	10,553	(5,553)	5,000	1,675	3,325
Training	5,000	9,547	(4,547)	5,000	2,108	2,892
Dues and subscriptions	10,000	9,073	927	10,000	7,688	2,312
Publishing and printing	15,000	12,362	2,638	15,000	8,695	6,305
Attorney fees	15,000	13,462	1,538	15,000	14,231	769
Audit and accounting	16,000	15,300	700	15,000	14,500	500
Financial advisor fees	60,000	29,669	30,331	60,000	29,489	30,511
Consulting fees	50,000	5,999	44,001	50,000	9,698	40,302
Lab	5,000	1,305	3,695	5,000	1,105	3,895
Radio repeater rental/upgrade		1,500	(1,500)		1,500	(1,500)
Office supplies and equipment	40,000	36,233	3,767	40,000	34,876	5,124
Communications	15,000	11,166	3,834	15,000	9,783	5,217
Postage and CC/EFT fees	60,000	53,196	6,804	60,000	56,156	3,844
Utilities - office	15,000	11,930	3,070	15,000	9,547	5,453
Building maintenance	10,000	3,973	6,027	10,000	3,474	6,526
Small tools	15,000	5,019	9,981	10,000	14,902	(4,902)
Equipment, vehicles and tools	200,000	264,397	(64,397)	100,000	194,049	(94,049)
Capital improvements	750,000	730,498	19,502	400,000	512,668	(112,668)
Materials and supplies	75,000	104,299	(29,299)	50,000	40,465	9,535
Weed control	2,000	573	1,427	1,000	178	822
Equipment maintenance	30,000	13,186	16,814	30,000	16,787	13,213
Vehicle maintenance	20,000	16,682	3,318	20,000	10,132	9,868
Equipment fuel	60,000	87,528	(27,528)	50,000	61,112	(11,112)
Insurance and bonds	60,000	31,543	28,457	40,000	31,428	8,572
Personnel costs	1,400,000	1,275,756	124,244	1,300,000	1,294,975	5,025
Payroll taxes	120,000	101,819	18,181	110,000	110,606	(606)
Employee benefits	690,000	500,829	189,171	670,000	586,071	83,929
Workmen's comp insurance	25,000	22,055	2,945	25,000	12,743	12,257
Water treatment	1,180,000	1,189,183	(9,183)	1,045,000	998,147	46,853
Electricity	205,000	206,829	(1,829)	205,000	198,023	6,977
Raw water	2,180,940	2,188,745	(7,805)	2,180,940	2,187,919	(6,979)
Irrigation water	64,000	64,000	-	64,000	64,000	-
Dam operations and maintenance	392,310	398,996	(6,686)	377,310	377,686	(376)
Water conservation	20,000	6,243	13,757	30,000	10,094	19,906
Hydropower project	850,000	127,000	723,000	800,000	121,938	678,062
Hydropower lease of power privilege		45,630	(45,630)		38,520	(38,520)
Debt service - principal		468,199	(468,199)		459,010	(459,010)
Debt service - interest		237,697	(237,697)		246,929	(246,929)
Contingency	74,750		74,750	106,750		106,750
TOTAL PROPRIETARY EXPENDITURES	$ 8,800,000	8,362,731	437,269	8,000,000	7,835,353	164,647
GOVERNMENT						
EXPENDITURES						
Irrigation ad valorum	383,946	383,946	-	364,792	364,791	1
Treasurers' fees	40,000	37,934	2,066	37,000	34,190	2,810
Contingency	1,551,054		1,551,054	1,348,208		1,348,208
TOTAL GOVERNMENT EXPENDITURES	$ 1,975,000	421,880	1,553,120	1,750,000	398,981	1,351,019