San Miguel Power Association, Inc.

December 31, 2019

Financial Statements

Kevin S. Kelso, CPA, P.C., P.A.
Certified Public Accountant

San Miguel Power Association, Inc.

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San Miguel Power Association, Inc.

Officers, Board of Directors, and General Manager/CEO

Name	Office	Address
Rube Felicelli	President	Telluride, Colorado
Dave Alexander	Vice President	Norwood, Colorado
Doylene Garvey	Secretary/Treasurer	Nucla, Colorado
Debbie Cokes	Assistant Secretary/Treasurer	Ridgway, Colorado
Kevin Cooney	Director	Telluride, Colorado
Terry Rhoades	Director	Silverton, Colorado
Jack Sibold	Director	Ridgway, Colorado
Brad Zaporski	General Manager/CEO	Telluride, Colorado

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Independent Auditor's Report

The Board of Directors
San Miguel Power Association, Inc.
Nucla, Colorado

Report on the Financial Statements
I have audited the accompanying financial statements of San Miguel Power Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2019 and the related statements of revenue and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
My responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 8, 2020 on my consideration of the Association's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Association as of December 31, 2018, were audited by other auditors whose report dated August 9, 2019, expressed an unmodified opinion on those financial statements.

Kevin S. Kelso, CPA, P.C., P.A.

Mission, Kansas
May 8, 2020

KEVIN S. KELSO, CPA, P.C., P.A.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
San Miguel Power Association, Inc.
Nucla, Colorado

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Miguel Power Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2019 and the related statements of revenue and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 8, 2020.

Internal Control over Financial Reporting
In planning and performing my audit of the financial statements, I considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kevin S. Kelso, CPA, P.C., P.A.

Mission, Kansas
May 8, 2020

San Miguel Power Association, Inc.
Balance Sheets
At December 31, 2019 and 2018

Assets

	2019	2018
Utility Plant		
Electric plant in service - at cost	$ 85,406,924	$ 81,087,787
Construction work-in-progress	4,141,007	1,995,450
	89,547,931	83,083,237
Less accumulated provision for depreciation and amortization	(30,755,317)	(28,660,796)
Net utility plant	58,792,614	54,422,441
Other Assets and Investments		
Subordinated certificates	604,159	604,159
Investments in associated organizations	17,404,048	17,331,831
Non-utility property	1,904,345	1,977,327
Other investments	1,250,000	850,000
Total other assets and investments	21,162,552	20,763,317
Current Assets		
Cash and cash equivalents	3,384,814	3,219,216
Temporary cash investments	200,399	200,319
Accounts receivable		
Customers, net of allowance accounts of $77,256 and $88,383	2,992,325	3,414,471
Materials and supplies	1,054,312	1,128,619
Other current and accrued assets	85,540	114,875
Total current assets	7,717,390	8,077,500
Deferred Charges		
Deferred charges	114,688	1,537,867
Total deferred charges	114,688	1,537,867
Total assets	$ 87,787,244	$ 84,801,125

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

Members' Equity and Liabilities

	2019	2018
Members' Equity		
Patronage capital	$ 44,465,906	$ 45,351,581
Other equities	2,159,832	1,609,114
Total members's equity	46,625,738	46,960,695
Long-Term Debt		
Mortgage notes payable	30,333,777	30,099,058
Less current maturities of long-term debt	(1,346,906)	(1,530,569)
Total long-term debt	28,986,871	28,568,489
Current Liabilities		
Current maturities on long-term debt	1,346,906	1,530,569
Accounts payable	2,512,036	2,234,287
Notes payable - lines of credit	2,500,000	-
Accrued liabilities		
Taxes	521,268	515,503
Interest	200,135	199,910
Other	2,023,464	1,951,953
Total current liabilities	9,103,809	6,432,222
Other Liabilities		
Deferred credits	3,070,826	2,839,719
Total other liabilities	3,070,826	2,839,719
Total members' equity and liabilities	$ 87,787,244	$ 84,801,125

San Miguel Power Association, Inc.
Statements of Revenue and Patronage Capital
For the Years Ended December 31, 2019 and 2018

	2019		2018	
Operating Revenue	$ 29,089,521	100.00%	$ 28,262,420	100.00%
Operating Expenses				
Cost of power	16,415,407	56.43%	15,934,349	56.38%
Transmission	71,754	0.25%	82,981	0.29%
Distribution - operations	3,193,992	10.98%	2,926,651	10.36%
Distribution - maintenance	1,525,905	5.25%	1,460,869	5.17%
Consumer accounts	1,165,928	4.01%	1,000,960	3.54%
Customer service and information	479,166	1.65%	398,017	1.41%
Administrative and general	2,937,633	10.10%	2,389,046	8.45%
Depreciation	2,349,821	8.08%	2,304,276	8.15%
Other deductions	30,171	0.10%	33,410	0.12%
Total operating expenses	28,169,777	96.84%	26,530,559	93.87%
Operating Margins Before Fixed Charges	919,744	3.16%	1,731,861	6.13%
Fixed Charges				
Interest on long-term debt	1,177,657	4.05%	1,218,440	4.31%
Other interest	14,712	0.05%	27,101	0.10%
Total fixed charges	1,192,369	4.10%	1,245,541	4.41%
Operating Margins (Loss) After Fixed Charges	(272,625)	(0.94%)	486,320	1.72%
G & T and Other Capital Credits	691,506	2.38%	764,436	2.70%
Net Operating Margins	418,881	1.44%	1,250,756	4.42%
Nonoperating Income (Expense)				
Interest income	214,240	0.74%	228,474	0.81%
Miscellaneous expense	(16,908)	(0.06%)	(1,124)	(0.01%)
Total nonoperating income	197,332	0.68%	227,350	0.80%
Net Margins for the Year	616,213	2.12%	1,478,106	5.22%
Patronage Capital at Beginning of Year	45,351,581		44,973,470	
Retirement of Capital Credits	(1,501,888)		(1,099,995)	
Patronage Capital at End of Year	$ 44,465,906		$ 45,351,581	

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

San Miguel Power Association, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From (Used For) Operating Activities		
Net margins	$ 616,213	$ 1,478,106
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation and amortization	2,349,821	2,304,276
G & T and other capital credits	(691,506)	(764,436)
Changes in operating assets and liabilities		
(Increase) decrease in operating assets		
Accounts receivable	422,146	(544,533)
Materials and supplies	74,307	(58,776)
Other assets	1,452,514	(1,450,423)
Increase in operating liabilities		
Accounts payable	277,749	50,211
Interest payable	225	(256,746)
Accrued taxes	5,765	36,700
Accrued liabilities	71,511	(112,887)
Deferred credits	231,107	231,000
Net cash from operating activities	4,809,852	912,492
Cash Flows From (Used For) Investing Activities		
Net changes of property and equipment	(6,719,994)	2,036,046
Change in non-utility property	72,982	72,980
Patronage capital recovery	619,289	79,395
Temporary cash investments	(80)	(79)
Other investing activities	(400,000)	(852,934)
Net cash from (used for) investing activities	(6,427,803)	1,335,408
Cash Flows From (Used For) Financing Activities		
Principal payments on long-term debt	(1,540,281)	(1,725,225)
Long-term loan advances	1,775,000	-
Advances on line of credit	2,500,000	-
Repayments on line of credit	-	(2,550,000)
Retirement of capital credits	(1,501,888)	(1,099,995)
Other financing activities	550,718	446,621
Net cash (used for) from financing activities	1,783,549	(4,928,599)
Net Decrease in Cash and Cash Equivalents	165,598	(2,680,699)
Cash and Cash Equivalents at Beginning of Year	3,219,216	5,899,915
Cash and Cash Equivalents at End of Year	$ 3,384,814	$ 3,219,216
Supplemental Cash Flows Information		
Cash paid for interest	$ 1,192,144	$ 1,502,287

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

Note 1 - Summary of Significant Accounting Policies
San Miguel Power Association, Inc. (the Association) is an electric power distribution system serving residences and businesses in southwest Colorado.

Accounting policies - As a regulated enterprise with a member elected Board of Directors, the Association accounts for such regulation under professional accounting standards ASC 980, *Regulated industries*. The accounting records of the Association are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS). As a result, the application of accounting principles generally accepted in the United States of America by the Association differs in certain respects from such application of those principles by nonregulated enterprises. Such differences primarily concern the time at which various items enter into the determination of net margins in order to follow the principle of matching costs and revenue. The more significant policies of the Association are described below.

Cash equivalents - The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable - The Association extends credit to its customers who are primarily located in southwest Colorado. The Association carries its receivables at cost less an allowance for doubtful accounts based on past history of bad debt write-offs, collections, and current credit conditions. Electric receivables are considered past due if the Association has not received payment by the due date. It is the Association's policy that accounts are written off if they remain uncollected and all collection efforts have been exhausted. Recoveries of trade receivables previously written off are recorded when received and do not accrue interest.

Materials and supplies - Materials and supplies are priced at the lower of cost or market. Cost is determined using the average cost method applied on a first-in, first-out basis.

Investments - Investments in associated organizations are carried at cost plus allocated equities. Other investments are generally carried at cost.

Recognition of revenue - Electric revenue and the related cost of power is recognized when electricity is consumed by the ultimate customer.

Property, plant, and equipment - Costs associated with utility plant additions and improvements are capitalized based upon the RUS guidelines established in Bulletin 1767B-2. This results in the capitalization of direct costs such as labor and materials and also includes capitalization of indirect costs including labor, material charges, taxes, insurance, transportation, depreciation, pensions, and other related expenses. These costs are accumulated in work in process accounts and are capitalized to the proper plant accounts at the completion of the construction activity. Certain special equipment additions, as defined by RUS, are capitalized when purchased along with an estimated installation charge. The cost of depreciable property, when retired, is computed at the average unit cost along with removal costs less salvage. The net retirement cost is charged to accumulated depreciation. Maintenance and repairs, including minor items of property, are charged to maintenance expense as incurred. Depreciation is recognized on the straight-line basis based on the useful life of the assets and is accounted for under the group depreciation method for transmission and distribution plant, and specific identification for general plant.

Income taxes - In conformity with its by-laws, the Association conducts its operations on a cooperative basis. Annual revenue, in excess of the cost of providing service, is allocated in the form of capital credits to the members' capital accounts on the basis of patronage.

The Association has a letter of exemption from federal income tax, issued by the Internal Revenue Service and files IRS Form 990 annually. An evaluation of whether or not it has any uncertain tax positions is determined on an annual basis by the Association. While the Association believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could be different than the positions taken by the Association. The Association recognizes any interest and penalties assessed by taxing authorities in income tax expense and, with few exceptions, is no longer subject to federal, state, and local income tax examinations for years prior to 2016.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Taxes - The Association collects taxes from its members on behalf of taxing authorities. Revenue is presented net of taxes collected in the statements of revenue and patronage capital.

Reclassification - Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2 - Cash and Temporary Cash
The Association maintains its cash in bank deposit accounts, which at times exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 3 - Electric Plant and Depreciation
Listed below are the major classes of the utility plant as of December 31, 2019 and 2018:

	Plant Balances	
	2019	**2018**
Intangible plant	$ 3,957	$ 3,957
Transmission plant	4,069,456	3,961,223
Distribution plant	63,166,988	61,632,721
General plant	18,166,523	15,489,886
Total	$ 85,406,924	$ 81,087,787

Transmission plant is depreciated, under the straight-line composite basis, at the annual rate of 2.76%.

Distribution plant is depreciated, under the straight-line composite basis, at the annual rate of 3%.

General plant is depreciated over the estimated useful life of the assets, under the straight-line composite basis, at various rates ranging from 2% to 20%.

Note 4 - Subordinated Certificates

	2019	**2018**
Capital term certificates	$ 477,609	$ 477,609
Loan term certificates	126,550	126,550
Total	$ 604,159	$ 604,159

The capital term certificates yield 5%, and the loan term certificate yields 3%. All of the certificates have various maturity dates through 2080.

Note 5 - Investments in Associated Organizations
Investments in associated organizations consisted of the following at December 31, 2019 and 2018:

	2019	2018
Patronage capital - Tri-State G&T	$ 16,276,083	$ 16,260,853
Patronage capital - Western United	807,522	779,866
Patronage capital - CFC	264,411	257,224
Other investments in associated organizations	56,032	33,888
Total	$ 17,404,048	$ 17,331,831

Note 6 - Non-utility Property
Non-utility property consisted of the following at December 31, 2019 and 2018:

	2019	2018
Coal land	$ 2,000	$ 2,000
Telluride warehouse	4,279	4,279
Fiber optics - conduit	324,666	324,666
Fiber optics	2,942,622	2,942,622
Total non-utility property	3,273,567	3,273,567
Accumulated depreciation		
Telluride warehouse	4,279	4,279
Fiber optics - conduit	259,325	244,531
Fiber optics	1,105,618	1,047,430
Total accumulated depreciation	1,369,222	1,296,240
Net non-utility property	$ 1,904,345	$ 1,977,327

Note 7 - Deferred Charges
Deferred charges consisted of the following at December 31, 2019 and 2018:

	2019	2018
Software conversion project	$ -	$ 1,423,179
Work plan	103,808	103,808
Other deferred charges	10,880	10,880
Total	$ 114,688	$ 1,537,867

Note 8 - Members' Equity

	Patronage Capital		Other	
	Allocated	**Unallocated**	**Equities**	**Total**
Balance, December 31, 2017	$ 43,768,556	$ 1,204,914	$ 1,162,493	$ 46,135,963
Net margin		1,478,106		1,478,106
Allocation, 2017	1,237,025	(1,237,025)		
Retirement of capital credits	(1,099,995)		139,484	(960,511)
Other changes			307,137	307,137
Balance, December 31, 2018	43,905,586	1,445,995	1,609,114	46,960,695
Net margin		616,213		616,213
Allocation, 2018	2,328,107	(2,328,107)		
Retirement of capital credits	(1,501,888)		409,709	(1,092,179)
Other changes			141,009	141,009
Balance, December 31, 2019	$ 44,731,805	$ (265,899)	$ 2,159,832	$ 46,625,738

Patronage capital consisted of the following at December 31, 2019 and 2018:

	2019	**2018**
Assigned to date	$ 44,731,805	$ 43,905,585
Assignable	(265,899)	1,445,996
Total	$ 44,465,906	$ 45,351,581

Under the provisions of the RUS mortgage agreement, until the equities and margins equal or exceed 30% of the total assets of the Association, the retirement of capital credits is generally limited to 25% of the patronage capital or margins from the prior calendar year. The CFC mortgage agreement provisions differ slightly. This limitation does not usually apply to capital credit retirements made exclusively to estates.

The total equities of the Association are approximately 53% and 55% of the total assets as of December 31, 2019 and 2018, respectively.

Note 9 - Long-Term Debt and Lines of Credit
Long-term debt - Long-term debt at December 31, 2019 and 2018 consisted of the following:

Description	**2019**	**2018**
Mortgage notes payable - NRUCFC; fixed interest rates from 4.25 % to 4.85%; notes due at various times to July 2029.	$ 5,544,170	$ 6,180,698
Mortgage notes payable - FFB; fixed interest rates from 1.901% to 5.940%; notes due at various times to December 31, 2052.	24,383,941	23,351,833
Mortgage note payable - CoBank; interest rate of 3.06%; note due at July 2028.	405,666	566,527
Total	$ 30,333,777	$ 30,099,058

Estimated maturities on long-term debt for the next five years are as follows:

For The Year Ending	Amounts
December 31, 2020	$ 1,346,906
December 31, 2021	$ 1,375,000
December 31, 2022	$ 1,390,000
December 31, 2023	$ 1,495,000
December 31, 2024	$ 1,555,000

As of December 31, 2019, FFB has unadvanced loan funds of $9,174,000, for construction purposes, for which a loan agreement has been executed.

Short-term lines of credit - The Association has a $2,600,000 line of credit agreement with a variable interest rate, perpetual in nature, established with CFC. $2,500,000 had been drawn and remained outstanding as of December 31, 2019 at an interest rate of 3.25% and nothing had been drawn and remained outstanding as of December 31, 2018.

The Association also has a $2,000,000 line of credit agreement, with a variable interest rate, established with CoBank. The agreement expires on July 31, 2020. Nothing had been drawn and remained outstanding as of December 31, 2019 and 2018, respectively.

Note 10 - Other Accrued Liabilities
Other accrued liabilities consisted of the following at December 31, 2019 and 2018:

	2019	2018
Customers' deposits	$ 1,497,479	$ 1,463,475
Accrued vacation, holiday and sick pay	593,496	591,725
Other current liabilities	(4,307)	(103,247)
Total	$ 2,086,668	$ 1,951,953

Note 11 - Deferred Credits
Deferred credits consisted of the following at December 31, 2019 and 2018:

	2019	2018
Customers' advances for construction	$ 1,744,042	$ 1,871,403
Deferred revenue *	1,250,000	850,000
Deferred revenue - surcharges	76,784	118,316
Total	$ 3,070,826	$ 2,839,719

* Approved by RUS

The deferred revenue represents revenue earned in 2019 but will not be recognized as revenue until future periods per the plan approved by RUS and allowed for under ASC 980, *Regulated Industries.* The deferral was implemented in order to cover shortfalls in revenue by abnormal weather conditions or general economic conditions. Cash in an amount equal to the deferred revenue is set aside as special funds in Other Investment in the Balance Sheets. The deferred revenue will be amortized back into revenue in future periods in accordance with the plans approved by RUS.

Note 12 - Pension Plans
The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Company (NRECA), is a defined benefit pension plan qualified under Section 401 and tax exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The RS Plan Sponsor's Employer Identification Number is 53-0116145 and the RS Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the I&FS Committee approved an option to allow participants in the RS plan to make a prepayment and reduce the future required contribution.

The Association's contributions to the RS plan in 2019 and 2018 represented less than 5% of the total contributions made to the plan by all participating employers. The Association made contributions of the RS Plan of $734,222 in 2019 and $773,063 in 2018. There have been no significant changes that affect the comparability of the 2019 and 2018 contributions.

In the RS Plan, a "zone status" determination is not required, and therefore not determined under the Pension Protections Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 90% funded at both January 1, 2019 and 2018 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of the plan experience.

Employees of the Association can participate in the NRECA 401(k) plan, provided they meet plan specifications. The Association will contribute matching contributions. The Association's contribution for the years ended December 31, 2019 and 2018 were $315,747 and $294,961, respectively.

Note 13 – Related Party Transactions
The Association is a member of Tri-State Generation and Transmission Association, Inc. (Tri-State), which is an electric generation and transmission cooperative. Under its wholesale power agreement, the Association is committed to purchase its electric power and energy requirements from Tri-State until December 31, 2050.

Purchased power from Tri-State amounted to $15,800,757 and $15,544,383 for the years ended December 31, 2019 and 2018, respectively. The amount payable for purchased power is $1,842,465 and $1,866,171 at December 31, 2019 and 2018, respectively.

Other related party transactions consisted of normal routine business conducted through organizations which the Association is a member and normal sales to its members.

Note 14 - Subsequent Events
The Association has evaluated subsequent events through May 8, 2020, which is the date these financial statements were available to be issued. Management concluded that no other subsequent events have occurred that would require recognition or disclosure in the financial statements.