

RIO BLANCO WATER CONSERVANCY DISTRICT

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2017

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July 30, 2018

FINANCIAL STATEMENTS - 2017

RIO BLANCO WATER CONSERVANCY DISTRICT

2017 BOARD OF DIRECTORS

Wade Cox, President

Peggy Rector, Vice President

Mike Morgan, Secretary/Treasurer

Vincent Wilczek

Tim Winkler

ADMINISTRATIVE STAFF

Alden Vanden Brink, District Manager

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rio Blanco Water Conservancy District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco Water Conservancy District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco Water Conservancy District, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules – General Fund, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions on pages 3-8 and 43-46 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

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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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Blanco Water Conservancy District's basic financial statements. The budgetary comparison schedule – Hydroelectric Fund and graph are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule – Hydroelectric Fund and graph have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

ColocPA Services, PC

Rangely, Colorado
June 13, 2018

MANAGEMENT DISCUSSION & ANALYSIS

The discussion and analysis of the Rio Blanco Water Conservancy District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$11,070,629 at December 31, 2017.
- Total District's cash and investments increased by \$217,610 or 7 percent from 2016.
- The December 31, 2017 General Fund balance is \$36,953 less than the previous year. The total fund balance is 385 percent of 2017 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's General Fund activities are reported as Governmental Activities and Hydroelectric Fund activities are reported as Business-type Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. Proprietary funds are reported in the fund financial statements and generally report services for which customers are charged a fee. The District uses an enterprise fund which essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to a customer external to the District organization which is the hydro power sales to Moon Lake Electric Association.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the major enterprise fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund and Hydroelectric Fund. A budgetary comparison statement has been provided for the General Fund on page 43 through 44 and for the Hydroelectric Fund on pages 49 through 50 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2016 and 2017.

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Assets						
Current and other assets	\$ 1,736,096	\$ 1,718,446	\$1,707,477	\$1,872,628	\$ 3,443,573	\$ 3,591,074
Capital assets	5,946,663	5,734,212	2,404,110	2,276,889	8,350,773	8,011,101
Total assets	<u>7,682,759</u>	<u>7,452,658</u>	<u>4,111,587</u>	<u>4,149,517</u>	<u>11,794,346</u>	<u>11,602,175</u>
Deferred Outflows	<u>105,651</u>	<u>97,731</u>	-	-	<u>105,651</u>	<u>97,731</u>
Liabilities						
Current and other liabilities	16,872	53,298	17,488	7,863	16,872	61,161
Noncurrent liabilities	374,343	418,880	-	-	374,343	418,880
Total Liabilities	<u>391,215</u>	<u>472,178</u>	<u>17,488</u>	<u>7,863</u>	<u>391,215</u>	<u>480,041</u>
Deferred Inflows	<u>171,556</u>	<u>149,236</u>	-	-	<u>171,556</u>	<u>149,236</u>
Net Position						
Net investment						
Capital assets	5,946,663	5,734,212	2,404,110	2,276,889	8,350,773	8,011,101
Restricted	11,897	10,978	-	-	11,897	10,978
Unrestricted	1,267,079	1,183,785	1,689,989	1,864,765	2,957,068	3,048,550
Total net position	<u>\$ 7,225,639</u>	<u>\$ 6,928,975</u>	<u>\$4,094,099</u>	<u>\$4,141,654</u>	<u>\$11,319,738</u>	<u>\$11,070,629</u>

A significant portion of the District's net position represents unrestricted net position of \$23,048,550 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its net investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$10,978 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.

The following table indicates the changes in net position.

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charge for services	\$ 36,000	\$ 48,000	\$ 487,652	\$ 483,740	\$ 523,652	\$ 531,740
Capital grants and contributions	-	-	-	-	-	-
Operating grants and contributions	70,000	139,030	-	-	70,000	139,030
General revenues:						
General property taxes	266,158	165,017	-	-	266,158	165,017
Specific ownership tax	7,328	6,139	-	-	7,328	6,139
Investment earnings	2,141	2,323	2,498	2,756	4,639	5,079
Other	14,934	5,433	-	-	14,934	5,433
Total revenues	<u>396,561</u>	<u>365,942</u>	<u>490,150</u>	<u>486,496</u>	<u>886,711</u>	<u>852,438</u>
Expenses:						
General						
Government	495,674	601,878	-	-	495,674	601,878
Repairs and Maintenance	200,905	34,821	-	-	200,905	34,821
Building	25,923	25,907	-	-	25,905	25,907
Hydroelectric	-	-	550,727	438,941	550,727	438,941
Total expenses	<u>722,502</u>	<u>662,606</u>	<u>550,727</u>	<u>438,941</u>	<u>1,273,229</u>	<u>1,101,547</u>
Increase (decrease) in net position	<u>\$(325,941)</u>	<u>\$ (296,664)</u>	<u>\$ (60,577)</u>	<u>\$ 47,555</u>	<u>\$ (386,518)</u>	<u>\$(249,109)</u>

Governmental Activities. Governmental activities decreased the District's net position by \$296,664 in 2017. Key elements of this decrease are as follows:

General government expenses were \$601,878, up 21 percent over prior year.

Business-type Activities. Business-type activities increased the District's net position by \$47,555 in 2017. Key elements of this increase are as follows:

Overall expenses were \$438,941, down 20 percent over prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Fund. Information about the District's governmental fund begins on page 15. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2017, the total fund balance of the District's governmental fund was \$1,517,123. Approximately 99 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) nonspendable prepaid expenses (\$1,579); (2) nonspendable deposit (\$1,991); and (3) a state-Constitution mandated emergency reserve (\$10,978). The District had Governmental revenues of \$365,941 and expenditures of \$402,894.

Proprietary Fund. Information about the District's proprietary fund begins on page 19. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2017, the total net position of the District's proprietary fund was \$4,141,654. Approximately 45 percent of this consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of net position is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) net investment in capital assets (\$2,276,889). The District had Proprietary revenues of \$486,496 and expenses of \$438,941.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2017 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 2,128,959	\$ -	\$ 2,128,959	\$ 1,554,076
Revenue and other financing sources	987,273	-	987,273	365,941
Expenditures and other financing uses	<u>(678,420)</u>	-	<u>(678,420)</u>	<u>(402,894)</u>
Ending Fund Balance	<u>\$ 2,437,812</u>	<u>\$ -</u>	<u>\$ 2,437,812</u>	<u>\$ 1,517,123</u>

Actual revenues and other financing sources were less than the budget by \$621,332. Transfers in were budgeted to be \$450,000 but no transfers were actually made during the year.

Actual expenditures and other financing uses were under budget by \$275,526. The difference includes professional fees and repairs and maintenance being under budget by \$191,145 and \$33,522, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's net investment in capital assets for its governmental and business-type activities as of December 31, 2017 totaled \$5,734,212 and \$2,276,889, respectively (net of accumulated depreciation). This investment includes all land, buildings, and equipment.

The major capital asset events during the current fiscal year included an expenditure of \$5,674 for gem sensors and \$3,191 for docks.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

Long-term Debt. During the year ended December 31, 2017, the District had no long-term debt.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2018 budget:

- A decrease in anticipated general property tax collection for 2018.
- Continued research of the possibility of another water storage facility.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 2252 E. Main St., Rangely, Colorado 81648.

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FINANCIAL STATEMENTS

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RIO BLANCO WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION
December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents, Note 2	\$ 56,886	\$ 1,995,548	\$ 2,052,434
Investments, Note 2	1,323,235	-	1,323,235
Accounts receivable	-	30,298	30,298
Other receivables	25,000	-	25,000
Property taxes receivable, Note 3	148,025	-	148,025
Internal balances, Note 11	161,730	(161,730)	-
Inventory	-	6,980	6,980
Prepaid expenses	1,579	1,532	3,111
Deposits	1,991	-	1,991
Capital assets, nondepreciable, Note 4	2,441,450	-	2,441,450
Capital assets, net of accumulated depreciation, Note 4	3,292,762	2,276,889	5,569,651
TOTAL ASSETS	7,452,658	4,149,517	11,602,175
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	97,731	-	97,731
TOTAL DEFERRED OUTFLOWS OF RESOURCES	97,731	-	97,731
LIABILITIES			
Accounts payable	43,669	4,333	48,002
Accrued liabilities	4,041	-	4,041
Employees compensated absences	5,588	3,530	9,118
Noncurrent liabilities			
Net pension liability	418,880	-	418,880
TOTAL LIABILITIES	472,178	7,863	480,041
DEFERRED INFLOWS OF RESOURCES			
Unearned tax revenue, Note 3	148,025	-	148,025
Deferred inflows related to pensions	1,211	-	1,211
TOTAL DEFERRED INFLOWS OF RESOURCES	149,236	-	149,236
NET POSITION			
Net investment in capital assets	5,734,212	2,276,889	8,011,101
Restricted for:			
Labor emergencies, Note 8	10,978	-	10,978
Unrestricted	1,183,785	1,864,765	3,048,550
TOTAL NET POSITION	\$ 6,928,975	\$ 4,141,654	\$ 11,070,629

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
General government	\$ 601,878	\$ 48,000	\$ 139,030
Repairs and maintenance	34,821	-	-
Building	25,907	-	-
	<u>662,606</u>	<u>48,000</u>	<u>139,030</u>
TOTAL GOVERNMENTAL ACTIVITIES			
Business-type activities			
Hydroelectric	438,941	483,740	-
	<u>438,941</u>	<u>483,740</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES			
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,101,547</u>	<u>\$ 531,740</u>	<u>\$ 139,030</u>

General revenues:

Taxes:

 Property taxes

 Specific ownership tax

 Other taxes

Unrestricted investment earnings

Recreation user fees

Miscellaneous

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (414,848)	\$ -	\$ (414,848)
-	(34,821)	-	(34,821)
-	(25,907)	-	(25,907)
-	(475,576)	-	(475,576)
-	-	44,799	44,799
-	-	44,799	44,799
<u>\$ -</u>	<u>(475,576)</u>	<u>44,799</u>	<u>(430,777)</u>
	165,017	-	165,017
	6,139	-	6,139
	265	-	265
	2,323	2,756	5,079
	2,665	-	2,665
	2,503	-	2,503
	<u>178,912</u>	<u>2,756</u>	<u>181,668</u>
	(296,664)	47,555	(249,109)
	<u>7,225,639</u>	<u>4,094,099</u>	<u>11,319,738</u>
	<u>\$ 6,928,975</u>	<u>\$ 4,141,654</u>	<u>\$ 11,070,629</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017

	General
ASSETS	
Cash and cash equivalents, Note 2	\$ 56,886
Investments, Note 2	1,323,235
Other receivables	25,000
Property taxes receivable, Note 3	148,025
Due from other fund, Note 11	161,730
Prepaid expenses	1,579
Deposits	1,991
TOTAL ASSETS	\$ 1,718,446
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	\$ 43,669
Accrued liabilities	4,041
Employees compensated absences	5,588
TOTAL LIABILITIES	53,298
DEFERRED INFLOWS	
Unearned tax revenue, Note 3	148,025
TOTAL DEFERRED INFLOWS	148,025
FUND EQUITY	
Fund balance	
Nonspendable:	
Prepaid expenses	1,579
Deposits	1,991
Restricted:	
Labor emergencies, Note 8	10,978
Unassigned	1,502,575
TOTAL FUND EQUITY	1,517,123
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,718,446

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2017**

Balance sheet - total fund balances		\$ 1,517,123
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		5,734,212
Long-term assets and liabilities, including net pension liabilities, are not due, payable, or receivable in the current period and, therefore, are not reported in the funds.		(418,880)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	97,731	
Deferred inflows of resources related to pensions	<u>(1,211)</u>	
Net deferred outflows (inflows)		<u>96,520</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 6,928,975</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND
For the Year Ended December 31, 2017**

	<u>General</u>
REVENUES	
Taxes	\$ 171,421
Interest	2,323
Grant	139,030
Miscellaneous	<u>53,167</u>
TOTAL REVENUES	<u>365,941</u>
EXPENDITURES	
Personnel services	94,290
Directors fees	4,500
Professional fees	239,355
Treasurer's fees	8,272
Publications and dues	2,208
Insurance	9,717
Maintenance contracts	41
Miscellaneous	3,308
Repairs and maintenance	9,978
Supplies	7,615
Travel	2,143
Utilities	12,810
Capital outlay	<u>8,657</u>
TOTAL EXPENDITURES	<u>402,894</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,953)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,554,076</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,517,123</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017**

Net change in fund balances - total governmental funds	\$ (36,953)
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$221,108) is more than capital outlays (\$8,657) in the current period.	(212,451)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	<u>(47,260)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (296,664)</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 December 31, 2017

	Enterprise Fund
	Hydroelectric
ASSETS	
Cash and equivalents, Note 2	\$ 1,995,548
Accounts receivable	30,298
Inventory	6,980
Prepaid expenses	1,532
Property, plant and equipment (net), Note 4	2,276,889
TOTAL ASSETS	4,311,247
LIABILITIES	
Accounts payable	4,333
Employees compensated absences	3,530
Due to other fund, Note 11	161,730
TOTAL LIABILITIES	169,593
NET POSITION	
Net investment in capital assets	2,276,889
Unrestricted	1,864,765
TOTAL NET POSITION	\$ 4,141,654

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 For the Year Ended December 31, 2017

	Enterprise Fund
	Hydroelectric
POWER SALES	\$ 483,740
TOTAL OPERATING REVENUES	483,740
OPERATING EXPENSES	
Administrative fee	48,000
Depreciation	136,296
Insurance	9,717
Professional fees	32,385
Memberships, fees and licenses	4,936
Telephone	873
Travel	1,157
Repair and maintenance	57,170
Salaries and benefits	128,032
Utilities	4,343
Diver inspection	3,500
Miscellaneous	12,532
TOTAL OPERATING EXPENSES	438,941
OPERATING INCOME (LOSS)	44,799
NON-OPERATING REVENUES (EXPENSES)	
Investment income	
Interest revenue	2,756
TOTAL NON-OPERATING (EXPENSES)	2,756
CHANGE IN NET POSITION	47,555
NET POSITION, BEGINNING OF YEAR	4,094,099
NET POSITION, END OF YEAR	\$ 4,141,654

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO WATER CONSERVANCY DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended December 31, 2017

	Enterprise Fund
	<u>Hydroelectric</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 490,199
Cash payments for goods and services	(187,148)
Cash payments for employees and benefits	(125,680)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>177,371</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Amounts received from General fund	(49,223)
Amounts payable to General fund	161,730
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>112,507</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(9,075)
NET CASH USED BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(9,075)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	2,756
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,756</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	283,559
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,711,989</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,995,548</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 44,799
Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities:	
Depreciation	136,296
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	6,459
Decrease (increase) in prepaid expenses	(558)
Increase (decrease) in accounts payable	(11,977)
Increase (decrease) in employee compensated absences	2,352
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 177,371</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rio Blanco Water Conservancy District was created on November 9, 1990, to replace the Water Users Association No. 1, a subdistrict of the Colorado River Water Conservation District.

A quasi-municipal corporation and a political subdivision of the State of Colorado, the District was created pursuant to state law, for the purpose of obtaining and holding water rights and developing, stabilizing and conserving supplies of water for domestic irrigation, flood control, aesthetics, recreation, municipal, industrial and other beneficial uses.

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

A. Financial Reporting Entity

The District is governed by an appointed five member Board of Directors. The members are appointed by the District Court. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District since the District was not found to be financially accountable based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organizations' governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental fund:

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

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 District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary fund:

Hydroelectric Fund

The Hydroelectric Fund accounts for the operations and capital needs to provide hydroelectric power to Moon Lake Electric Association.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Budgets and Budgetary Accounting

The District's Board of Directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the administrator submits to the District's Board of Directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

A budget is adopted for the General Fund and Enterprise Fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at the end of each calendar year.

The District's board members may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year ended December 31, 2017.

Actual expenditures did not exceed budget amounts.

E. Property Taxes

Property taxes are levied on December 10 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

F. Fixed Assets And Long-Term Liabilities

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, trails, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis, from 2004. Infrastructure prior to 2004 will not be capitalized. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District does not have infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. In 2017 no interest was capitalized.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Fixed Assets And Long-Term Liabilities, continued

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

	<u>Governmental</u>	<u>Hydroelectric</u>
Hydroelectric plant		50 years
Capitalized interest		9.6 years
Building	40 years	
Dam	50 years	
Other	7-20 years	
Land improvements		20 years
Equipment	3-10 years	3-5 years

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reports as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

G. Encumbrances

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

H. Compensated Absences

Employees are not paid for accrued sick leave upon termination of employment, therefore, sick pay is charged to the expenditure when taken. No provision has been made in the financial statements for unused sick leave.

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation which will be taken after year end or paid upon separation from service. Vacation leave is carried over from year to year to a maximum of two times each employee's annual vacation amount.

I. Use of Estimates

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

J. Capitalization of Interest Costs

The District followed the practice of capitalizing interest during construction of the hydroelectric plant in 1992 and 1993.

K. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents.

L. Inventory

Supply inventory of the Enterprise Fund is recorded at cost.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Cash Deposits			
Cash in checking account	\$ 20,571	\$ -	\$ 20,571
Cash in money market accounts	35,505	1,995,548	2,031,053
Cash in certificates of deposit	<u>1,323,235</u>	<u>-</u>	<u>1,323,235</u>
	<u>\$ 1,379,311</u>	<u>\$ 1,995,548</u>	<u>\$ 3,374,859</u>

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Summary of Cash

	<u>General</u>	<u>Hydroelectric</u>	<u>Total</u>
Cash and Cash Equivalents			
Cash on hand	\$ 345	\$ -	\$ 345
Cash in checking accounts	20,571	-	20,571
Cash in money market accounts	35,505	1,995,548	2,031,053
Cash held by County	<u>465</u>	<u>-</u>	<u>465</u>
	<u>56,886</u>	<u>1,995,548</u>	<u>2,052,434</u>
Investments			
Cash in certificates of deposit	<u>1,323,235</u>	<u>-</u>	<u>1,323,235</u>
TOTAL CASH & INVESTMENTS	<u>\$ 1,380,121</u>	<u>\$ 1,995,548</u>	<u>\$3,375,6689</u>

NOTE 3 - PROPERTY TAXES

Property taxes for 2016, collectible in 2017, are certified by the Board of Directors by December 15, 2016. Property taxes attached as an enforceable lien on January 1, 2017, are due in total April 30, 2017, or in equal installments February 28, 2017 and June 15, 2017 at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - PROPERTY TAXES, Continued

Revenue Recognized in 2017

Local property taxes levied in 2016 and collected in 2017 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes Levied</u>	<u>Collected</u>	<u>Percent Collected</u>
General Fund	\$265,084,270	.623	\$ 165,148	\$164,994	99.9%

Property Taxes Receivable and Unearned Revenue

Local property taxes levied in 2017 but not collectible until 2018 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
General Fund	\$237,600,110	.623	100.0%	\$ 148,025	\$ 148,025

NOTE 4 - CAPITAL ASSETS

A. Governmental Activities

A summary of changes in capital assets during the year ended December 31, 2017 is as follows:

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Capital assets not being depreciated:				
Land	\$ 2,441,450	\$ -	\$ -	\$ 2,441,450
Total assets not being depreciated	<u>2,441,450</u>	<u>-</u>	<u>-</u>	<u>2,441,450</u>
Capital assets being depreciated:				
Buildings	130,557	-	-	130,557
Dam	9,449,346	-	-	9,449,346
Equipment	331,104	7,255	-	338,359
Land improvements	14,617	1,402	-	16,019
Other	624,287	-	-	624,287
Total assets being depreciated	<u>10,549,911</u>	<u>8,657</u>	<u>-</u>	<u>10,558,568</u>

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - CAPITAL ASSETS, Continued

A. Governmental Activities, continued

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Less accumulated depreciation:				
Buildings	(81,782)	(3,380)	-	(85,162)
Dam	(6,174,949)	(188,987)	-	(6,363,936)
Equipment	(166,942)	(21,494)	-	(188,436)
Land improvements	(9,601)	(1,708)	-	(11,309)
Other	(611,424)	(5,539)	-	(616,963)
Total accumulated depreciation	<u>(7,044,698)</u>	<u>(221,108)</u>	-	<u>(7,265,806)</u>
Total assets being depreciated, net	<u>3,505,213</u>	<u>(212,451)</u>	-	<u>3,292,762</u>
Governmental activities capital assets, net	<u>\$ 5,946,663</u>	<u>\$ (212,451)</u>	<u>\$ -</u>	<u>\$ 5,734,212</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 196,234
Repairs and maintenance	21,494
Building	<u>3,380</u>
Total depreciation expense – governmental activities	<u>\$ 221,108</u>

B. Business-type Activities

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Capitalized interest	255,959	-	-	255,959
Hydroelectric plant	4,699,574	-	-	4,699,574
Land improvements	15,612	-	-	15,612
Equipment	56,687	9,075	-	65,762
Total assets being depreciated	<u>5,027,831</u>	<u>9,075</u>	<u>-</u>	<u>5,036,906</u>

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - CAPITAL ASSETS, Continued

B. Business-type Activities

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Less accumulated depreciation:				
Capitalized interest	(255,959)	-	-	(255,959)
Hydroelectric plant	(2,300,068)	(134,282)	-	(2,434,350)
Land improvements	(12,735)	(421)	-	(13,156)
Equipment	(54,959)	(1,593)	-	(56,552)
Total accumulated depreciation	<u>(2,623,721)</u>	<u>(136,296)</u>	<u>-</u>	<u>(2,760,017)</u>
Total assets being depreciated, net	<u>2,404,110</u>	<u>(127,221)</u>	<u>-</u>	<u>2,276,889</u>
Business-type activities capital assets, net	<u>\$ 2,404,110</u>	<u>\$ (127,221)</u>	<u>\$ -</u>	<u>\$ 2,276,889</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Business-type activities:	
Hydroelectric/Total depreciation expense – business-type activities	<u>\$ 136,296</u>

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Rio Blanco Water Conservancy District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Rio Blanco Water Conservancy District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

Contributions. Eligible employees and Rio Blanco Water Conservancy District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Rio Blanco Water Conservancy District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Rio Blanco Water Conservancy District were \$20,904 for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Rio Blanco Water Conservancy District reported a liability of \$418,880 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Rio Blanco Water Conservancy District proportion of the net pension liability was based on Rio Blanco Water Conservancy District contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Rio Blanco Water Conservancy District proportion was 0.031020 percent, which was a decrease of 0.002962 from its proportion measured as of December 31, 2015.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended December 31, 2017, the Rio Blanco Water Conservancy District recognized pension expense of \$47,260. At December 31, 2017, the Rio Blanco Water Conservancy District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	7,454	-
Changes of assumptions or other inputs	29,712	1,211
Net difference between projected and actual earnings on pension plan investments	50,306	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(10,645)	-
Contributions subsequent to the measurement date	20,904	N/A
Total	97,731	1,211

\$97,731 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	59,577
2019	22,369
2020	14,096
2021	478
2022	-
Thereafter	-

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumption were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disability Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-214 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Health Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates of ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentation to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expense, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumptions for the LGDTF, including long-term historical data, estimates inherent in current market data, and long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payment of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of the Rio Blanco Water Conservancy District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	617,619	418,880	254,302

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 6 - POST EMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description - The Rio Blanco Water Conservancy District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (Known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Rio Blanco Water Conservancy District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Rio Blanco Water Conservancy District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2015, 2016, and 2017, the District's contributions to the HCTF were \$1,969, \$1,918, and \$1,682, respectively, equal to their required contributions for each year.

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provision to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions of up to the maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District has agreed to match employee contributions up to 3 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2017, the program members contributed \$4,946 and the District recognized pension expense and liability of \$4,946 and \$431, respectively, for the Volunteer Investment Program.

NOTE 8 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2017, \$10,978 of the year-end fund balance in the General Fund will be reserved for emergencies.

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - CONTINGENCIES, Continued

In May, 1996, the registered voters of the Rio Blanco Water Conservancy District voted to allow the District to collect, retain and expend all revenues and other funds collected in 1996 and each subsequent year thereafter, for capital projects and other municipal services without limiting in any year the amount of the other revenues that may be collected and expended by the Rio Blanco Water Conservancy District in excess of the limits of Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

NOTE 10 - ECONOMIC DEPENDENCY

All of the District's power sales are to one customer.

NOTE 11 - DUE TO/DUE FROM OTHER FUNDS

All payments for the District are paid through a General Fund bank account. Some payments relate to the Hydroelectric Fund and are periodically reimbursed to the General Fund. Individual fund interfund receivable and payable balances as of December 31, 2017, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Hydroelectric	\$ 161,730

RIO BLANCO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 12 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure of which any could be used.

NOTE 13 – REPORTING FOR PENSIONS

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*.

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 13, 2018, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

RIO BLANCO WATER CONSERVANCY DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended December 31, 2017

	Budget	
	Original	Final
REVENUES		
Taxes	\$ 168,823	\$ 168,823
Interest	250	250
Grant	265,000	265,000
Miscellaneous	103,200	103,200
Transfers in	450,000	450,000
	987,273	987,273
TOTAL REVENUES		
EXPENDITURES		
Personnel services	107,380	107,380
Directors fees	4,500	4,500
Professional fees	430,500	430,500
Treasurer's fees	9,520	9,520
Publications and dues	2,125	2,125
Insurance	12,000	12,000
Maintenance contracts	510	510
Repairs and maintenance	43,500	43,500
Supplies	13,000	13,000
Travel	3,000	3,000
Utilities	18,900	18,900
Miscellaneous	3,535	3,535
Contingency	5,000	5,000
Capital outlay	24,950	24,950
	678,420	678,420
TOTAL EXPENDITURES		
REVENUES OVER (UNDER) EXPENDITURES	308,853	308,853
FUND BALANCE, BEGINNING OF YEAR	2,128,959	2,128,959
FUND BALANCE, END OF YEAR	\$ 2,437,812	\$ 2,437,812

Actual Amounts	Variance From Final Budget
\$ 171,421	\$ 2,598
2,323	2,073
139,030	(125,970)
53,167	(50,033)
-	(450,000)
365,941	(621,332)
94,290	13,090
4,500	-
239,355	191,145
8,272	1,248
2,208	(83)
9,717	2,283
41	469
9,978	33,522
7,615	5,385
2,143	857
12,810	6,090
3,308	227
-	5,000
8,657	16,293
402,894	275,526
(36,953)	(345,806)
1,554,076	574,883
\$ 1,517,123	\$ 229,077

See the accompanying independent auditors' report

RIO BLANCO WATER CONSERVANCY DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years**

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.033%	\$ 271,661	\$ 178,543	152%	81.8%
12/31/2015	0.033%	292,048	192,994	151%	80.7%
12/31/2016	0.034%	374,343	188,022	199%	76.9%
12/31/2017	0.031%	418,880	164,858	254%	73.6%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

RIO BLANCO WATER CONSERVANCY DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 22,332	\$ 22,332	\$ -	\$ 176,121	12.68%
2014	22,639	22,639	-	178,543	12.68%
2015	24,472	24,472	-	192,994	12.68%
2016	23,841	23,841	-	188,022	12.68%
2017	20,904	20,904	-	164,858	12.68%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

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SUPPLEMENTARY INFORMATION

RIO BLANCO WATER CONSERVANCY DISTRICT

BUDGETARY COMPARISON SCHEDULE
HYDROELECTRIC FUND
For the Year Ended December 31, 2017

	Budget	
	Original	Final
REVENUES		
Power sales	\$ 490,000	\$ 490,000
Interest income	1,500	1,500
	491,500	491,500
TOTAL REVENUES		
EXPENSES		
Administrative fee	48,000	48,000
Insurance	12,000	12,000
Professional fees	40,350	40,350
Memberships, fees and licenses	10,500	10,500
Telephone	1,500	1,500
Travel	14,000	14,000
Repair and maintenance	297,750	297,750
Salaries and benefits	155,360	155,360
Supplies	7,950	7,950
Utilities	6,000	6,000
Diver inspection	5,000	5,000
Vehicle	850	850
Miscellaneous	21,000	21,000
Capital outlay	10,000	10,000
	630,260	630,260
TOTAL EXPENSES		
NET CHANGE IN POSITION	(138,760)	(138,760)
NET POSITION, BEGINNING OF YEAR	2,632,786	2,632,786
NET POSITION, END OF YEAR	\$ 2,494,026	\$ 2,494,026

RECONCILIATION FROM BUDGET BASIS EXPENDITURES (NON-GAAP) TO GAAP

Add:

 Capital outlay

Subtract:

 Depreciation

NET POSITION, END OF YEAR GAAP BASIS

<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
\$ 483,740	\$ (6,260)
2,756	1,256
486,496	(5,004)
48,000	-
9,717	2,283
32,385	7,965
4,936	5,564
873	627
1,157	12,843
57,170	240,580
128,032	27,328
-	7,950
4,343	1,657
3,500	1,500
-	850
12,532	8,468
9,075	925
311,720	318,540
174,776	313,536
4,094,099	(1,461,313)
4,268,875	\$ (1,147,777)
9,075	
(136,296)	
\$ 4,141,654	

RIO BLANCO WATER CONSERVANCY DISTRICT

GRAPH I - HYDRO POWER SALES
For the Years Ended December 31

