

UTE WATER CONSERVANCY DISTRICT

IN MESA COUNTY, COLORADO

Comprehensive Annual Financial Report

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April 17, 2018



WATER
Conservancy District

FISCAL YEAR ENDED

DECEMBER 31, 2017 AND

DECEMBER 31, 2016

UTE WATER CONSERVANCY DISTRICT

2190 H ¼ ROAD

GRAND JUNCTION, CO 81505

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UTEWATER.ORG



Above Photo – Schedule V Phase 2 Transmission Line Upgrade. Photo by Danny Reed.

Cover Photo – District Pump Station No.2. Photo by Andrea Lopez.

UTE WATER CONSERVANCY DISTRICT
in
MESA COUNTY, COLORADO

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

For the Years ended December 31, 2017 and 2016

Prepared By:

Finance Department
Gregory E. Williams, Finance Director

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March 9, 2018

To the Board of Directors of Ute Water Conservancy District and Our Customers:

The comprehensive annual financial report (CAFR) of Ute Water Conservancy District (District) for the year ended December 31, 2017, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with District management. This financial report has been prepared in conformance with the principles and standards for financial reporting as promulgated by the Government Accounting Standards Board (GASB). It has also been prepared following guidelines recommended by the Government Finance Officers Association (GFOA). We believe that the data presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the financial position and the results of the financial operations of the District; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Chadwick, Steinkirchner, Davis & Co., P.C., has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of Ute Water Conservancy District as of and for the years ended December 31, 2017 and 2016 are free of material misstatement. The independent audit involves examining, on a tests basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Chadwick, Steinkirchner, Davis & Co. concluded based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements as of and for the years ended December 31, 2017 and 2016, are fairly presented in accordance with generally accepted accounting principles (GAAP) accepted in the United States and applied to local government units. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of independent auditors.

The Reporting Entity

Ute Water Conservancy District was organized in 1956 to provide domestic water service to the rural areas of the Grand Valley in Mesa County, Colorado, under the “Water Conservancy Act” of Colorado. A 14-member Board of Directors appointed by the Mesa County District Court for over-lapping four-year terms governs the District. The District operates using the Board-Manager form. The Board of Director responsibilities include, but are not limited to, setting District rules and regulations, adoption of resolutions including the annual budget, adoption of water rates and fees, and hiring of the General Manager. The District is legally separate from other local or state governmental units. All operations of the District are accounted for as an enterprise fund.

Economic Condition and Outlook

The Grand Valley is a major service center for western Colorado and eastern Utah. The valley is home to medical facilities, educational facilities, commercial services, and retail outlets that serve a large regional population in addition to the residents of the valley. In addition, the area includes agricultural and manufacturing industries that provide services locally and nationally. The valley’s numerous orchards and vineyards and its proximity to the Grand Mesa, the Colorado National Monument, several National Parks, and other scenic attractions have resulted in defining the valley as a significant tourist destination. The area’s mild climate and near proximity to a variety of year-round outdoor activities have made the valley a home for a retirees and telecommuters. The valley’s economy has significantly diversified over the last several decades. Prior to 2008, natural gas drilling as well as uranium, coal, and other natural resource mining were productive industries for the area. Drops in the prices for natural gas and oil and other minerals mined in the area combined with protracted sub-prime mortgage lending problems, both nationally and internationally, resulted in a slowdown in the area’s economy. This prolonged down-turn in the local economy significantly impacted local housing construction, growth, and employment. The diversification of the economy and the desirability of the area have continued to support low levels of population growth since 2008. Current development indicators such as increased subdivision development, increasing building permit activity, and increases in the number of water taps sold are signaling higher levels of growth in the local economy. See Schedule 3 on page 40 and Schedule 7 on page 45 for a ten-year history of customers, tap sales, and county building permits.

Ute Water Conservancy District obtains its raw water supply primarily from the Plateau Creek drainage on the northern slope of the Grand Mesa in western Colorado. Plateau Creek is a tributary of the Colorado River. A prolonged drought in the Colorado River drainage has resulted, over the last decade, in the lowering of water levels in both Lake Mead and Lake Powell. The Colorado River drainage is home to four endangered species of fish; the Colorado pikeminnow, the razorback sucker, the humpback chub and the bonytail chub. One of the areas considered to be a critical habitat for these fish by the United States Fish and Wildlife Service is the Colorado River from Palisade, in the eastern end of the Grand Valley, to the confluence of the Colorado River with the Gunnison River at Grand Junction. This area is known as the “15 Mile Reach” of the Colorado River and lies within the service area of the District. These four fish have and will continue to affect all water users along the river. The District’s management has been actively involved with federal, state, and other local agencies and officials, in efforts to protect general water flows and habitat for these endangered fish and thus protect the District’s

current and future water sources. The District's involvement in this effort will continue into the foreseeable future.

The District completed a study in 2011 of the firm yield of the water rights held by the District to determine if the District has sufficient water rights to meet projected future demand. The District concluded through this study the need to improve its water supply backup capabilities by upgrading its pumping facilities on the Colorado River and modifying the treatment plant to better treat this water source as well as continue to develop additional water supplies. During 2017 the District continued its efforts to expand reservoirs to increase the amount of water the District will have available for its customers in the future. The District is currently and will continue to improve upon the efficient use of its water and water rights. Any additional water rights and storage options, either through construction or additional purchases, will be considered.

Major Initiatives

The Board of Directors adopted a District developed strategic plan in 2014 that outlined priorities to support the focus of the District. The District identified priorities to deliver high quality water, conserve and protect water supplies, plan for future water supplies, cultivate organizational and operational excellence, and strengthen and maintain positive relationships.

In 2013, the District completed an upgrade of the treatment plant's flocculation and sedimentation basins with the addition of settling plates to increase treatment capacity of this portion of the treatment plant. In addition to increasing treatment capacity, the upgrade allows for increased effectiveness in maintaining a high level of water quality when treating water sources such as the Colorado River. In 2017, the District completed construction upgrades to a secondary pump station near the Colorado River necessary to continue the conveyance of water from the pump station on the Colorado River to the District's treatment facilities. Completion of the pump station upgrades provide a secondary source of water that exceeds the District's current maximum daily demand. Additionally, in 2015 the District purchased property to allow for the future development of facilities that would further increase the water quality of this water source and enhance the District's ability to utilize this water source as an alternate water supply and provide for future growth. The District will continue its efforts to ensure its ability to provide adequate water to its customers into the future and to comply with current and anticipated water quality regulations.

The District has spent an average of \$4.6 million annually in the last 10 years in upgrading and installing new waterlines and treatment facilities within the District. It is anticipated that similar or larger amounts will be spent annually into the foreseeable future to maintain and expand the District's supply, treatment, and distribution facilities. The major focus of the District's efforts continues to be on increasing waterline sizes in those areas that are experiencing growth, replacing older deteriorating waterlines, and expanding distribution waterlines into developing areas.

The Board of Directors of the District adopted the current water rates in November of 2015 which were effective January 1, 2016. Combined with slightly higher 2016 billed consumption amounts than anticipated, the changes in water rates increased water revenue approximately 7.5% from 2015 amounts. Operating with the same rates in 2017, water sales increased 3.5% from 2016 amounts due to higher billed consumption amounts. The current water tap rates

were increased approximately 3% and were effective beginning January 1, 2016. The District reviews water and tap rates and property tax rates annually to evaluate the need for possible changes. See pages 42 and 43 for the water and tap rate schedules in effect over the last ten years.

The District's Series 2009 Water Revenue Refunding Bonds and Series 2012 Water Revenue Refunding Bonds carry a Standard & Poor's rating of AA. See pages 26 and 27 for additional details of the District's debt.

Future Projects

The District maintains an on-going five-year long-term capital plan and a five-year revenue and expenditure forecast. The principal non-routine expenditure components of the five-year projection are major capital costs. The costs of estimated major capital improvements over the next five years total \$64.3 million. The major elements of this plan include:

- Supply reservoirs expansion and new development
- Major distribution line replacements, upgrades, and extensions
- The ongoing replacement of vehicles and equipment

Financial Information

Internal Controls – Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Included in the internal control structure is the use of budgetary controls. The objective of budgetary controls is to ensure compliance with the annually appropriated budget approved by the District's Board of Directors. While the adoption of the annual budget by the Board of Directors appropriates funds at the fund level, the District prepares the budget by line item for each department to improve budgetary controls. The finance committee of the Board of Directors is deeply involved in the budget preparation process and in periodic budget to actual reviews and in reviews of water and tap rates.

Cash and Investment Administration – The principal objective of the District's investment policy is safety while attaining an appropriate rate of return. As of December 31, 2017, approximately 76% of the District's investments were held in U.S. government and agency securities and 24% held in State of Colorado local government investment pools. The District earned an average return of approximately 1.33% on cash and investments in 2017 compared to approximately 1.17% in 2016. See pages 20 through 23 for additional details of the District's cash and investments.

Other Information

Independent Audit – State statutes require an annual audit by independent certified public accountants. The firm of Chadwick, Steinkirchner, Davis & Co., P.C., was selected to perform this audit for 2017. The auditor’s report on the basic financial statements is included in the financial section of this report.

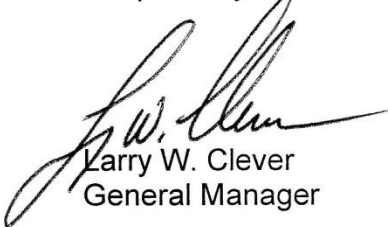
Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ute Water Conservancy District for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the nineteenth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted U.S. accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment – The preparation of this report could not have been accomplished without the efficient and dedicated assistance of the entire staff of the Finance Department. We would also like to express appreciation to the staff in other departments who provided great assistance in the preparation of this report. Due credit also should be given to the Board of Directors for their interest and support in planning and conducting operations of the District in a responsible and progressive manner.

We would also like to commend our external auditors, Chadwick, Steinkirchner, Davis and Co., P.C., for their comprehensive and efficient examination of the District’s accounts and records for the year ended December 31, 2017.

Respectfully submitted,



Larry W. Clever
General Manager



Gregory E. Williams
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Ute Water Conservancy District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

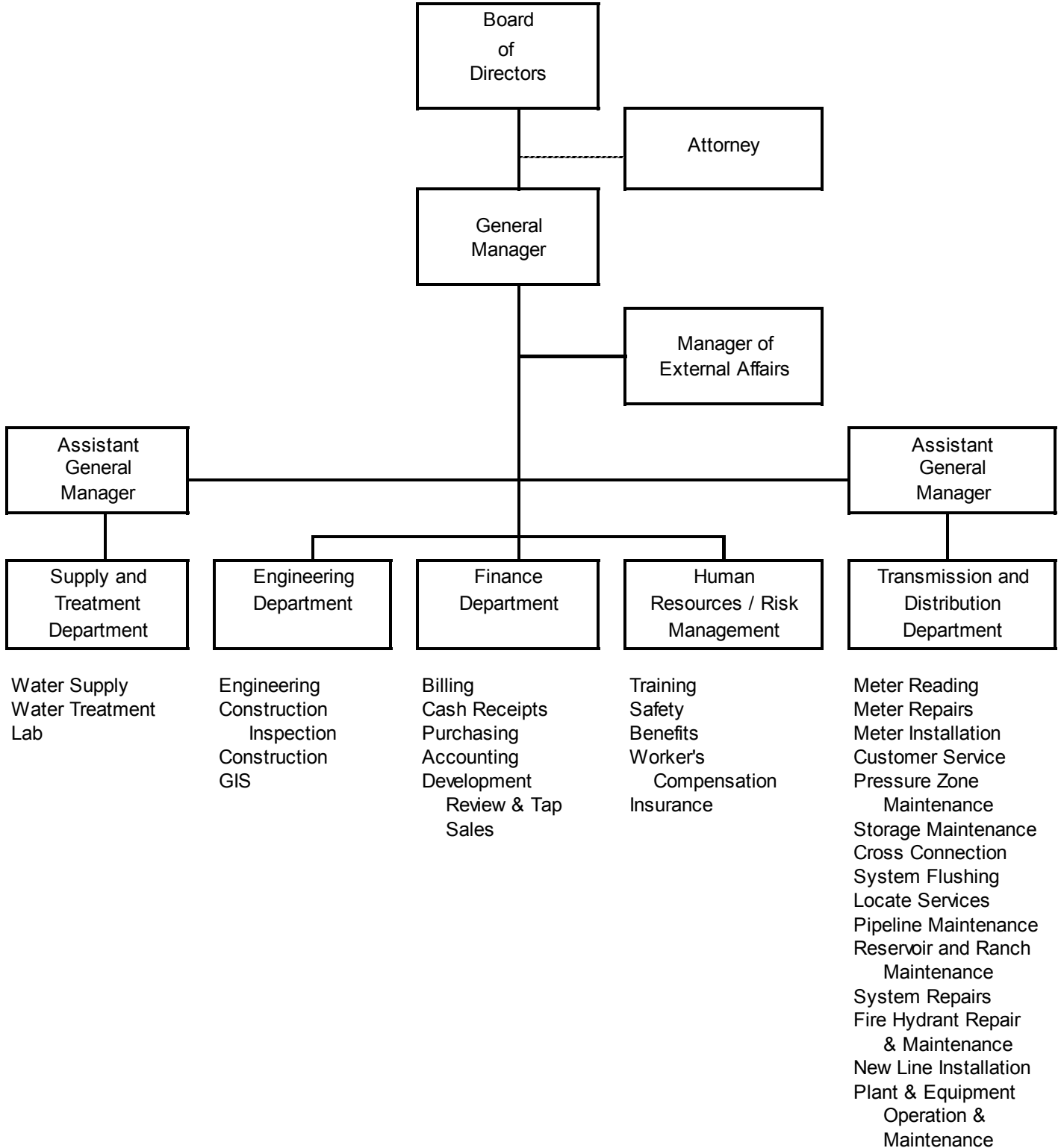
December 31, 2016

Christopher P. Morrill

Executive Director/CEO

UTE WATER CONSERVANCY DISTRICT

ORGANIZATION CHART



Ute Water Conservancy District
At December 31, 2017

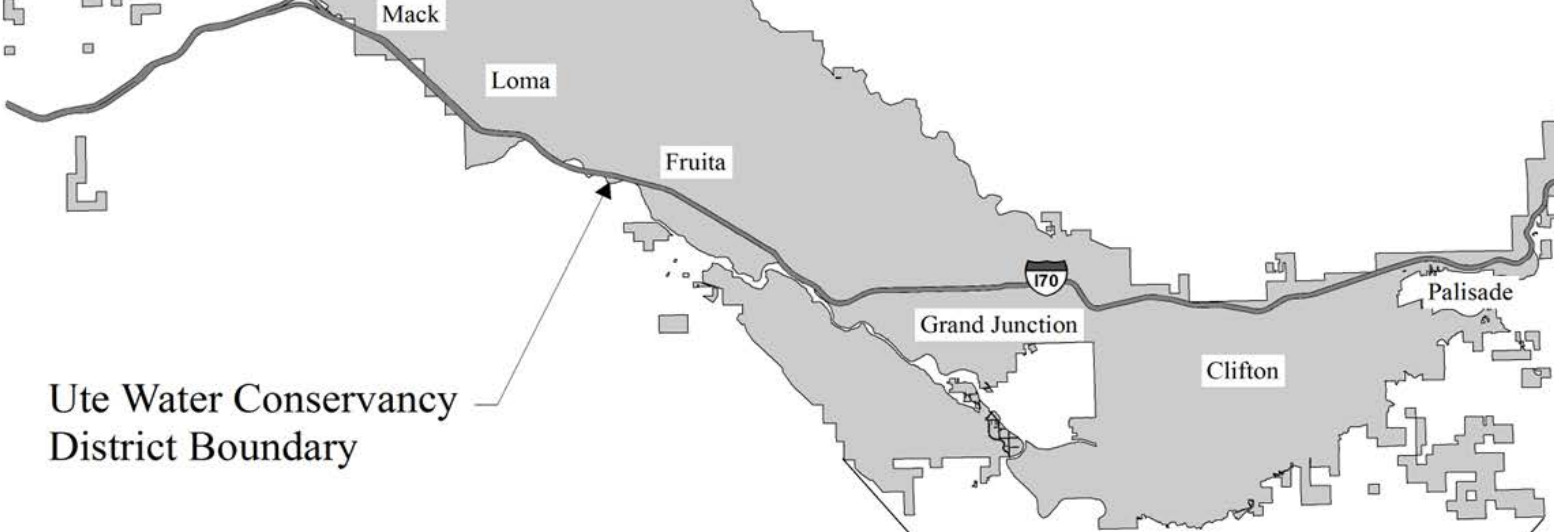
BOARD OF DIRECTORS

<u>District</u>	<u>Name</u>	<u>Term Expires</u>
2	John Redifer, <i>President</i>	May 2020
3	Ken Henry, <i>Vice-President</i>	May 2019
5	Tammy Eret, <i>Secretary</i>	May 2018
3	John Caldwell, <i>Treasurer</i>	May 2020
1	Pat Brennan	May 2021
1	Neil Jaquet	May 2018
1	Mel Rettig	May 2020
2	James N. Burkhalter	May 2021
2	Rod Johnson	May 2018
3	Robert F. Gobbo	May 2020
3	Robert Saunders	May 2021
4	Carl Conner	May 2021
4	Mistalynn Meyeraan	May 2018
5	Greg Green	May 2020

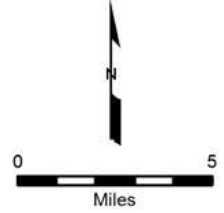
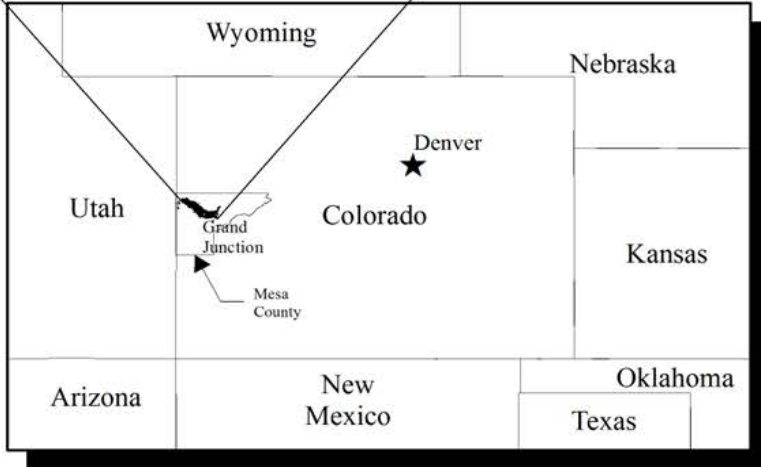
DISTRICT STAFF

<i>General Manager</i>	Larry W. Clever
<i>General Counsel</i>	Mark Hermundstad
<i>Assistant General Manager</i>	Stephen Ryken
<i>Assistant General Manager - Treatment and Source</i>	David Payne
<i>District Engineer</i>	David Priske
<i>Superintendent of Transmission and Distribution</i>	Timothy Moore
<i>Treatment Plant Superintendent</i>	Benjamin Hoffman
<i>Finance Director</i>	Gregory Williams
<i>Human Resources / Risk Manager</i>	Kalanda Isaac
<i>Project Engineer</i>	Jeremy Lyon
<i>External Affairs Manager</i>	Joseph Burtard

General Map of The Ute Water Conservancy District



Ute Water Conservancy
District Boundary



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

March 9, 2018

President and Board of Directors
Ute Water Conservancy District
Grand Junction, CO

We have audited the accompanying financial statements of Ute Water Conservancy District as of and for the years ended December 31, 2017 and 2016, 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 our opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

President and Board of Directors
Ute Water Conservancy District
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ute Water Conservancy District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Ute Water Conservancy District's basic financial statements. The schedule of revenues and expenses – budget to actual and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects, in relation to the financial statements as a whole. The introductory and statistical sections 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.

Chadwick, Steinkirchner, Hovis & Co., P.C.

**Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2017 and 2016**

The purpose of the management's discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements that follow this MD&A.

HIGHLIGHTS – Business-type Activities

- In 2017, net position increased by \$8.5 million (or 4.3%) when compared to 2016.
- Total revenues increased by \$0.88 million (or 4%) to \$22.97 million for 2017.
- Net capital assets increased by \$0.1 million (or 0.1%) to \$191.35 million in 2017.
- Capital contributions were \$1.59 million in 2017 compared to \$0.54 million in 2016.
- Current liabilities increased by \$0.2 million in 2017 (or 5.4%) compared to 2016.
- Non-current liabilities decreased by \$2.83 million (or 12%) to \$20.75 million in 2017.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements and schedules are included:

- **Statements of net position** – reports the District's current financial resources (short-term spendable resources with capital assets and long-term obligations). (See page 10)
- **Statements of revenues, expenses and changes in net position** – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions. (See page 11)
- **Statements of cash flows** – reports the District's cash flows from operating, investing, capital and non-capital activities. (See pages 12 - 13)
- **Schedules of revenues and expenditures – budget and actual – (non-GAAP budgetary basis)** – reports the District's revenues and expenditures on the same basis as the budget. (See pages 32 – 33)

CHANGES IN NET POSITION

The following schedule summarizes the revenues, expenses and capital contributions resulting in the overall change in total net position.

Years ended December 31,	2017	2016	2015
Revenues	\$ 22,969,637	\$ 22,091,727	\$ 20,250,277
Expenses	(16,044,148)	(15,575,516)	(15,055,528)
Excess before capital contributions	6,925,489	6,516,211	5,194,749
Capital contributions	1,590,620	543,070	728,332
Increase in Net Position	<u>\$ 8,516,109</u>	<u>\$ 7,059,281</u>	<u>\$ 5,923,081</u>

Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2017 and 2016

From 2015 to 2016, net investment in capital assets increased by \$3.55 million or 2.2% to \$165.25 million. From 2016 to 2017 this item increased by \$2.78 million or 1.7% to \$168.03 million. Unrestricted net position increased by \$3.50 million or 14.6% to \$27.55 million from 2015 to 2016. From 2016 to 2017 unrestricted net position increased by 20.8% or \$5.73 million to \$33.28 million. Only the unrestricted net position is readily available to finance continuing and future operations of the water system. During 2016 and 2017, the District continued to expend significant amounts for treatment and distribution system upgrades, system development, and the development of additional water storage and water rights.

The following table shows the condensed statement of net position for the past three years.

STATEMENT OF NET POSITION

Years ended December 31,	2017	2016	2015
Current assets	\$ 35,297,049	\$ 29,442,190	\$ 27,435,917
Restricted assets	3,202,909	3,202,909	3,202,909
Capital assets	191,355,455	191,249,098	190,300,375
Non-current assets	296,827	312,904	328,943
Total assets	<u>230,152,240</u>	<u>224,207,101</u>	<u>221,268,144</u>
Deferred outflow of resources	57,511	102,255	158,149
Total assets and deferred outflow of resources	<u>230,209,751</u>	<u>224,309,356</u>	<u>221,426,293</u>
Current liabilities	4,254,260	4,036,977	5,455,952
Non-current liabilities	20,755,361	23,591,784	26,358,896
Total liabilities	<u>25,009,621</u>	<u>27,628,761</u>	<u>31,814,848</u>
Deferred inflow of resources	678,633	675,207	665,338
Total liabilities and deferred inflow of resources	<u>25,688,254</u>	<u>28,303,968</u>	<u>32,480,186</u>
Net position			
Net investment in capital assets	168,034,757	165,246,901	161,688,777
Restricted for debt service	3,202,909	3,202,909	3,202,909
Unrestricted	33,283,831	27,555,578	24,054,421
Total net position	<u>\$ 204,521,497</u>	<u>\$ 196,005,388</u>	<u>\$ 188,946,107</u>

In 2016, the District's net position increased to \$196.00 million, an increase of \$7.06 million over 2015. This increase was made up of \$3.23 million in non-operating revenues over expenses, \$3.29 million in operating income, and \$0.54 million in capital contributions. The net position of the District increased to \$204.52 million during 2017, an increase of \$8.51 million over 2016. This increase was made up of \$3.48 million in non-operating revenues over expenses, \$3.44 million in operating income, and \$1.59 million in capital contributions.

Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2017 and 2016

REVIEW OF REVENUES

Years ended December 31,	2017	2016	2015
Operating revenues			
Waters sales	\$ 17,962,733	\$ 17,360,229	\$ 16,110,687
Fee for tap connections	351,012	291,514	222,149
Other	331,734	304,933	310,715
Total	<u>18,645,479</u>	<u>17,956,676</u>	<u>16,643,551</u>
Non-operating revenues			
Property taxes	778,810	752,574	727,780
Tap fee in excess of connection costs	2,929,538	1,968,341	2,290,316
Investment income	297,853	364,085	237,114
Miscellaneous income	241,958	337,143	409,396
Gain (loss) on disposition of capital assets	75,999	712,908	(57,880)
Total	<u>4,324,158</u>	<u>4,135,051</u>	<u>3,606,726</u>
Total revenues	<u>\$ 22,969,637</u>	<u>\$ 22,091,727</u>	<u>\$ 20,250,277</u>

In 2016, operating revenues were up \$1.31 million (or 7.9%) from 2015. Water sales account for \$1.25 million of the increase in operating revenues and primarily resulted from a water rate increase (about a 5% increase) effective January 2016. Water tap fees collected for connection costs account for the remaining increase. Non-operating revenues increased \$528,000 (or 14.6%) from 2015. Property taxes increased approximately \$24,000 due to the valuation of assessed property and investment income increased \$127,000 as interest rates and the fair value of investments slowly improved from prior historical levels. The District's sale of properties in 2016 was the primary cause for non-operating revenue amounts to increase as the gain on disposition of capital assets was approximately \$771,000 over 2015 amounts. These increases are offset by decreases of \$322,000 in tap fee connections due to decreases in local development from 2015 levels and decreases of approximately \$72,000 in miscellaneous income. Miscellaneous income included decreases in royalty income as oil & gas production levels continued to decline and reduced rental income resulting from rental agreements that ended in 2015.

In 2017, operating revenues were up \$688,000 (or 3.8%) from 2016. Water sales account for \$602,500 of the increase in operating revenues and primarily resulted from a 3.6% increase in water consumption amounts from 2016. Water tap fees collected for connection costs and development fees accounted for the remaining increase in operating revenues. Non-operating revenues increased \$189,000 (or 4.6%) from 2016. In combination with an increase of \$26,000 in property taxes collected, tap fee income in excess of connection costs increased \$961,000 from 2016 as local development growth in 2017 improved from recent historical levels. These increases are offset by decreases of \$66,000 in investment income primarily due to accounting for unrealized losses from the current fair value of investments, \$95,000 in miscellaneous income resulting from reduced rental and royalty revenues, and gains on the disposition of capital assets decreasing \$637,000 from 2016 amounts.

Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2017 and 2016

REVIEW OF EXPENSES

Years ended December 31,	2017	2016	2015
Operating expenses			
Water supply and treatment	\$ 2,267,047	\$ 2,218,592	\$ 2,202,302
Transmission and distribution	3,150,517	3,044,874	2,872,123
Engineering and construction	846,916	837,713	810,438
Administration	1,490,940	1,352,632	1,260,159
Finance and accounting	1,401,134	1,387,745	1,296,460
Depreciation	6,048,983	5,823,534	5,643,372
Total	<u>15,205,537</u>	<u>14,665,090</u>	<u>14,084,854</u>
Non-operating expenses			
Interest expense	825,116	897,078	957,891
County treasurer's fees	13,495	13,348	12,783
Total	<u>838,611</u>	<u>910,426</u>	<u>970,674</u>
Total expenses	<u>\$ 16,044,148</u>	<u>\$ 15,575,516</u>	<u>\$ 15,055,528</u>

In 2016, the District's operating expenses increased \$580,000 (or 4.1%) when compared to 2015. This increase included \$338,000 in personnel wage and health benefit cost increases, \$62,000 from building and facilities maintenance (resurface parking areas & paint facilities) and slight increases in system repairs and meter upgrades, and \$180,000 from increases in depreciation resulting from recent capital asset additions. Non-operating expenses decreased \$60,000 primarily due to decreased interest expense.

In 2017, the District's operating expenses increased \$540,000 (or 3.7%) when compared to 2016. This increase included personnel expense increases of \$159,000 that consisted primarily of health benefit cost, \$156,000 increase in operating expenses largely due to increases in treatment chemicals and system repairs, and \$225,000 from increases in depreciation resulting from recent capital asset additions. Non-operating expenses decreased \$72,000 primarily due to decreased interest expense.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2017	2016	2015
Developer donated assets and system upgrades	<u>\$ 1,590,620</u>	<u>\$ 543,070</u>	<u>\$ 728,332</u>

Capital contributions result from the donation of line extensions, subdivision lines, and other system assets from developers. Changes in amounts from year to year are dependent on the amount of residential and commercial development within the District.

Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2017 and 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

(in thousands)

Capital assets, net of depreciation

Balances for years ended December 31,	2017	2016	2015
Source of supply	\$ 91,724	\$ 90,551	\$ 88,279
Water treatment	15,908	16,619	16,454
Transmission and distribution	73,853	72,795	72,006
General plant and equipment	7,500	7,780	8,022
Construction in progress	2,370	3,504	5,539
	<u>\$ 191,355</u>	<u>\$ 191,249</u>	<u>\$ 190,300</u>

Capital assets had net increases (additions, retirements, and depreciation) of about \$106,000 in 2017 and \$949,000 in 2016.

The major capital asset additions were as follows:

(in thousands)	2017	2016
Transmission & distribution system upgrades	\$ 2,727	\$ 3,535
Treatment & supply upgrades and improvements	2,945	2,682
Meter & service installations	351	468
Vehicle & equipment purchases	241	379
Land & water rights	9	2
Reservoir permitting, design and expansion	6	1
Total capital asset additions	<u>\$ 6,279</u>	<u>\$ 7,067</u>

Additional information regarding capital assets is available in the footnotes to the financial statements (see page 25).

DEBT OUTSTANDING

In 2016, the District reduced the balance of bonds payable by \$2,470,000. The District did not incur any additional bonds or notes payable in 2016. In 2017, the District reduced the balance of bonds payable by \$2,565,000. The District did not incur any additional bonds or notes payable in 2017. Further debt information is available in the notes to the financial statements (see pages 26 to 27).

ECONOMIC AND OTHER FACTORS

The economy of the region surrounding the District has grown and diversified over the last several decades. Prior to 2017, the effects of the national economy significantly impacted the regions natural gas and construction industries which in turn resulted in substantially reduced levels of growth of the local area's economy. This slowdown in the local economy appears to have reversed as low residential real estate inventory and reduced foreclosure filings support the renewed levels of residential and commercial construction activity. The regions economic diversification and the desirability of the area as a place to live has resulted in an increase in medical, industrial, recreational, and service related businesses.

**Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2017 and 2016**

The number of water tap sales, county building permits (see page 45), and subdivision development reflect the major slowdown in growth experienced since 2008 as well as the signs of increased development over the last few years. The District is continuing to plan for future growth with the continued emphasis on upgrading the District's treatment and distribution systems. The determination of future water needs and the purchase and development of additional water rights and water sources continue as a priority for the District.

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added a new section 20 to Article X of the Colorado Constitution. (See Note I to the financial statements on page 29). Under TABOR, the District cannot receive over 10% of its revenues from taxes and remain an enterprise under state law. Enterprise status under state law allows the District to remain exempt from many of the provisions of TABOR. Over the period from 2005 to 2008 the District reduced its tax mill levy from 2.0 mills to 0.5 mills in order to ensure that the District receives less than 10% of its revenue from taxes and thus maintains its enterprise status under TABOR and to become less dependent on tax revenue. The District continued to assess 0.5 mills in both 2016 and 2017.

FINANCIAL CONTACT

The District's financial statements are designed to present financial statement users (water users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the Finance Department, Ute Water Conservancy District, P.O. Box 460, Grand Junction, Colorado 81502.

**Ute Water Conservancy District
Financial Statements,
Notes to Financial Statements,
and Supplemental Information**



UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF NET POSITION

December 31, 2017 and 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,352,330	\$ 16,510,690
Cash held for others	458,849	503,392
Investments	20,025,887	9,262,628
Accounts receivable, less allowance of \$3,900	1,653,680	1,645,713
Loans receivable - current portion	7,504	7,267
Accrued interest receivable	114,311	73,633
Accrued property taxes receivable	678,633	675,207
Inventories	703,445	709,621
Prepaid expenses	302,410	54,039
TOTAL CURRENT ASSETS	35,297,049	29,442,190
NON-CURRENT ASSETS		
Restricted investments	3,202,909	3,202,909
Capital assets - not being depreciated	37,829,006	39,046,265
Capital assets - being depreciated	153,526,449	152,202,833
Loans receivable - long term portion	296,827	312,904
TOTAL NON-CURRENT ASSETS	194,855,191	194,764,911
TOTAL ASSETS	230,152,240	224,207,101
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding - Series 2009 Bonds	57,511	102,255
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	230,209,751	224,309,356
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	548,366	423,099
Funds held for others	458,849	503,392
Accrued interest payable	39,777	44,253
Accrued wages payable	108,458	106,185
Unearned revenue	158,074	145,178
Current portion of bonds payable	2,665,000	2,565,000
Compensated absences payable	275,736	249,870
TOTAL CURRENT LIABILITIES	4,254,260	4,036,977
NON-CURRENT LIABILITIES		
Compensated absences payable	32,536	33,470
Unearned lease revenue	9,615	18,861
Bonds payable, less current maturities	20,713,210	23,539,453
TOTAL NON-CURRENT LIABILITIES	20,755,361	23,591,784
TOTAL LIABILITIES	25,009,621	27,628,761
DEFERRED INFLOW OF RESOURCES		
Property taxes	678,633	675,207
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	25,688,254	28,303,968
NET POSITION		
Net investment in capital assets	168,034,757	165,246,901
Restricted for debt service	3,202,909	3,202,909
Unrestricted	33,283,831	27,555,578
TOTAL NET POSITION	\$ 204,521,497	\$ 196,005,388

The accompanying notes are an integral part of these statements.

UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended December 31, 2017 and 2016

OPERATING REVENUES	<u>2017</u>	<u>2016</u>
Water sales	\$ 17,962,733	\$ 17,360,229
Fees for making water tap connections	351,012	291,514
Other operating revenue	331,734	304,933
<i>TOTAL OPERATING REVENUES</i>	<u>18,645,479</u>	<u>17,956,676</u>
OPERATING EXPENSES		
Water supply and treatment	2,267,047	2,218,592
Transmission and distribution	3,150,517	3,044,874
Engineering and construction	846,916	837,713
Administration	1,490,940	1,352,632
Finance and accounting	1,401,134	1,387,745
Depreciation and amortization	6,048,983	5,823,534
<i>TOTAL OPERATING EXPENSES</i>	<u>15,205,537</u>	<u>14,665,090</u>
<i>OPERATING INCOME (LOSS)</i>	<u>3,439,942</u>	<u>3,291,586</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	778,810	752,574
Tap fees in excess of connection costs	2,929,538	1,968,341
Investment income	297,853	364,085
Miscellaneous income	241,958	337,143
Interest expense	(825,116)	(897,078)
County treasurer's fees	(13,495)	(13,348)
Gain (loss) on disposition of capital assets	75,999	712,908
<i>TOTAL NON-OPERATING REVENUES (EXPENSES)</i>	<u>3,485,547</u>	<u>3,224,625</u>
<i>INCOME (LOSS) BEFORE CONTRIBUTIONS</i>	6,925,489	6,516,211
CAPITAL CONTRIBUTIONS:		
Developer donated lines	1,590,620	540,350
Developer donated land	-	2,720
<i>CHANGE IN NET POSITION</i>	<u>8,516,109</u>	<u>7,059,281</u>
Net Position , beginning of year	<u>196,005,388</u>	<u>188,946,107</u>
Net Position , end of year	<u>\$ 204,521,497</u>	<u>\$ 196,005,388</u>

The accompanying notes are an integral part of these statements.

UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 18,299,396	\$ 17,430,155
Cash paid to suppliers	(3,105,695)	(2,842,139)
Cash paid to employees	(6,238,358)	(6,170,897)
Cash received for making water tap connections	351,012	291,514
Miscellaneous nonoperating receipts	231,958	327,143
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,538,313	9,035,776
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property tax revenue received	765,315	739,226
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	765,315	739,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees in excess of connection costs	2,929,538	1,968,341
Proceeds from sale of capital assets	200,191	1,007,704
Purchase of capital assets	(4,434,495)	(7,653,425)
Wages and benefits capitalized in capital assets	(156,641)	(235,807)
Principal payments on bonds	(2,565,000)	(2,470,000)
Interest paid	(945,337)	(1,039,241)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(4,971,744)	(8,422,428)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	3,138,000	2,132,000
Interest received	365,007	316,999
Purchase of investments	(14,009,091)	-
Payments received on loans receivable	15,840	16,819
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(10,490,244)	2,465,818
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,158,360)	3,818,392
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,510,690	12,692,298
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 11,352,330	\$ 16,510,690

The accompanying notes are an integral part of these statements.

UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF CASH FLOWS - continued

For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
<i>OPERATING INCOME (LOSS)</i>	\$ 3,439,942	\$ 3,291,586
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	6,048,983	5,823,534
(Increase) in accounts receivable	(7,967)	(227,125)
(Increase) decrease in inventory	6,176	(55,881)
(Increase) decrease in prepaid expenses	(248,371)	22,085
Increase (decrease) in accounts payable	125,267	(1,438,240)
(Increase) decrease in accounts payable due to the purchase of capital assets on account	(97,776)	1,365,249
Increase (decrease) in accrued wages and compensated absences payable	27,205	(64,693)
Increase (decrease) in unearned revenue	12,896	(7,882)
Miscellaneous nonoperating receipts included in operating activities	231,958	327,143
TOTAL ADJUSTMENTS	<u>6,098,371</u>	<u>5,744,190</u>
<i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	<u>\$ 9,538,313</u>	<u>\$ 9,035,776</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Purchase of capital assets on account	\$ 254,608	\$ 156,832
Lease revenue from a reduction in deferred lease	10,000	10,000
Interest expense imputed on deferred lease	754	1,110
Amortization of bond premium	161,243	195,295
Amortization of deferred amount on refunding	44,743	55,894
Unrealized gain (loss) on investments	(148,315)	16,024
Amortization of discount on investment (Investment in District Bond Trust)	40,483	40,483
Contributed capital - developer donated lines	1,590,620	540,350
Contributed capital - developer donated land	-	2,720
County Treasurer's fees deducted from property taxes collected	13,495	13,348

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ute Water Conservancy District (District) is a political subdivision of the State of Colorado with all the powers of a public or quasi-municipal corporation. The District was created April 4, 1956, by decree of the District Court in and for Mesa County as provided by Colorado Revised Statutes, Title 37, Article 45; the “Water Conservancy Act”. The District is organized to provide domestic water service to most rural areas of the Grand Valley in Mesa County in central western Colorado. Water service is also provided within the City of Fruita. A Board of Directors consisting of fourteen members governs the District. The members of the Board of Directors are appointed for staggered four-year terms of office by the Mesa County District Court.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) accepted in the United States and as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements. A summary of significant accounting policies follows.

This summary of significant accounting policies of Ute Water Conservancy District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are representations of the District’s appointed officials and management, which are responsible for their integrity and objectivity. These accounting policies have been consistently applied in the presentation of the financial statements.

Reporting Entity

The reporting entity of the District includes those activities and functions over which the District is considered to be financially accountable. The District’s financial statements include the accounts and operations of all the District’s functions. The District’s functions include the construction and maintenance of domestic water supply and delivery lines and the operation of a domestic water system. The District is the primary government and does not include any component units using the criteria set forth in GAAP.

Basic Financial Statements

The District is a special-purpose government engaged only in a business-type activity. For this type of government, only enterprise fund financial statements are presented.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - Fund Accounting

The accounts of the District are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues and expenses. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to those applicable to businesses in the private sector.

GAAP sets forth minimum criteria for the determination of major funds to be presented in the financial statements. Since the operations of the District are accounted for on a fund basis in a single enterprise fund, it is the only fund presented.

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees or charges or, (c) has a pricing policy designed for the fees and charges to recover similar costs. Enterprise funds may also be used to account for operations (a) that are financed and operated in a manner similar to business enterprises and where the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary (enterprise) funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows, liabilities, and deferred outflows associated with the operation of a fund are included on the statement of net position. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary (enterprise) funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The District records unbilled water service receivables as revenue at year-end.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The District reports unearned revenue on its statement of net position. Unearned revenues arise when potential revenue is measurable but has not yet been earned. In subsequent periods, when the steps required for the revenue to be earned are met, the liability for unearned revenue is removed from the statement of net position and revenue is recognized. Unearned revenues include prepaid user charges, billing corrections, and account adjustments (e.g., leak adjustments) resulting in customer account credit balances where the credit will be applied against future account usage charges.

Operating Revenues and Expenses

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The Board of Directors approves the annual budget in accordance with Colorado Revised Statutes. The details of the budget calendar are as follows:

December 15,	Statutory deadline for certification of mill levies to the Board of County Commissioners
December 22,	Statutory deadline for Board of County Commissioners to levy all taxes and certify the levies

Before December 31, the District adopts an appropriation resolution for the next year. The budget for the District is prepared on the accrual basis of accounting modified to include contributed capital (such as donated lines) and the proceeds of debt issuance in revenues, to include capital expenditures and debt service principal payments in expenditures, and to exclude depreciation and amortization from expenditures.

For the year ended December 31, 2017, the District's original appropriation and expenditures were limited to \$20,362,770. The District did not make any supplemental appropriations for the year ended December 31, 2017. For the year ended December 31, 2016, the District's original appropriation and expenditures were limited to \$19,928,010. The District did not make any supplemental appropriations for the year ended December 31, 2016.

The District does not record commitments related to unperformed contracts for goods and services outstanding at year-end. Appropriations lapse at year-end.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Property Taxes

The Board of Directors annually adopts a resolution to set the mill levies of the District which are collected by the County Treasurer in the following year. The County Treasurer remits property taxes collected to the District by the 10th day of the month following collection. Property taxes receivable represent current year taxes collectable in the following year and are also shown as deferred inflows. Following are details of the property tax calendar:

Lien date:	January 1 (current year)
Levy date:	November 15 (prior year)
First ½ installment due:	February 28
Second ½ installment due:	June 15
If paid in full:	April 30

Inventory and Prepaid Items

Inventory held by the District consists of repair and replacement parts, treatment chemicals, and equipment fuel and is stated at cost using the average unit cost basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments include the external investment pools of Colorado Surplus Asset Fund Trust (CSAFE) and Colorado Government Liquid Asset Trust (COLOTRUST). CSAFE and COLOTRUST are local government investment pool trust funds registered with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act. CSAFE and COLOTRUST qualify as 2a7-like external investment pools and are exempt from the fair value hierarchy disclosure requirements of GASB 72. Investments in the pools are valued at \$1 net asset value (NAV) per share. The underlying investments held by CSAFE, and the District's investment in CSAFE, are valued at amortized cost which approximates fair value. There are no limitations on withdrawals. The underlying investments held by COLOTRUST are valued at fair value. Each pool is rated AAAM by Standard & Poor's.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The District's investment in the District Bond Trust (described in Note B, Footnote 1) is stated at amortized cost because fair value for this investment is not readily available.

Capital Assets

Capital assets (property, plant, and equipment) are recorded at cost, or in the case of donations, at their acquisition value on the date donated. Cost includes the capitalization of materials and direct labor for additions made by District personnel. The District's capitalization level is \$2,500 for capital assets.

Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Upon the disposition of property, infrastructure or equipment, the costs and related accumulated depreciation are removed from the corresponding accounts and gains or losses are included in income.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

	<u>Estimated lives</u>
Buildings and improvements	30 to 50 years
Utility plant and system	30 to 60 years
Storage reservoirs and tanks	10 to 50 years
Equipment	3 to 25 years

Capitalization of Interest Costs

The District follows the practice of capitalizing interest during construction of long-term projects. No interest was capitalized in construction projects in 2017 or 2016.

Compensated Absences

The District pays full time employees for accumulated vacation leave up to a maximum of 25 days upon termination. Vacation leave accrues after 90 days of full-time employment. Unused sick leave at termination, which had accumulated prior to August 1, 1987, is paid to an employee upon termination at 17% to 33% of full pay rates as of August 1, 1987. There is no compensation upon termination for unused sick leave accrued after August 1, 1987. All compensated absences liabilities include salary related payments where applicable.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows/Inflows of Resources

The District recognizes the deferred amount on refunding of the 2009 Series bonds as a deferred outflow of resources. A deferred outflow of resources is defined as a consumption of net position that is applicable to a future period and will not be recognized as an expense/expenditure until such future period. The District recognizes property taxes as deferred inflow of resources. A deferred inflow of resources is defined as an acquisition of net position that is applicable to a future period and will not be recognized as revenue until the future period.

Net Position

Investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid capital assets, less outstanding capital related debt. Restricted assets are assets that have third-party (statutory or bond covenant) limitation on their use. The District would typically use restricted assets when the restriction first makes them available but reserves the right to selectively defer their use.

Bond Premiums, Discounts, and Deferred Amount on Bond Refunding

Bond premiums and discounts are being amortized over the lives of the related bonds using the effective interest rate method. The deferred amount on bond refunding is being amortized over the life of the new bonds, using the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable. Bond discounts are presented as a reduction to the face amount of the bonds payable. The deferred amount on refunding is presented as a deferred outflow of resources.

Reclassifications

For comparability, 2016 amounts have been reclassified where appropriate to conform to the year 2017 financial presentation.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE B – CASH AND INVESTMENTS

The composition, including level under the GASB 72 fair value hierarchy, where applicable, of all cash and investments held by the District at December 31, 2017 and 2016 is as follows:

	2017	2016
Cash on hand	\$ 1,700	\$ 1,700
Cash in bank account(s)	4,336,197	5,323,389
Investment pools:		
CSAFE	2,735,249	4,263,905
COLOTRUST	4,738,033	7,425,088
U.S. Treasury Notes (Level 1)	8,300,437	3,396,396
Federal Agency securities:		
Federal National Mortgage Association (Level 1)	3,494,060	3,491,485
Federal Home Loan Bank (Level 1)	7,482,880	3,995,860
Federal Home Loan Mortgage Corporation (Level 1)	3,468,110	1,000,970
Investment in District Bond Trust (Footnote 1)	483,309	580,826
	\$ 35,039,975	\$ 29,479,619

Footnote 1

In 1988, the District redeemed, at a discount, its Water Revenue Bonds, Series 1981, held by the U.S. Farmers Home Administration. These bonds were advance refunded in 1983 with proceeds from the issuance of the District's Water Revenue Refunding Bonds, Series 1983. U.S. Government securities were purchased and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Water Revenue Bonds, Series 1981. Upon redemption of the Water Revenue Bonds, Series 1981, the District received the right to all future payments from the trust. Payments from the trust are due on January 1, and July 1 of each year through July 1, 2021. Payments of interest and principal per year range from \$105,375 to \$176,800. At December 31, 2017 and 2016, the balance from the trust is as follows:

	2017	2016
Principal due from trust	\$ 625,000	\$ 763,000
Less unamortized discount based on an imputed interest rate of 11.8%	(141,691)	(182,174)
	\$ 483,309	\$ 580,826

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE B – CASH AND INVESTMENTS – continued

The captions on the statements of net position of the District related to cash and investments are as follows:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 11,352,330	\$ 16,510,690
Cash held for others	458,849	503,392
Investments	20,025,887	9,262,628
Restricted investments	<u>3,202,909</u>	<u>3,202,909</u>
	<u>\$ 35,039,975</u>	<u>\$ 29,479,619</u>

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. To limit credit risk, the District's investment policy limits District investments to obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of United States local government entities, and specified local government investment pools.

Custodial credit risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District's deposits are either covered by depository insurance or are collateralized under the Colorado Public Deposit Protection Act and are therefore not deemed to be exposed to custodial credit risk. The District's investments are not deemed to be exposed to custodial credit risk because the investments are held by the District or by the District's custody agent in the District's name.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. Investments amounting to 5% or more in any single issuer of the District's investments total include investment pools, U.S. Treasury securities, and securities of the Federal Home Loan Bank, Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. These investments are 24%, 27%, 24%, 11%, and 11%, respectively, of the District's total investments at December 31, 2017.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE B – CASH AND INVESTMENTS - continued

Deposits

District policy requires that the District only have deposits with eligible public depositories as defined in Colorado statutes including the Public Deposit Protection Act (PDPA) of 1989. Under the Act, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by the Federal Deposit Insurance Corporation. The District's cash deposits at December 31, 2017 and 2016 had bank balances and carrying balances as follows:

	<u>2017</u>	<u>2016</u>
Bank Balance	\$ 4,262,087	\$ 5,851,348
Carrying Balance	4,336,197	5,323,389

Investments

Colorado statutes specify investments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Local government investment pools
- General obligation and revenue bonds of U.S. local government entities
- Certain international agency securities
- Guaranteed investment contracts
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Banker's acceptances of certain banks
- Certain money market funds

The District's investment policy limits District investments to the first three listed categories except for investments specifically approved by the District's Board of Directors. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes limit authorized investments to investments having maturities of five years or less, unless the entity's governing body specifically authorizes longer maturities.

As of December 31, 2017, the District has \$7,473,282 in the CSAFE and COLOTRUST government investment pools established for local governments in Colorado to pool surplus funds. Investments of these pools consist of U.S. Treasury and Agency securities, the highest rated commercial paper, and repurchase agreements collateralized by U.S. Treasury and agency securities.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE B – CASH AND INVESTMENTS – continued

In 2014, the District was appointed administrator and custodian of the Grand Valley Fund. The Grand Valley Fund, and any earnings, are to be used for water supply, water quality and/or water infrastructure projects benefiting the Grand Valley. There are six Grand Valley entities, including the District, that determine the use of these funds. As of December 31, 2017, the \$7,473,282 balance in local government investment pools included \$458,849 in funds and associated earnings being held for the Grand Valley Fund. This amount is offset by a District liability in the same amount.

Investments in U.S. Treasury securities at December 31, 2017, were as follows:

Face Amount	Security	CUSIP	Coupon	Yield	Carrying Value
\$ 1,000,000	U.S. Treasury note due September 30, 2018	912828RH5	1.375%	1.734%	\$ 997,340
1,500,000	U.S. Treasury note due December 15, 2018	912828N22	1.250%	1.805%	1,492,155
1,600,000	U.S. Treasury note due August 15, 2019	912828LJ7	3.625%	1.889%	1,644,496
1,500,000	U.S. Treasury note due April 30, 2019	912828ST8	1.250%	1.859%	1,488,105
1,700,000	U.S. Treasury note due February 15, 2022	912828SF8	2.000%	2.123%	1,691,891
1,000,000	U.S. Treasury note due July 31, 2022	912828P4	1.875%	2.189%	986,450
<u>\$ 8,300,000</u>	<i>Total Federal Treasury securities</i>				<u>\$ 8,300,437</u>

Investments in U.S. government agency securities at December 31, 2017, were as follows:

Face Amount	Security	CUSIP	Coupon	Yield	Carrying Value
\$ 2,000,000	FNMA note due February 8, 2018	3135G0TG8	0.875%	1.323%	\$ 1,999,040
1,500,000	FNMA note due June 26, 2018	3136G15Q8	0.920%	1.600%	1,495,020
<u>3,500,000</u>	<i>Total Federal National Mortgage Association</i>				<u>3,494,060</u>
2,000,000	FHLB note due August 14, 2018	3130A6B63	1.200%	1.726%	1,993,480
2,000,000	FHLB note due December 13, 2019	3130A0JR2	2.375%	1.960%	2,016,160
1,500,000	FHLB note due February 21, 2019	3130AAUE6	1.300%	1.840%	1,490,940
1,000,000	FHLB note due October 7, 2019	3130AB3Z7	1.500%	1.975%	991,890
1,000,000	FHLB note due November 8, 2019	3130AC2Q6	1.450%	1.986%	990,410
<u>7,500,000</u>	<i>Total Federal Home Loan Banks</i>				<u>7,482,880</u>
1,500,000	FHLMC note due January 17, 2020	3137EAAE5	1.500%	1.980%	1,485,810
2,000,000	FHLMC note due April 30, 2021	3134GBS37	1.875%	2.154%	1,982,300
<u>3,500,000</u>	<i>Total Federal Home Loan Mortgage Corporation</i>				<u>3,468,110</u>
<u>\$ 14,500,000</u>	<i>Total Federal Agency securities</i>				<u>\$ 14,445,050</u>

All of the Federal Agency securities held by the District at December 31, 2017, are rated AA+ by Standard & Poor's and Aaa by Moody's.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE C – LOANS RECEIVABLE

Loan Receivable activity for the year ended December 31, 2017, was as follows:

	Beginning balance	Principal Received	Ending balance	Amounts due within one year
Loans receivable	<u>\$ 320,171</u>	<u>\$ 15,840</u>	<u>\$ 304,331</u>	<u>\$ 7,504</u>

Loan Receivable activity for the year ended December 31, 2016, was as follows:

	Beginning balance	Principal Received	Ending balance	Amounts due within one year
Loans receivable	<u>\$ 336,990</u>	<u>\$ 16,819</u>	<u>\$ 320,171</u>	<u>\$ 7,267</u>

The purpose of the loans was to provide various property owners, formerly on a well system, with the ability to compensate the District for the costs of infrastructure capital improvements related to new and upgraded water services in a service area of the District. The District installed the required infrastructure capital improvements. Certain property owners in the affected service area elected to pay infrastructure charges in full rather than elect the District's loan option. The District views the loan principal repayments as contributions to be used to offset costs for the new and upgraded water services and associated distribution system component improvements that are owned and maintained by the District. The loans receivable originated in 2009 and are due in installments through 2039. The loans bear interest at 6% and are collateralized by liens on the affected properties.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE D – CAPITAL ASSETS

At December 31, 2017 capital assets (property, plant, and equipment) transactions and balances include the following:

	December 31,				December 31,
	2016	Additions	Dispositions	Transfers	2017
Capital assets, not being depreciated:					
Land and water rights	\$ 35,542,481	\$ 9,795	\$ (93,136)	\$ -	\$ 35,459,140
Construction in progress	3,503,784	381,371	-	(1,515,289)	2,369,866
Total capital assets not being depreciated	<u>39,046,265</u>	<u>391,166</u>	<u>(93,136)</u>	<u>(1,515,289)</u>	<u>37,829,006</u>
Capital assets, being depreciated:					
Structures and improvements	47,406,480	2,517,738	(59,515)	181,984	50,046,687
Equipment, tools and furniture	5,862,162	292,816	(267,398)	-	5,887,580
Reservoirs, supply lines, mains and services	192,166,104	3,077,812	(212,919)	1,333,305	196,364,302
Total, capital assets being depreciated	<u>245,434,746</u>	<u>5,888,366</u>	<u>(539,832)</u>	<u>1,515,289</u>	<u>252,298,569</u>
Less accumulated depreciation for:					
Structures and improvements	(17,336,640)	(1,337,461)	59,488	-	(18,614,613)
Equipment, tools and furniture	(4,424,317)	(324,023)	259,120	-	(4,489,220)
Reservoirs, supply lines, mains and services	(71,470,956)	(4,387,499)	190,168	-	(75,668,287)
Total accumulated depreciation	<u>(93,231,913)</u>	<u>(6,048,983)</u>	<u>508,776</u>	<u>-</u>	<u>(98,772,120)</u>
Total capital assets being depreciated, net	<u>152,202,833</u>	<u>(160,617)</u>	<u>(31,056)</u>	<u>1,515,289</u>	<u>153,526,449</u>
Total capital assets, net	<u>\$ 191,249,098</u>	<u>\$ 230,549</u>	<u>\$ (124,192)</u>	<u>\$ -</u>	<u>\$ 191,355,455</u>

At December 31, 2016 capital assets (property, plant, and equipment) transactions and balances include the following:

	December 31,				December 31,
	2015	Additions	Dispositions	Transfers	2016
Capital assets, not being depreciated:					
Land and water rights	\$ 35,585,780	\$ 2,720	\$ (46,019)	\$ -	\$ 35,542,481
Construction in progress	5,538,928	1,585,739	-	(3,620,883)	3,503,784
Total capital assets not being depreciated	<u>41,124,708</u>	<u>1,588,459</u>	<u>(46,019)</u>	<u>(3,620,883)</u>	<u>39,046,265</u>
Capital assets, being depreciated:					
Structures and improvements	43,225,642	2,392,906	(357,525)	2,145,457	47,406,480
Equipment, tools and furniture	5,696,678	416,266	(250,782)	-	5,862,162
Reservoirs, supply lines, mains and services	189,282,515	2,669,422	(1,261,259)	1,475,426	192,166,104
Total, capital assets being depreciated	<u>238,204,835</u>	<u>5,478,594</u>	<u>(1,869,566)</u>	<u>3,620,883</u>	<u>245,434,746</u>
Less accumulated depreciation for:					
Structures and improvements	(16,354,837)	(1,206,506)	224,703	-	(17,336,640)
Equipment, tools and furniture	(4,360,052)	(312,683)	248,418	-	(4,424,317)
Reservoirs, supply lines, mains and services	(68,314,279)	(4,304,345)	1,147,668	-	(71,470,956)
Total accumulated depreciation	<u>(89,029,168)</u>	<u>(5,823,534)</u>	<u>1,620,789</u>	<u>-</u>	<u>(93,231,913)</u>
Total capital assets being depreciated, net	<u>149,175,667</u>	<u>(344,940)</u>	<u>(248,777)</u>	<u>3,620,883</u>	<u>152,202,833</u>
Total capital assets, net	<u>\$ 190,300,375</u>	<u>\$ 1,243,519</u>	<u>\$ (294,796)</u>	<u>\$ -</u>	<u>\$ 191,249,098</u>

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE E – LONG-TERM DEBT

Long-term liabilities activity for the year ended December 31, 2017, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Amounts due within one year
Bonds payable	\$25,500,000	\$ -	\$ (2,565,000)	\$ 22,935,000	\$ 2,665,000
Add unamortized bond premium	604,453	-	(161,243)	443,210	-
Total bonds payable	<u>26,104,453</u>	-	<u>(2,726,243)</u>	23,378,210	2,665,000
Compensated absences payable	283,340	357,208	(332,276)	308,272	275,736
Total long-term liabilities	<u>\$26,387,793</u>	<u>\$ 357,208</u>	<u>\$ (3,058,519)</u>	<u>\$ 23,686,482</u>	<u>\$ 2,940,736</u>

Long-term liabilities activity for the year ended December 31, 2016, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Amounts due within one year
Bonds payable	\$27,970,000	\$ -	\$ (2,470,000)	\$ 25,500,000	\$ 2,565,000
Add unamortized bond premium	799,748	-	(195,295)	604,453	-
Total bonds payable	<u>28,769,748</u>	-	<u>(2,665,295)</u>	26,104,453	2,565,000
Compensated absences payable	284,819	336,867	(338,346)	283,340	249,870
Total long-term liabilities	<u>\$29,054,567</u>	<u>\$ 336,867</u>	<u>\$ (3,003,641)</u>	<u>\$ 26,387,793</u>	<u>\$ 2,814,870</u>

Long-term debt consists of the following:

	2017	2016
<i>Bonds payable:</i>		
\$15,135,000 Ute Water Conservancy District Water Revenue Refunding Bonds, Series 2009, bearing interest at 2.0% to 5.0% payable June 15 and December 15 annually through June 15, 2020. Principal payments of \$845,000 to \$1,850,000 due annually on June 15 to the year 2020. These bonds are secured by a pledge of system revenues and restricted investments in the amount of \$1,575,159.	\$ 5,335,000	\$ 6,970,000
Add unamortized bond premium	37,894	79,281
	<u>5,372,894</u>	<u>7,049,281</u>
\$22,555,000 Ute Water Conservancy District Water Revenue Refunding Bonds, Series 2012, consisting of \$16,140,000 serial bonds bearing interest at 0.4% to 5.0%, with principal payments of \$630,000 to \$1,430,000 due June 15 annually in 2012 to 2025 and 2027 to 2029, and term bonds of \$2,240,000 bearing interest at 4.125% due June 15, 2026 and term bonds of \$4,175,000 bearing interest at 3.5% due June 15, 2031. The term bonds are subject to mandatory sinking fund redemption on June 15, 2025 and 2026 and June 15, 2029 to 2031 in amounts from \$925,000 to \$1,595,000. Bonds maturing after June 15, 2022 are subject to early redemption at par at the District's option on or after June 15, 2022. These bonds are secured by a pledge of system revenues and restricted investments in the amount of \$1,627,750.	17,600,000	18,530,000
Add unamortized bond premium	405,316	525,172
	<u>18,005,316</u>	<u>19,055,172</u>
Total bonds payable	23,378,210	26,104,453
Less current maturities	(2,665,000)	(2,565,000)
	<u>\$ 20,713,210</u>	<u>\$ 23,539,453</u>

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE E – LONG-TERM DEBT - continued

Debt service required on all outstanding long-term debt is as follows:

Bonds Payable

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,665,000	\$ 841,675	\$ 3,506,675
2019	2,780,000	730,875	3,510,875
2020	2,900,000	612,437	3,512,437
2021	1,090,000	535,150	1,625,150
2022	1,125,000	501,925	1,626,925
2023	1,165,000	461,750	1,626,750
2024	1,210,000	414,250	1,624,250
2025	1,260,000	364,272	1,624,272
2026	1,315,000	311,372	1,626,372
2027	1,370,000	255,138	1,625,138
2028	1,430,000	195,638	1,625,638
2029	1,490,000	137,488	1,627,488
2030	1,540,000	82,775	1,622,775
2031	1,595,000	27,913	1,622,913
	<u>\$ 22,935,000</u>	<u>\$ 5,472,658</u>	<u>\$ 28,407,658</u>

The District is in material compliance with all sections of the Water Revenue Refunding Bonds, Series 2009 and Series 2012. The ratio of net revenue available for debt service to the total average future annual debt requirements of the Series 2009 and Series 2012 bond issues was 3.36 in 2016 (3.36 times coverage). In 2017, the ratio of net revenue available for debt service to the total average future annual debt requirements of the Series 2009 and Series 2012 bond issues was 3.69 (3.69 times coverage).

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE F – DEFINED CONTRIBUTION PLAN

Through District resolutions, the District provides retirement benefits for all full-time employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed on the plan plus investment earnings.

Under the defined contribution retirement plan, the District is required to match the employee's contribution of 8% to the plan. Employees are eligible to participate in the plan following 90 days of employment. The plan provides retirement benefits based upon the employee's vested account. A participant becomes 100% vested upon completion of five years of covered service. Amounts forfeited by employees who leave employment before they become fully vested are divided up among the remaining participants in the plan. Under the plan, employees direct the investment of both the employee and employer contributions among several investment options available through an outside plan administrator.

For the years ended December 31, 2017 and 2016, total payroll, covered payroll, and the employee and employer contributions to the plan were as follows:

	2017	2016
Total payroll	\$ 4,792,814	\$ 4,785,219
Covered payroll	4,672,147	4,613,426
District contribution	373,773	382,528
Percent of covered payroll	8.0%	8.3%
Employee contribution	373,773	369,074
Percent of covered payroll	8.0%	8.0%

NOTE G – DEFERRED COMPENSATION PLAN

District employees may defer a portion of their compensation under District sponsored Deferred Compensation Plan options created in accordance with Internal Revenue Code Section 457. Participants can elect to contribute to a 457(b) plan that defers the tax liability of contributed amounts from their compensation until it is distributed to them or they can elect to make contributions to a Roth designated 457(b) plan in which the participant elects to include contributed amounts in gross taxable income. Distributions from either plan option may be made only at termination, retirement, or death.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of Plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to District control, they have been excluded from these financial statements.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE H – RISK MANAGEMENT

The District purchases general liability, property, and various other types of insurance through commercial carriers to provide coverage for all significant losses, claims, and judgments. There have been no significant reductions in insurance coverage, nor have settlement amounts materially exceeded coverage for the current or prior three years.

NOTE I – TAX, SPENDING, AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations and certain election requirements that apply to the State of Colorado and all local governments. TABOR is complex and subject to interpretation. The District's management believes the District is in compliance with the provisions of TABOR as it is understood from judicial interpretations, legal opinions, and commonly accepted practices.

NOTE J – RECONCILIATION OF REVENUES AND EXPENSES - BUDGETARY BASIS TO GAAP BASIS

	<u>2017</u>	<u>2016</u>
Excess (deficiency) of revenues over (under) expenditures (Budget Basis)	<u>\$ 5,728,253</u>	<u>\$ 3,501,157</u>
Adjustments:		
Less:		
Depreciation	(6,048,983)	(5,823,534)
Net book value of disposed property, plant and equipment	(124,192)	(294,796)
Amortization of deferred amount on refunding	(44,743)	(55,894)
Add:		
Capital expenditures	4,532,270	6,288,176
Contributed capital - donated lines	1,590,620	540,350
Contributed capital - land	-	2,720
Bond principal payments	2,565,000	2,470,000
Amortization of bond premium	161,243	195,295
Personnel costs capitalized	156,641	235,807
	<u>2,787,856</u>	<u>3,558,124</u>
Change in Net Position (GAAP Basis)	<u>\$ 8,516,109</u>	<u>\$ 7,059,281</u>

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

NOTE K – COMMITMENTS AND CONTINGENCIES

The District is an objector in various water matters pending before various courts. The District is opposing applications for water rights made by third parties in order to protect the District's water rights.

The District is involved in several claims as the result of the normal conduct of District business. District management believes that these will not have a material effect on the financial statements of the District.

SUPPLEMENTAL INFORMATION -- FINANCIAL



UTE WATER CONSERVANCY DISTRICT

SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the years ended December 31, 2017 and 2016

	2017			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 766,000	\$ 766,000	\$ 778,810	\$ 12,810
Tap connection fees	2,016,000	2,016,000	3,280,550	1,264,550
Water sales	17,000,000	17,000,000	17,962,733	962,733
Service charges	217,000	217,000	238,786	21,786
Other operating revenues	65,000	65,000	92,948	27,948
Miscellaneous revenues	213,500	213,500	241,958	28,458
Investment income	280,000	280,000	297,853	17,853
Donated lines revenue	500,000	500,000	1,590,620	1,090,620
Proceeds from disposal of capital assets	10,000	10,000	200,191	190,191
TOTAL REVENUES	<u>21,067,500</u>	<u>21,067,500</u>	<u>24,684,449</u>	<u>3,616,949</u>
EXPENDITURES				
Operating expenditures:				
Water supply and treatment	2,039,286	2,039,286	1,975,499	63,787
Transmission and distribution	3,548,655	3,548,655	3,557,575	(8,920)
Engineering and construction	842,453	842,453	840,152	2,301
Administration	1,612,049	1,612,049	1,490,440	121,609
Finance and accounting	1,438,884	1,438,884	1,401,134	37,750
Treasurer's fees	13,580	13,580	13,495	85
Capital expenditures:				
Water supply and treatment	1,038,400	1,038,400	415,925	622,475
Transmission and distribution	601,325	601,325	645,415	(44,090)
Engineering and construction	4,596,000	4,596,000	3,495,616	1,100,384
Administration	2,500	2,500	500	2,000
Finance and accounting	19,300	19,300	13,415	5,885
Purchase of land and water rights	-	-	9,795	(9,795)
Unallocated:				
Donated lines expenditure	500,000	500,000	1,590,620	(1,090,620)
Bond principal payments	2,565,000	2,565,000	2,565,000	-
Interest on debt	945,338	945,338	941,615	3,723
Contingency	600,000	600,000	-	600,000
TOTAL EXPENDITURES	<u>20,362,770</u>	<u>20,362,770</u>	<u>18,956,196</u>	<u>1,406,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 704,730</u>	<u>\$ 704,730</u>	5,728,253	<u>\$ 5,023,523</u>
Adjustments - budgetary basis to GAAP basis			2,787,856	
CHANGE IN NET POSITION - (GAAP Basis)			<u>\$ 8,516,109</u>	

UTE WATER CONSERVANCY DISTRICT

**SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – continued**

For the years ended December 31, 2017 and 2016

	2016			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 757,500	\$ 757,500	\$ 752,574	\$ (4,926)
Tap connection fees	2,240,000	2,240,000	2,259,855	19,855
Water sales	17,000,000	17,000,000	17,360,229	360,229
Service charges	223,000	223,000	230,139	7,139
Other operating revenues	65,000	65,000	74,794	9,794
Miscellaneous revenues	273,000	273,000	337,143	64,143
Investment income	280,000	280,000	364,085	84,085
Donated lines revenue	500,000	500,000	540,350	40,350
Proceeds from disposal of capital assets	10,000	10,000	1,007,704	997,704
TOTAL REVENUES	21,348,500	21,348,500	22,926,873	1,578,373
EXPENDITURES				
Operating expenditures:				
Water supply and treatment	2,020,308	2,020,308	1,982,061	38,247
Transmission and distribution	3,525,717	3,525,717	3,498,729	26,988
Engineering and construction	829,944	829,944	837,184	(7,240)
Administration	1,546,830	1,551,830	1,346,636	205,194
Finance and accounting	1,404,585	1,404,585	1,384,603	19,982
Treasurer's fees	13,410	13,410	13,348	62
Capital expenditures:				
Water supply and treatment	840,200	840,200	981,199	(140,999)
Transmission and distribution	785,600	785,600	826,451	(40,851)
Engineering and construction	4,294,100	4,294,100	4,450,342	(156,242)
Administration	1,200	1,200	5,996	(4,796)
Finance and accounting	56,875	56,875	52,338	4,537
Purchase of land and water rights	-	-	-	-
Unallocated:				
Donated lines expenditure	500,000	500,000	540,350	(40,350)
Bond principal payments	2,470,000	2,470,000	2,470,000	-
Interest on debt	1,039,241	1,039,241	1,036,479	2,762
Contingency	600,000	595,000	-	595,000
TOTAL EXPENDITURES	19,928,010	19,928,010	19,425,716	502,294
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,420,490	\$ 1,420,490	3,501,157	\$ 2,080,667
Adjustments - budgetary basis to GAAP basis			3,558,124	
CHANGE IN NET POSITION - (GAAP Basis)			\$ 7,059,281	

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Ute Water Conservancy District
Statistical Section



STATISTICAL SECTION

This part of Ute Water Conservancy District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the District’s overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	37-39
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District’s ability to generate water revenue, tap fees, and property taxes.	40-49
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt.	50-52
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place and to help make comparisons over time and with other governments.	53-55
Operating Information These schedules contain information about the District’s operations and resources to help the reader understand how the District’s financial information relates to the services the District provides and the activities it performs.	56-59

Ute Water Conservancy District

Schedule 1

**NET POSITION BY COMPONENT,
LAST TEN YEARS**
(accrual basis of accounting)

	As of December 31,				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net investment in capital assets	\$ 123,071,665	\$ 133,468,774	\$ 136,786,919	\$ 138,353,158	\$ 139,800,861
Restricted	3,457,457	3,323,116	3,323,116	3,323,116	3,202,909
Unrestricted	37,901,312	29,580,427	27,676,891	28,363,971	30,400,632
Total Net Position	<u>\$ 164,430,434</u>	<u>\$ 166,372,317</u>	<u>\$ 167,786,926</u>	<u>\$ 170,040,245</u>	<u>\$ 173,404,402</u>
	As of December 31,				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net investment in capital assets	\$ 156,534,457	\$ 157,373,554	\$ 161,688,777	\$ 165,246,901	\$ 168,034,757
Restricted	3,202,909	3,202,909	3,202,909	3,202,909	3,202,909
Unrestricted	17,956,211	22,446,563	24,054,421	27,555,578	33,283,831
Total Net Position	<u>\$ 177,693,577</u>	<u>\$ 183,023,026</u>	<u>\$ 188,946,107</u>	<u>\$ 196,005,388</u>	<u>\$ 204,521,497</u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 2

CHANGES IN NET POSITION, LAST TEN YEARS
(accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:				
Water sales	\$17,962,733	\$17,360,229	\$16,110,687	\$15,523,099
Service and late charges	182,389	174,071	174,908	180,090
Fees for tap connections	351,012	291,514	222,149	204,375
Other operating revenue	149,345	130,862	135,807	110,135
Total operating revenue	<u>18,645,479</u>	<u>17,956,676</u>	<u>16,643,551</u>	<u>16,017,699</u>
OPERATING EXPENSES:				
Water supply and treatment	2,267,047	2,218,592	2,202,302	2,118,326
Transmission and distribution	3,150,517	3,044,874	2,872,123	3,070,666
Engineering and construction	846,916	837,713	810,438	811,767
Administration	1,490,940	1,352,632	1,260,159	1,161,108
Finance and accounting	1,401,134	1,387,745	1,296,460	1,274,540
Depreciation and amortization	6,048,983	5,823,534	5,643,372	5,591,394
Total operating expense	<u>15,205,537</u>	<u>14,665,090</u>	<u>14,084,854</u>	<u>14,027,801</u>
OPERATING INCOME (LOSS)	<u>3,439,942</u>	<u>3,291,586</u>	<u>2,558,697</u>	<u>1,989,898</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes	778,810	752,574	727,780	716,457
Tap fee in excess of connection costs	2,929,538	1,968,341	2,290,316	2,424,775
Investment income (loss)	297,853	364,085	237,114	411,399
Miscellaneous income	241,958	337,143	409,396	386,254
Interest expense (net of capitalized interest)	(825,116)	(897,078)	(957,891)	(1,008,261)
County Treasurer's fees	(13,495)	(13,348)	(12,783)	(12,605)
Gain (loss) on disposition of capital assets	75,999	712,908	(57,880)	(131,974)
Total nonoperating revenues (expenses)	<u>3,485,547</u>	<u>3,224,625</u>	<u>2,636,052</u>	<u>2,786,045</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>6,925,489</u>	<u>6,516,211</u>	<u>5,194,749</u>	<u>4,775,943</u>
CAPITAL CONTRIBUTIONS:				
Developer donated lines	1,590,620	540,350	728,332	553,506
Developer donated land	-	2,720	-	-
CHANGE IN NET POSITION	<u>\$8,516,109</u>	<u>\$7,059,281</u>	<u>\$5,923,081</u>	<u>\$5,329,449</u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 2 - continued

CHANGES IN NET POSITION, LAST TEN YEARS
(accrual basis of accounting)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$14,628,883	\$14,126,705	\$12,547,201	\$11,010,860	\$11,271,042	\$11,737,153
172,417	191,327	195,828	192,659	178,533	154,344
138,137	127,287	98,651	106,459	142,261	491,602
195,200	89,632	74,872	79,603	125,671	180,600
<u>15,134,637</u>	<u>14,534,951</u>	<u>12,916,552</u>	<u>11,389,581</u>	<u>11,717,507</u>	<u>12,563,699</u>
2,010,767	1,925,619	1,944,473	1,878,719	2,009,054	1,968,216
3,077,167	2,790,654	2,687,498	2,945,299	2,925,871	2,930,855
782,526	741,733	929,737	1,087,705	1,268,974	1,145,553
1,162,889	1,069,706	1,102,464	1,088,523	1,104,150	1,080,880
1,162,236	1,115,053	1,059,629	1,056,480	1,022,459	977,473
5,467,357	5,398,672	5,338,475	5,192,404	4,889,802	4,590,575
<u>13,662,942</u>	<u>13,041,437</u>	<u>13,062,276</u>	<u>13,249,130</u>	<u>13,220,310</u>	<u>12,693,552</u>
<u>1,471,695</u>	<u>1,493,514</u>	<u>(145,724)</u>	<u>(1,859,549)</u>	<u>(1,502,803)</u>	<u>(129,853)</u>
784,196	793,401	954,272	922,558	776,730	764,692
2,043,323	1,505,173	1,172,419	1,731,031	1,841,169	4,075,208
(31,412)	451,210	507,824	578,121	547,984	1,681,484
412,430	392,644	353,496	376,004	185,130	179,327
(1,304,526)	(1,205,313)	(1,662,258)	(1,724,549)	(2,147,612)	(2,292,836)
(13,598)	(12,810)	(17,227)	(16,534)	(13,509)	(12,910)
(17,489)	(125,038)	427,622	608,426	(119,739)	(13,606)
<u>1,872,924</u>	<u>1,636,391</u>	<u>1,736,148</u>	<u>2,475,057</u>	<u>940,207</u>	<u>4,381,359</u>
3,344,619	3,129,905	1,590,424	615,508	(562,596)	4,251,506
944,556	234,252	662,895	799,101	2,504,479	3,102,517
-	-	-	-	-	-
<u>\$4,289,175</u>	<u>\$3,364,157</u>	<u>\$2,253,319</u>	<u>\$1,414,609</u>	<u>\$1,941,883</u>	<u>\$7,354,023</u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 3

NUMBER OF CUSTOMERS, GALLONS SOLD, AND WATER REVENUE LAST TEN YEARS

Year	Residential			Other			Total		
	Number of Customers Billed	Gallons Sold (000's)	Water Revenue	Number of Customers Billed	Gallons Sold (000's)	Water Revenue	Number of Customers Billed	Gallons Sold (000's)	Water Revenue
2008	32,253	2,232,344	\$ 8,399,151	1,158	767,198	\$ 3,338,002	33,411	2,999,542	\$ 11,737,153
2009	31,937	2,186,567	8,260,720	1,223	707,831	3,010,322	33,160	2,894,398	11,271,042
2010	32,643	2,139,267	8,080,860	1,238	675,771	2,930,000	33,881	2,815,038	11,010,860
2011	32,881	2,107,328	9,208,816	1,249	687,646	3,338,385	34,130	2,794,974	12,547,201
2012	33,299	2,204,282	10,422,937	1,258	744,055	3,703,768	34,557	2,948,337	14,126,705
2013	33,457	2,081,670	10,895,708	1,265	719,689	3,733,175	34,722	2,801,359	14,628,883
2014	33,757	2,032,738	11,687,293	1,280	704,717	3,835,806	35,037	2,737,455	15,523,099
2015	34,432	2,049,672	12,156,488	1,296	714,654	3,954,199	35,728	2,764,326	16,110,687
2016	34,753	2,098,331	13,262,223	1,318	721,886	4,098,006	36,071	2,820,217	17,360,229
2017	35,314	2,171,310	13,686,422	1,338	755,109	4,276,311	36,652	2,926,419	17,962,733

Residential includes single-family and multi-family residential units.

Number of monthly billed customers as of December.

Other includes industrial, commercial, agricultural, government, schools, churches, and other connections.

Source: District Finance Department

Ute Water Conservancy District

Schedule 4

WATER PRODUCTION AND USES WITH RELATED INFORMATION, LAST TEN YEARS

Year	Raw Water Inflows to Treatment Plant	Finished Water Produced	Gallons Sold	Gallons of Water Unbilled	Percent of Water Unbilled	Other Water Used*	Gallons of Water not Accounted For	Percent of Water not Accounted For	Average Daily Water Production	Peak Daily Water Production	Rainfall in Inches	
											Year	4/1 to 9/30
2008	3,388,442	3,229,619	2,999,542	230,077	7.12%	30,603	199,474	6.18%	8,848	14,051	7.26	3.69
2009	3,339,142	3,193,102	2,894,398	298,704	9.35%	18,940	279,764	8.76%	8,748	13,577	7.79	4.88
2010	3,246,570	3,171,813	2,815,038	356,775	11.25%	16,741	340,034	10.72%	8,690	13,732	8.80	3.95
2011	3,350,634	3,227,650	2,794,974	432,676	13.41%	11,872	420,804	13.04%	8,843	14,257	9.76	6.92
2012	3,347,557	3,289,760	2,948,337	341,423	10.38%	22,635	318,788	9.69%	9,013	14,524	4.52	2.02
2013	3,104,276	3,134,222	2,801,359	332,863	10.62%	15,650	317,213	10.12%	8,587	13,366	12.43	7.71
2014	3,079,068	3,039,895	2,737,465	302,430	9.95%	19,666	282,764	9.30%	8,328	13,113	11.96	8.45
2015	3,046,645	2,951,467	2,764,399	187,068	6.34%	19,578	167,490	5.67%	8,086	13,184	13.25	7.90
2016	3,152,023	2,987,622	2,820,217	167,405	5.60%	25,175	142,230	4.76%	8,185	12,638	8.83	4.49
2017	3,281,554	3,266,495	2,926,419	340,076	10.41%	40,462	299,614	9.17%	8,949	14,634	5.08	2.81

* Other uses include water for flushing lines, filling and disinfecting new lines, construction, and known leaks.

Note: All water flows are in thousands of gallons.

Source: Water flows - District Treatment Plant
 Rainfall - National Weather Service, Grand Junction, Colorado.
 All other - District Finance Department

Ute Water Conservancy District

Schedule 5

WATER AND TAP RATES COVERING THE LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Residential Tap Fees</u>										
3/4" x 5/8"	\$ 7,000	\$ 7,000	\$ 6,800	\$ 6,700	\$ 6,500	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800
3/4" x 3/4"	8,750	8,750	8,500	8,375	8,125	7,250	7,250	7,250	7,250	7,250
1"	10,500	10,500	10,200	10,050	9,750	8,250	8,250	8,250	8,250	8,250
<u>Commercial Tap Fees</u>										
3/4" x 5/8"	\$ 7,000	\$ 7,000	\$ 6,800	\$ 6,700	\$ 6,500	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800
3/4" x 3/4"	8,750	8,750	8,500	8,375	8,125	7,250	7,250	7,250	7,250	7,250
1"	10,500	10,500	10,200	10,050	9,750	8,250	8,250	8,250	8,250	8,250
1 1/2"	15,725	15,725	15,275	15,050	14,600	13,000	13,000	13,000	13,000	13,000
2"	23,150	23,150	22,500	22,160	21,500	19,200	19,200	19,200	19,200	19,200
3"	41,700	41,700	40,500	39,900	38,700	34,500	34,500	34,500	34,500	34,500
4"	73,100	73,100	71,000	69,900	67,800	60,500	60,500	60,500	60,500	60,500
6"	182,800	182,800	177,600	175,000	169,800	151,500	151,500	151,500	151,500	151,500
Fee effective as of:	Jan-16	Jan-16	Jan-15	Jan-14	Feb-13	Feb-08	Feb-08	Feb-08	Feb-08	Feb-08

Taps larger than 6 inches require District Board approval.
n/a - not available

Monthly

Residential Base Rate

3/4" x 5/8"	\$ 22.00	\$ 22.00	\$ 20.00	\$ 19.00	\$ 17.00	\$ 15.00	\$ 13.00	\$ 11.00	\$ 11.00	\$ 11.00
3/4" x 3/4"	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00	11.00
1"	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00	11.00

Monthly residential base rate includes first 3,000 gallons of usage.

Residential Tiered Rates

3,000 gal - 9,000 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
9,000 gal - 15,000 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50
15,000 gal - 21,000 gal	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25
21,000 gal - 30,000 gal	5.70	5.70	5.70	5.70	5.60	5.50	5.00	5.00	5.00	5.00
30,000 gal +	10.20	10.20	10.20	10.20	10.10	10.00	10.00	10.00	10.00	10.00
Rates effective as of:	Jan-16	Jan-16	Jan-15	Jan-14	Feb-13	Feb-12	Feb-11	Feb-08	Feb-08	Feb-08

Rates are per thousand gallons, billed on a monthly basis.

		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	
	Monthly Commercial Base Rate	<i>Gallons included in base rate</i>										
	3/4" x 5/8"	\$ 22.00	\$ 22.00	\$ 20.00	\$ 19.00	\$ 17.00	\$ 15.00	\$ 13.00	\$ 11.00	\$ 11.00	\$ 11.00	
	3/4" x 3/4"	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00	11.00	
	1"	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00	11.00	
	1 1/2"	110.00	110.00	100.00	95.00	85.00	75.00	65.00	55.00	55.00	55.00	
	2"	176.00	176.00	160.00	152.00	136.00	120.00	104.00	88.00	88.00	88.00	
	3"	385.00	385.00	350.00	332.50	297.50	262.50	227.50	192.50	192.50	192.50	
	4"	660.00	660.00	600.00	570.00	510.00	450.00	390.00	330.00	330.00	330.00	
	6"	1,540.00	1,540.00	1,400.00	1,330.00	1,190.00	1,050.00	910.00	770.00	770.00	770.00	
Meter Size	Commercial Tiered Rates											
5/8" &	3,000 gal - 9,000 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
3/4" &	9,000 gal - 15,000 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50	
1"	15,000 gal +	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25	
1 1/2"	15,000 gal - 45,000 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
	45,000 gal - 75,000 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50	
	75,000 gal +	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25	
2"	24,000 gal - 72,000 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
	72,000 gal - 120,000 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50	
	120,000 gal +	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25	
3"	52,500 gal - 157,500 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
	157,500 gal - 262,500 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50	
	262,500 gal +	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25	
4"	90,000 gal - 270,000 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
	270,000 gal - 450,000 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50	
	450,000 gal +	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25	
6"	210,000 gal - 630,000 gal	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
	630,000 gal - 1,050,000 gal	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50	3.50	
	1,050,000 gal +	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25	4.25	
	Rates effective as of:	Jan-16	Jan-16	Jan-15	Jan-14	Feb-13	Feb-12	Feb-11	Feb-08	Feb-08	Feb-08	

Rates are per thousand gallons, billed on a monthly basis.

Ute Water Conservancy District

Schedule 6

TEN LARGEST WATER CUSTOMERS, CURRENT YEAR AND NINE YEARS AGO

<u>Business Type</u>	2017			2008		
	<u>Revenue</u>	<u>Rank</u>	<u>%</u>	<u>Revenue</u>	<u>Rank</u>	<u>%</u>
Manufacturer	\$ 150,295	1	0.84%	\$ 157,166	1	1.34%
Mobile Home Park	99,047	2	0.55%	55,259	4	0.47%
Hotel	95,293	3	0.53%	77,631	2	0.66%
Farming / Livestock	62,287	4	0.35%	52,347	6	0.45%
Car Wash	56,003	5	0.31%	-	-	-
Retail Sales	55,967	6	0.31%	36,998	7	0.32%
Hotel	54,129	7	0.30%	-	-	-
Manufacturer	53,218	8	0.30%	-	-	-
Mobile Home Park	45,260	9	0.25%	-	-	-
Retail Sales	43,430	10	0.24%	30,628	10	0.26%
Oil & Gas Company	-	-	-	58,243	3	0.50%
Mobile Home Park	-	-	-	52,960	5	0.45%
Hotel	-	-	-	32,265	8	0.27%
Hotel	-	-	-	32,228	9	0.27%
Subtotal (10 largest)	<u>714,929</u>		<u>3.98%</u>	<u>585,725</u>		<u>4.99%</u>
Balance from other customers	<u>17,247,804</u>		<u>96.02%</u>	<u>11,151,428</u>		<u>95.01%</u>
Total	<u>\$ 17,962,733</u>		<u>100.00%</u>	<u>\$11,737,153</u>		<u>100.00%</u>

Note: This schedule represents actual billings made for water during the year.
The difference from amounts on the accrual basis is not significant.

Source: District Finance Department

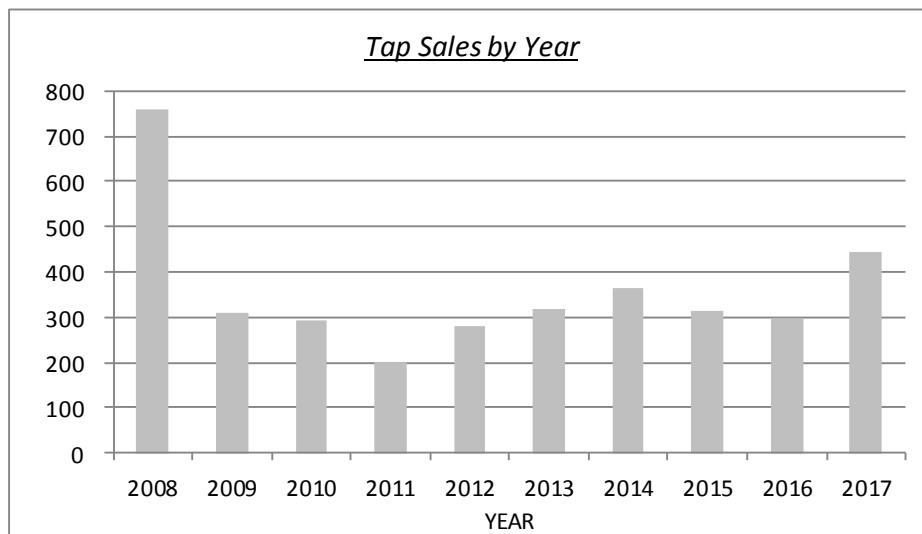
Ute Water Conservancy District

Schedule 7

TAP SALES AND CONSTRUCTION PERMITS, LAST TEN YEARS

Year	Tap Sales by Year (a)		Construction Permits by Year (b)			
	Number of Tap Sales	Amount of Tap Sales	New Commercial Construction		New Residential Construction	
			Number of Permits	Value of Permits	Number of Permits	Value of Permits
2008	760	\$ 4,566,810	115	\$ 84,893,499	807	\$ 136,882,177
2009	310	1,983,430	58	34,787,970	377	71,908,087
2010	292	1,837,490	42	57,045,516	350	81,679,611
2011	201	1,271,070	30	15,722,259	338	67,394,592
2012	282	1,932,460	40	17,595,247	456	97,742,772
2013	317	2,181,460	28	30,543,393	498	99,219,141
2014	366	2,629,150	39	22,780,818	513	112,752,810
2015	316	2,512,465	25	25,105,921	480	112,747,421
2016	299	2,259,855	24	11,814,561	536	121,381,719
2017	443	3,280,550	34	19,797,039	761	143,310,625

Source: (a) District Finance Department
 (b) Mesa County Building Department - County-wide permits excluding incorporated municipalities completely outside of the Ute Water District



Ute Water Conservancy District

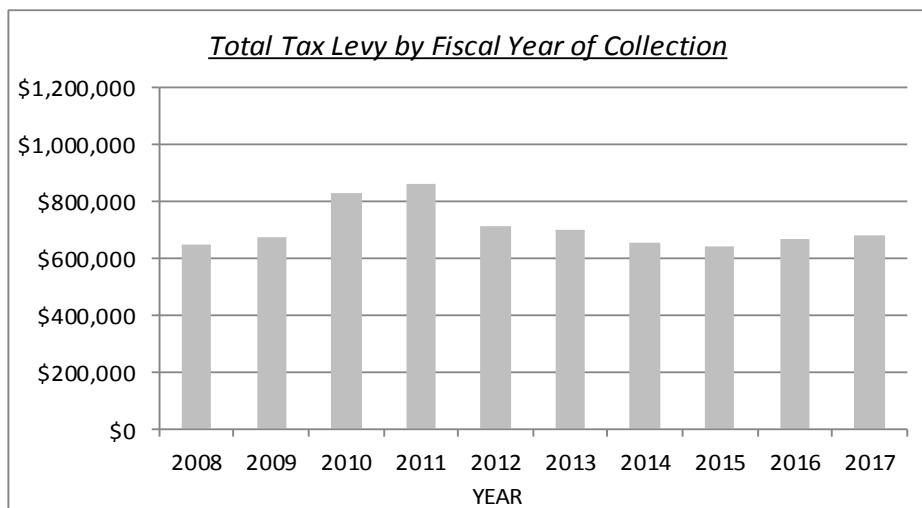
Schedule 8

PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN YEARS

Levy Year	Fiscal Year of Collection	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percentage of Current Tax Levy
2007	2008	\$ 647,956	\$ 642,658	99.18%	\$ 1,169	\$ 643,827	99.36%
2008	2009	675,789	670,800	99.26%	478	671,278	99.33%
2009	2010	830,340	822,995	99.12%	504	823,499	99.18%
2010	2011	861,181	857,320	99.55%	1,596	858,916	99.74%
2011	2012	709,197	705,129	99.43%	41	705,170	99.43%
2012	2013	699,382	697,555	99.74%	241	697,796	99.77%
2013	2014	653,399	627,686	96.06%	828	628,514	96.19%
2014	2015	637,839	636,086	99.73%	1,695	637,781	99.99%
2015	2016	668,681	666,631	99.69%	(386)	666,245	99.64%
2016	2017	678,609	674,472	99.39%	(692)	673,780	99.29%

Note: After property taxes are levied by the Board of Directors, the Mesa County Assessor may adjust the valuation of various properties due to corrections, abatements, refunds, and adjustments to the property tax rolls. The tax levy as shown is the original levy as approved by the District.

Source: District Finance Department



Ute Water Conservancy District

Schedule 9

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN YEARS

Levy Year	Fiscal Year of Collection	Mesa County-Wide Valuations					Total Assessed Value
		Commercial/ Industrial Property	Agricultural Property	Residential Property	Total Taxable Assessed Property	Tax-Exempt Property	
2008	2009	\$ 995,028,040	\$ 21,496,170	\$ 864,463,010	\$ 1,880,987,220	\$ 301,079,980	\$ 2,182,067,200
2009	2010	1,325,381,440	23,332,170	1,046,962,400	2,395,676,010	378,504,710	2,774,180,720
2010	2011	1,232,962,680	23,758,270	1,057,712,590	2,314,433,540	390,774,200	2,705,207,740
2011	2012	1,160,101,560	25,467,880	846,491,630	2,032,061,070	462,550,440	2,494,611,510
2012	2013	1,138,499,380	25,680,910	853,052,530	2,017,232,820	473,074,220	2,490,307,040
2013	2014	1,064,212,210	27,249,000	734,716,840	1,826,178,050	381,085,680	2,207,263,730
2014	2015	1,032,666,110	27,839,710	744,510,470	1,805,016,290	449,483,850	2,254,500,140
2015	2016	1,017,803,470	32,936,330	838,018,250	1,888,758,050	452,929,650	2,341,687,700
2016	2017	962,779,190	33,401,450	849,295,690	1,845,476,330	451,552,500	2,297,028,830
2017	2018	969,971,530	36,397,010	850,360,870	1,856,729,410	395,583,340	2,252,312,750
		District Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual District Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value as a	Ratio of Assessed to Estimated Actual Value	
2008	2009	\$ 1,351,577,450	0.500	\$ 11,181,784,540	12.09%	7.96 - 29%	
2009	2010	1,660,679,120	0.500	13,776,345,270	12.05%	7.96 - 29%	
2010	2011	1,722,361,580	0.500	13,742,513,000	12.53%	7.96 - 29%	
2011	2012	1,418,394,000	0.500	11,195,343,660	12.67%	7.96 - 29%	
2012	2013	1,398,763,950	0.500	11,271,930,810	12.41%	7.96 - 29%	
2013	2014	1,306,797,600	0.500	9,823,599,530	13.30%	7.96 - 29%	
2014	2015	1,275,677,660	0.500	9,952,031,370	12.82%	7.96 - 29%	
2015	2016	1,337,362,252	0.500	10,890,114,190	12.28%	7.96 - 29%	
2016	2017	1,357,218,380	0.500	11,030,816,890	12.30%	7.96 - 29%	
2017	2018	1,364,085,006	0.500	12,019,284,620	11.35%	7.20 - 29%	

Source: Mesa County Assessor's office

Ute Water Conservancy District

Schedule 10

**PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION (MILL LEVY)
DIRECT AND OVERLAPPING GOVERNMENTS, LAST TEN YEARS**

<u>MILL LEVY</u>					
<u>Levy Year</u>	<u>Year of Collection</u>	<u>Ute Water Conservancy District</u>	<u>Mesa County</u>	<u>Mesa County School District #51</u>	<u>All Other Taxing Entities</u>
2008	2009	0.500	14.890	36.171	10.659
2009	2010	0.500	11.335	34.266	9.606
2010	2011	0.500	12.202	33.549	9.818
2011	2012	0.500	12.273	34.823	10.371
2012	2013	0.500	12.281	36.094	10.425
2013	2014	0.500	12.272	36.693	12.081
2014	2015	0.500	12.214	36.572	12.204
2015	2016	0.500	12.297	36.845	11.960
2016	2017	0.500	12.214	36.079	12.370
2017	2018	0.500	12.246	43.784	12.409

PROPERTY TAX REVENUE LEVY

<u>Levy Year</u>	<u>Year of Collection</u>	<u>Ute Water Conservancy District</u>	<u>Mesa County</u>	<u>Mesa County School District #51</u>	<u>All Other Taxing Entities</u>
2008	2009	\$ 675,789	\$ 37,639,939	\$ 60,542,112	\$ 8,933,009
2009	2010	830,340	36,831,594	69,493,657	10,571,989
2010	2011	861,181	27,900,366	69,866,323	10,452,963
2011	2012	709,197	24,638,833	60,513,272	9,187,162
2012	2013	699,382	24,646,254	62,122,611	9,257,306
2013	2014	653,399	22,278,629	59,097,954	10,851,626
2014	2015	637,839	21,922,758	57,942,455	10,796,150
2015	2016	668,681	23,101,741	60,784,192	11,394,708
2016	2017	678,609	22,540,647	60,866,935	11,429,841
2017	2018	682,043	22,617,251	62,708,144	11,445,134

Note: Tax rates shown are for a representative taxing area within the Ute Water Conservancy District and excludes several taxing entities that are wholly or partially within the District.

Source: Mesa County Assessor's office

Ute Water Conservancy District

Schedule 11

PRINCIPAL PROPERTY TAX PAYERS, CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>Business Type</u>	<u>2017</u>			<u>2008</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total District Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total District Taxable Assessed Value</u>
Xcel Energy (formerly Public Service Company)	Utility	\$ 39,012,820	1	2.87%	\$ 21,845,840	1	1.62%
Union Pacific	Railroad	11,235,660	2	0.83%	4,201,480	7	0.31%
SM Mesa Mall LLC	Shopping Mall	9,838,330	3	0.72%	14,336,430	2	1.06%
Helmerich & Payne International Drilling	Oil / Gas Field Services	9,683,660	4	0.71%	-	-	-
Walmart Real Estate Business Trust	Retail Stores/Shopping Mall	6,458,040	5	0.48%	11,135,330	3	0.82%
Grand Mesa Center	Shopping Mall	5,244,600	6	0.39%	8,109,370	5	0.60%
Halliburton Energy Services Inc.	Oil / Gas Field Services	5,209,970	7	0.38%	-	-	-
Nabors Drilling (Nabor Lux Finance 2)	Oil / Gas Field Services	5,089,260	8	0.37%	-	-	-
Grand Valley Rural Power	Utility	4,984,470	9	0.37%	-	-	-
Bresnan Communications	Utility	4,610,550	10	0.34%	9,295,936	4	0.69%
Dillon Real Estate Co., Inc. (City Market)	Grocery Stores	-	-	-	4,455,660	6	0.33%
Dayton Hudson / Mervyns / Target	Retail Stores	-	-	-	3,873,850	8	0.29%
CoorsTek, Inc (formerly Coors Porcelain)	Manufacturer	-	-	-	3,987,260	9	0.30%
Lowe's HIW Inc.	Retail Stores	-	-	-	3,380,950	10	0.25%
		<u>\$ 101,367,360</u>		<u>7.47%</u>	<u>\$ 84,622,106</u>		<u>6.26%</u>

Source: Mesa County Assessor's office

Ute Water Conservancy District

Schedule 12

RATIO OF OUTSTANDING DEBT BY TYPE, LAST TEN YEARS

Year	Revenue Bonds	Notes on Parity with Bonds	Non-parity Notes	Total		
				Amount	Per Capita (a)	As a Share of Personal Income (b)
2008	\$ 15,789,679	\$ 23,770,956	\$3,054,253	\$ 42,614,888	\$ 534.93	1.40%
2009	15,017,460	23,190,975	2,604,205	40,812,640	517.37	1.50%
2010	14,176,115	22,582,497	2,131,956	38,890,568	486.28	1.45%
2011	13,291,164	21,944,122	1,636,412	36,871,698	457.70	1.31%
2012	35,975,988	14,616,000 (c)	-	50,591,988	620.13	1.71%
2013	33,953,983	-	-	33,953,983	414.23	1.13%
2014	31,382,217	-	-	31,382,217	379.45	0.98%
2015	28,769,748	-	-	28,769,748	341.04	0.87%
2016	26,104,453	-	-	26,104,453	306.59	0.78%
2017	23,378,210	-	-	23,378,210	270.21	0.69%

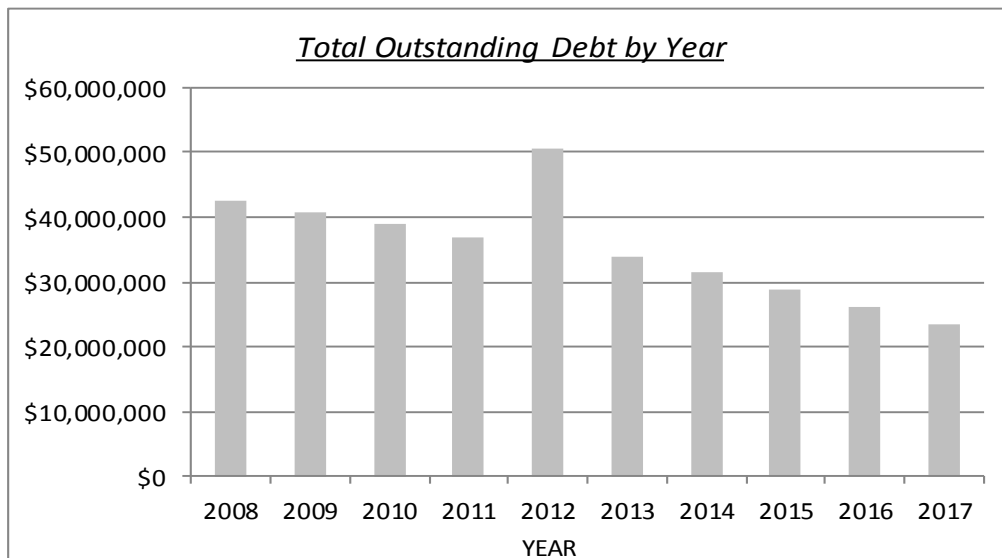
Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(a) Based on estimated District population from schedule 15.

(b) Based on per capita personal income from schedule 15; because personal income data is not available for 2017, for the year 2017 this percentage uses the personal income amount from 2016.

(c) The parity status of this note was determined due to negotiations and pay-off in 2013.

Source: District Finance Department



Ute Water Conservancy District

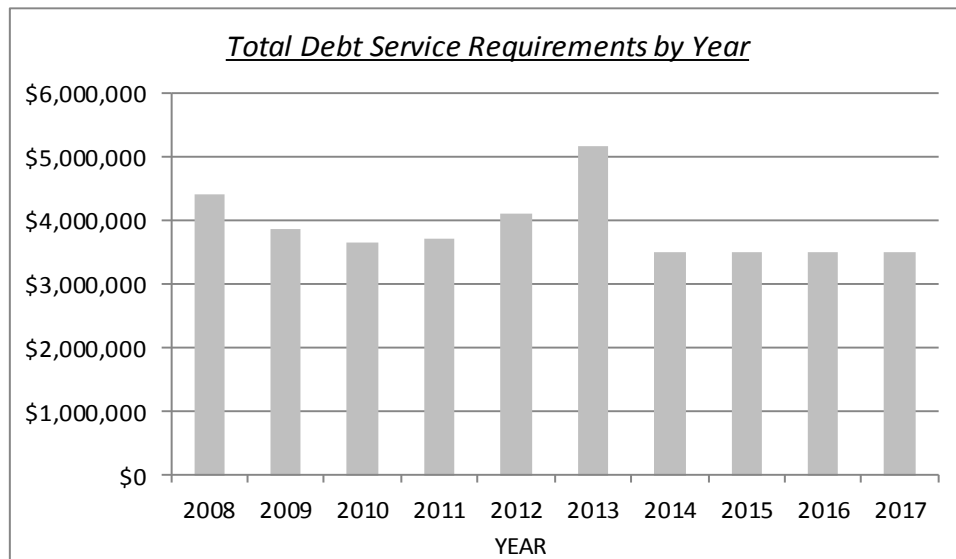
Schedule 13

DEBT COVERAGE, LAST TEN YEARS

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal (3)	Interest	Total	
2008	\$ 18,499,718	\$ 8,102,977	\$ 10,396,741	\$ 2,109,709	\$ 2,285,770	\$ 4,395,479	2.37
2009	14,291,790	8,330,508	5,961,282	1,710,031	2,141,056	3,851,087	1.55
2010	14,074,737	8,056,726	6,018,011	1,925,726	1,733,301	3,659,027	1.64
2011	14,950,291	7,723,801	7,226,490	2,028,919	1,663,330	3,692,249	1.96
2012	16,883,978	7,642,765	9,241,213	2,729,733	1,357,341	4,087,074	2.26
2013	17,558,978	8,195,585	9,363,393	3,644,826	1,507,159	5,151,985	1.82
2014	19,240,127	8,436,407	10,803,720	2,315,000	1,191,187	3,506,187	3.08
2015	19,580,377	8,441,482	11,138,895	2,385,000	1,119,294	3,504,294	3.17
2016	20,626,245	8,841,556	11,784,689	2,470,000	1,035,370	3,505,370	3.36
2017	22,114,828	9,156,554	12,958,274	2,565,000	940,862	3,505,862	3.69

- Note: (1) Gross revenues includes investment income, miscellaneous income and tap fees and excludes property taxes
 (2) Total operating expenses exclusive of depreciation.
 (3) Principal debt service requirements excluding refunding or early pay-off amounts.

Source: District Finance Department



Ute Water Conservancy District

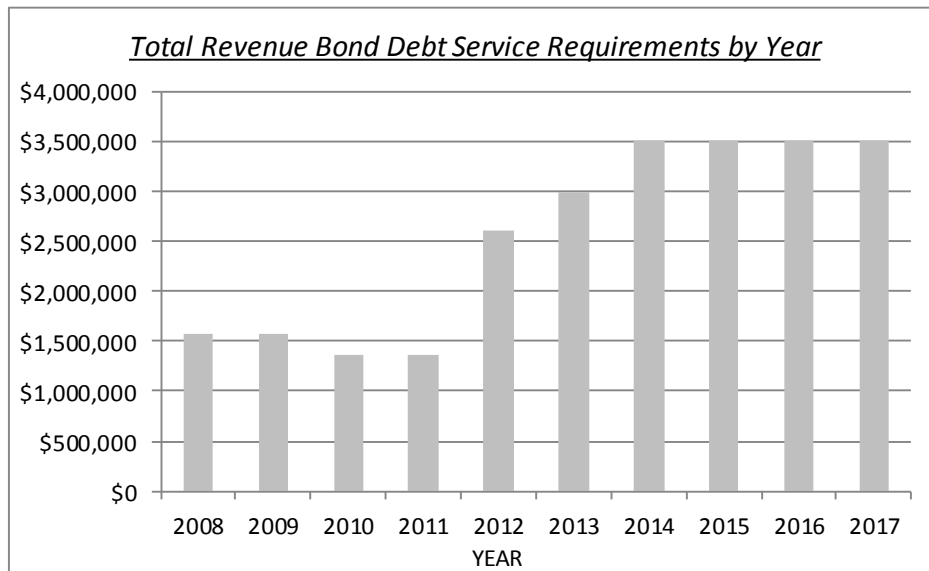
Schedule 14

REVENUE BOND COVERAGE, LAST TEN YEARS

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2008	\$ 18,499,718	\$ 8,102,977	\$ 10,396,741	\$ 650,000	\$ 922,144	\$ 1,572,144	6.61
2009	14,291,790	8,330,508	5,961,282	680,000	884,275	1,564,275	3.81
2010	14,074,737	8,056,726	6,018,011	845,000	520,672	1,365,672	4.41
2011	14,950,291	7,723,801	7,226,490	895,000	467,632	1,362,632	5.30
2012	16,883,978	7,642,765	9,241,213	1,540,000	1,073,877	2,613,877	3.54
2013	17,558,978	8,195,585	9,363,393	1,740,000	1,245,559	2,985,559	3.14
2014	19,240,127	8,436,407	10,803,720	2,315,000	1,191,187	3,506,187	3.08
2015	19,580,377	8,441,482	11,138,895	2,385,000	1,119,294	3,504,294	3.17
2016	20,626,245	8,841,556	11,784,689	2,470,000	1,035,370	3,505,370	3.36
2017	22,114,828	9,156,554	12,958,274	2,565,000	940,862	3,505,862	3.69

- Notes:
- (1) Gross revenues includes investment income, miscellaneous income and tap fees and excludes property taxes.
 - (2) Total operating expenses exclusive of depreciation.
 - (3) Principal and interest for revenue bonds only. Does not include debt defeasance transactions.

Source: District Finance Department



Ute Water Conservancy District

Schedule 15

DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN YEARS

Year	Estimated (a)		School (c) Enrollment	Personal (d) Income (thousands of dollars)	Per (d) Capita Personal Income	Unemployment Rate			Labor (f) Force
	District Population	County (b) Population				Mesa (f) County	State of (f) Colorado	National (g)	
2008	79,665	140,680	22,272	\$5,486,220	\$38,324	3.9%	4.8%	5.8%	81,800
2009	78,884	144,795	22,147	5,102,848	34,513	9.3%	8.1%	9.3%	82,067
2010	79,975	146,723 (e)	22,091	4,919,674	33,585	10.8%	9.0%	9.6%	76,113
2011	80,558	148,108	21,917	5,133,281	34,879	9.9%	8.6%	8.9%	75,397
2012	81,583	148,291	21,730	5,343,611	36,235	9.2%	8.0%	8.1%	74,844
2013	81,970	148,232	21,894	5,385,777	36,545	8.1%	6.8%	7.4%	73,731
2014	82,705	148,250	21,742	5,697,536	38,627	6.2%	5.2%	6.2%	73,608
2015	84,358	149,023	21,904	5,828,054	39,272	5.7%	4.1%	5.3%	73,004
2016	85,145	150,731	22,105	5,870,880	39,118	5.4%	3.3%	4.9%	72,761
2017	86,519	152,003	22,084	N/A	N/A	3.8%	2.7%	4.4%	72,022

Source: (a) District Finance Department (persons per housing unit from 2010 Census times residential unit connections)
 (b) Colorado Division of Local Government, estimated as of July each year
 (c) Colorado Department of Education - Data Center - Mesa County Valley School District 51
 (d) US Department of Commerce, Bureau of Economic Analysis - Personal Income Summary for Mesa County
 (e) 2010 Census
 (f) Colorado Department of Labor and Employment, average for year
 (g) US Department of Labor, Bureau of Labor Statistics, average for year
 N/A - Data not available

Ute Water Conservancy District

Schedule 16

PRINCIPAL EMPLOYERS, CURRENT YEAR AND NINE YEARS AGO

	2017			2008		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Mesa County Valley School District No. 51	2,715	1	3.77%	3,200	1	3.91%
St. Mary's Hospital & Medical Center	2,300	2	3.19%	2,235	2	2.73%
Mesa County	1,025	3	1.42%	982	6	1.20%
State of Colorado	1,012	4	1.41%	1,197	5	1.46%
Colorado Mesa University (formerly Mesa State College)	1,006	5	1.40%	1,259	3	1.54%
City Markets, Inc.	800	6	1.11%	650	9	0.79%
Community Hospital	800	7	1.11%	574	10	0.70%
VA Medical Center - Grand Junction	720	8	1.00%	-	-	-
Star Tek Inc.	700	9	0.97%	-	-	-
City of Grand Junction	629	10	0.87%	1,202	4	1.47%
Walmart/Sams	-	-	-	860	8	1.05%
Halliburton	-	-	-	977	7	1.19%
	<u>11,707</u>		<u>16.25%</u>	<u>13,136</u>		<u>16.06%</u>

Source: (a) Grand Junction Economic Partnership

The data provided to the Grand Junction Economic Partnership may not include all leading employers in the area.

Ute Water Conservancy District

Schedule 17

DISTRICT EMPLOYEES BY TYPE, LAST TEN YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Water Supply and Treatment:										
Managers and Supervisors	3	3	3	3	3	3	3	3	3	3
Water Resource Specialists	0	0	0	0	0	0	0	1	1	1
Water Plant Operators	6	5	4	4	4	4	5	4	4	4
Water Plant Maintenance	3	3	3	2	2	2	2	2	2	2
Laboratory Staff	3	3	3	3	3	3	3	3	3	3
<i>Total Water Supply and Treatment</i>	<u>15</u>	<u>14</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>
Transmission and Distribution:										
Managers and Supervisors	4	5	5	4	4	4	4	4	4	4
Fleet Mechanics	3	3	3	2	2	2	2	2	2	2
Meter Readers and Service representatives	8	7	7	7	7	7	7	7	7	7
Maintenance Worker / Technician	19	18	17	17	15	15	17	17	17	17
Customer Service Representative	1	1	1	1	1	1	1	1	1	1
Water Supply Coordinator	1	1	1	1	1	1	1	1	1	1
Building and Grounds Maintenance	1	1	0	0	0	0	0	0	0	0
<i>Total Transmission and Distribution</i>	<u>37</u>	<u>36</u>	<u>34</u>	<u>32</u>	<u>30</u>	<u>30</u>	<u>32</u>	<u>32</u>	<u>32</u>	<u>32</u>
Engineering and Construction:										
District Engineer	1	1	1	1	1	1	1	1	1	1
Project Engineer	2	2	2	2	1	1	1	1	1	1
Engineering Technician	2	2	2	2	2	2	2	2	2	2
Inspectors	3	3	3	2	2	2	2	2	2	2
GIS Staff	2	2	2	2	2	2	2	2	2	2
<i>Total Engineering and Construction</i>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
Administration:										
Managers	2	2	2	2	2	2	2	2	2	2
General Counsel	0	0	0	0	0	0	0	0	0	1
External Affairs Supervisor	1	1	1	1	1	1	1	1	1	1
External Affairs Assistant	0	0	0	0	0	0	0	1	1	1
Human Resources / Risk Manager	1	1	1	1	1	1	1	1	1	1
Human Resources / Risk Specialist	1	1	1	1	1	1	0	1	1	1
Administrative Clerk	1	1	1	0	0	0	0	0	0	0
<i>Total Administration</i>	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>6</u>	<u>6</u>	<u>7</u>
Finance and Accounting:										
Managers and Supervisors	2	2	2	2	2	2	2	2	2	2
Accounting Clerks	1	1	1	1	1	1	2	1	1	1
Billing / Customer Service Clerks	6	6	6	6	6	6	6	6	6	6
New Services Coordinator	1	1	1	1	1	1	1	1	1	1
Purchasing Agent	1	1	1	1	1	1	1	1	1	1
<i>Total Finance and Accounting</i>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>
Total Full-Time Employees	<u>79</u>	<u>77</u>	<u>74</u>	<u>69</u>	<u>66</u>	<u>66</u>	<u>69</u>	<u>70</u>	<u>70</u>	<u>71</u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 18

OPERATING AND CAPITAL INDICATORS

	<u>2017</u>
Size of watershed (square miles drained)	504
Terminal reservoirs storage capacity (acre-feet)	8,736
Miles of raw water delivery pipeline	21.1
Treatment plant capacity (MGD)	34.0
Treated water storage (MG)	27.5
Miles of transmission & distribution pipeline (by pipe diameter):	
4 inches and smaller	288.98
6 inches	110.85
8 inches	334.99
10 inches to 18 inches	124.88
Larger than 18 inches	<u>48.38</u>
Total miles of distribution pipeline	<u><u>908.08</u></u>
Number of fire hydrants in distribution system	4,291

Notes: MGD = Million gallons of water per day

MG = Million gallons of water

Acre-foot = 325,829 gallons

Additional operating indicators can be found in schedules 3 and 4.

Source: District GIS Department and District Treatment & Source Department

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Ute Water Conservancy District

Schedule 19

INSURANCE COVERAGE

Effective January 1, 2018

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>	<u>Expiration Date</u>
<u>Colorado Special Districts Property and Liability Pool</u>			12/31/2018
Public Entity Liability Coverage	\$ 2,000,000	\$ 5,000	
General Liability	Included	\$ 5,000	
Medical Payments - Premises	\$ 10,000	None	
Employee Benefits Administration Liability	Included	\$ 5,000	
Public Officials Liability	Included	\$ 1,000	
Employment Practices Liability	Included	*	
Pre-loss Legal Assistance	\$ 2,000	None	
No-Fault Water Back-up - Per Premise	\$ 5,000	\$ 500	
Excess Liability	\$ 5,000,000	None	
Auto Liability	Included	\$ 1,000	
Medical Payments - Auto	\$ 10,000	None	
Non-Owned / Hired Auto Liability	Included	None	
Uninsured Motorist	Included	None	
Cyber Liability**	\$ 200,000	\$ 1,000	
Fiduciary Liability**	\$ 200,000	\$ 1,000	
* 50% of loss, maximum deductible of \$100,000/occurrence			
** \$1,000,000 all member aggregate limit applies to Cyber & Fiduciary liability			
Auto Physical Damage			
Hired Auto Physical Damage	\$ 50,000	\$ 500	
Employee Deductible Reimbursement	\$ 2,500	None	
Property Coverage			
Buildings, Business Personal Property (per schedule)	\$ 62,473,991	\$ 5,000	
Portable Equipment, Mobile Equipment and Inland Marine items	\$ 1,361,008	\$ 5,000	
Combined Earthquake and Flood	\$ 2,000,000	2%/Occurrence	
Business Income	\$ 250,000	\$ 10,000	
Equipment Breakdown / Boiler and Machinery			
Comprehensive Boiler, Pressure Vessel, Mechanical and Electrical	\$ 63,683,324	\$ 10,000	

Ute Water Conservancy District

Schedule 19 - continued

INSURANCE COVERAGE

Effective January 1, 2018

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>	<u>Expiration Date</u>
Comprehensive Crime Coverage	\$ 300,000	\$ 1,500	12/31/2018
Identity Recovery	\$ 25,000	None	
Pollution Coverage \$1,000,000 / pollution condition, \$5,000,000 aggregate	\$ 1,000,000	\$ 1,000	
<u>Colorado Special Districts Property & Liability Pool</u>			
Workers Compensation Insurance			12/31/2018
Each Accident	\$ 2,000,000	\$ 1,000	
Employee Disease (Policy Limit)	\$ 2,000,000		
Employee Disease (Each Employee)	\$ 2,000,000		

Source: District Human Resource & Risk Department

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