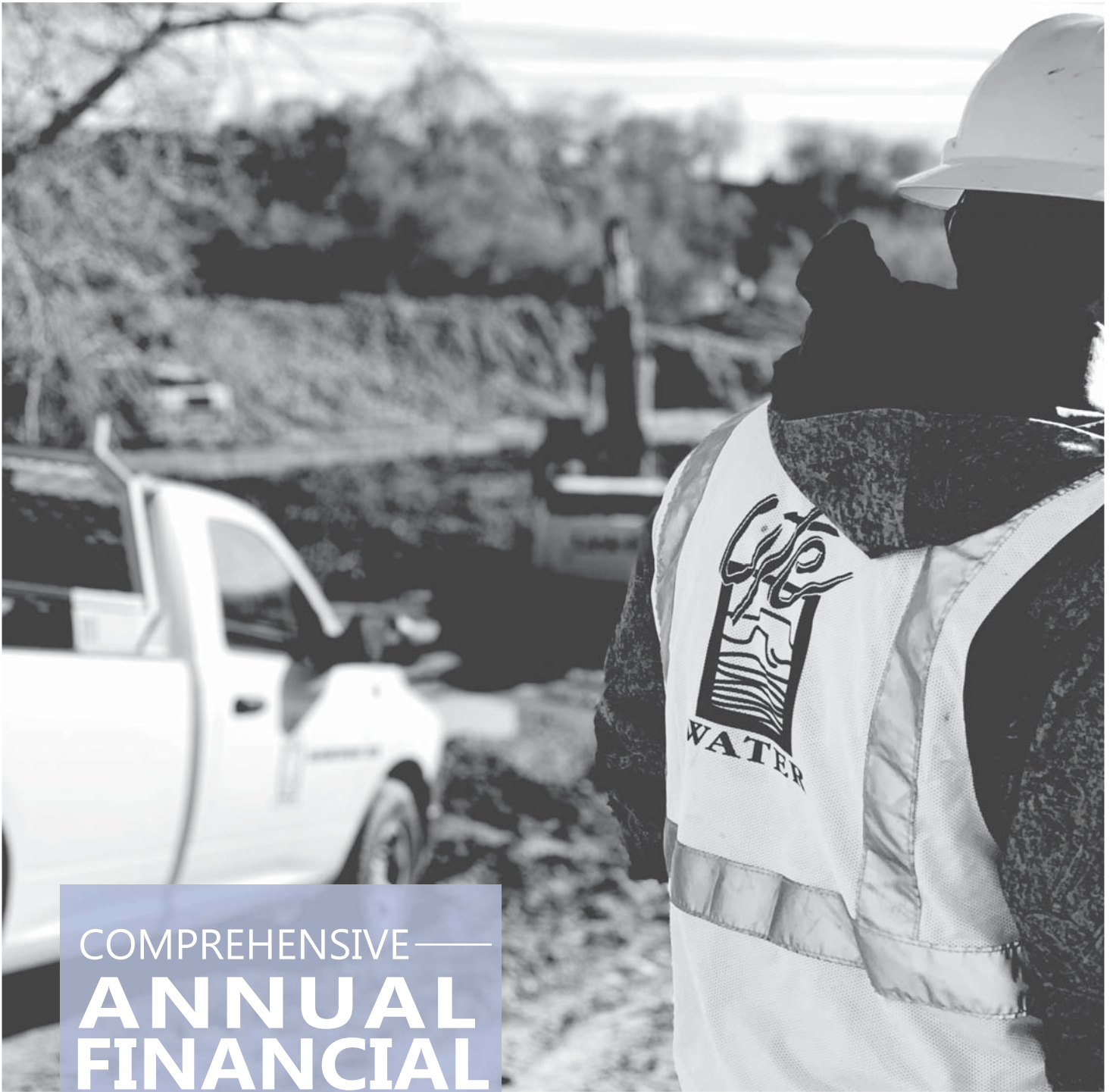


UTE WATER CONSERVANCY DISTRICT

IN MESA COUNTY, COLORADO

2190 H 1/4 ROAD GRAND JUNCTION, CO 81505 • P: (970) 242-7491 • F: (970) 242-9189 • UTEWATER.ORG



COMPREHENSIVE —
ANNUAL
FINANCIAL
— REPORT

FISCAL YEAR ENDED DECEMBER 31, 2018
AND DECEMBER 31, 2017





Above Photo by Joe Burtard - Utility Maintenance Workers, Cody Walker (Left) and Dusty Kriegshauser (Right) performing live tap on a 12-inch line on Horizon Drive.

Cover Photo by Andrea Lopez - Engineering Technician, Danny Reed, supervising the North-South Connector along 30 Road.

UTE WATER CONSERVANCY DISTRICT
in
MESA COUNTY, COLORADO

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

For the Years ended December 31, 2018 and 2017

Prepared By:

Finance Department
Gregory E. Williams, Finance Director

Ute Water Conservancy District
2190 H ¼ Road
Grand Junction, CO 81505
Phone 970-242-7491
Fax 970-242-9189
utewater.org

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May 8, 2019

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, 2018, 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, 2018 and 2017 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, 2018 and 2017, 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 and 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, nationally, and globally. 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 contributed to the valley’s economy significantly diversifying 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 the levels of local housing construction, growth, and employment. However, the diversification of the economy and the desirability of the area have continued to support nominal levels of population growth since 2008. Schedule 15 on page 53 displays demographic statistics related to population, unemployment rates, and labor force changes. Current development indicators such as subdivision development, building permit activity, and the number of water taps sold reflect the increased levels of growth the valley has realized throughout the last few years. 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 currently 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 basin drainage has resulted in the lowering of water levels to critical levels in both Lake Mead and Lake Powell. In order to preserve and protect the District’s and the local region’s water resources, the District is engaged with stakeholders in Colorado and throughout the Colorado River basin in the development and implementation of drought contingency plans for the Western Slope, the State of Colorado, and larger regional areas.

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.

A study was completed by the District in 2011 to determine if the firm yield of the water rights held by the District can sufficiently 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 the Colorado River water source as well as continuing to develop additional water supplies. In addition to continuing long-term efforts to expand reservoirs to increase the amount of water the District will have available for its customers in the future, the District purchased water rights located in the Plateau Creek drainage basin in December 2018. While the District is currently and will continue to improve upon the efficient use of its water and water rights, additional water rights and storage options, either through construction or additional purchases, will continue to be evaluated and 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 upgrade provides a secondary source of water that exceeds the District’s current maximum daily demand. Beginning in 2019, the District plans to begin engineering and design of pre-sedimentation basin facilities, on District property purchased in 2015, that would increase the pre-treatment water quality of the Colorado River water. The District will continue its efforts to upgrade and expand necessary facilities that ensure its ability to provide water to its customers that complies with current and anticipated water quality regulations and is adequate to supply future growth.

The District has spent an average of \$4.5 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. In addition to ongoing infrastructure maintenance, 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 and 2018, water sales increased 3.5% and 5.0%, respectively, due to increased billed consumption amounts. 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 and annually evaluates an on-going five-year long-term capital plan and a five-year revenue and expenditure forecast. The estimated cost of capital improvements from 2019 through 2024 total \$63.2 million. Significant elements of this plan include:

- Water supply reservoir expansion and new development
- Major distribution line replacements, upgrades, and extensions
- Pre-sedimentation basin construction
- Distribution water tank rehabilitation
- 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, 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, 2018, approximately

77% of the District's investments were held in U.S. government and agency securities and 23% held in State of Colorado local government investment pools. The District earned an average return of approximately 2.05% on cash and investments in 2018 compared to approximately 1.33% in 2017. 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 2018. The auditor's report on the basic financial statements is included in the financial section of this report.

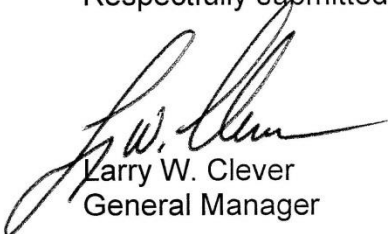
Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ute Water Conservancy District for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the twentieth 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, 2018.

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

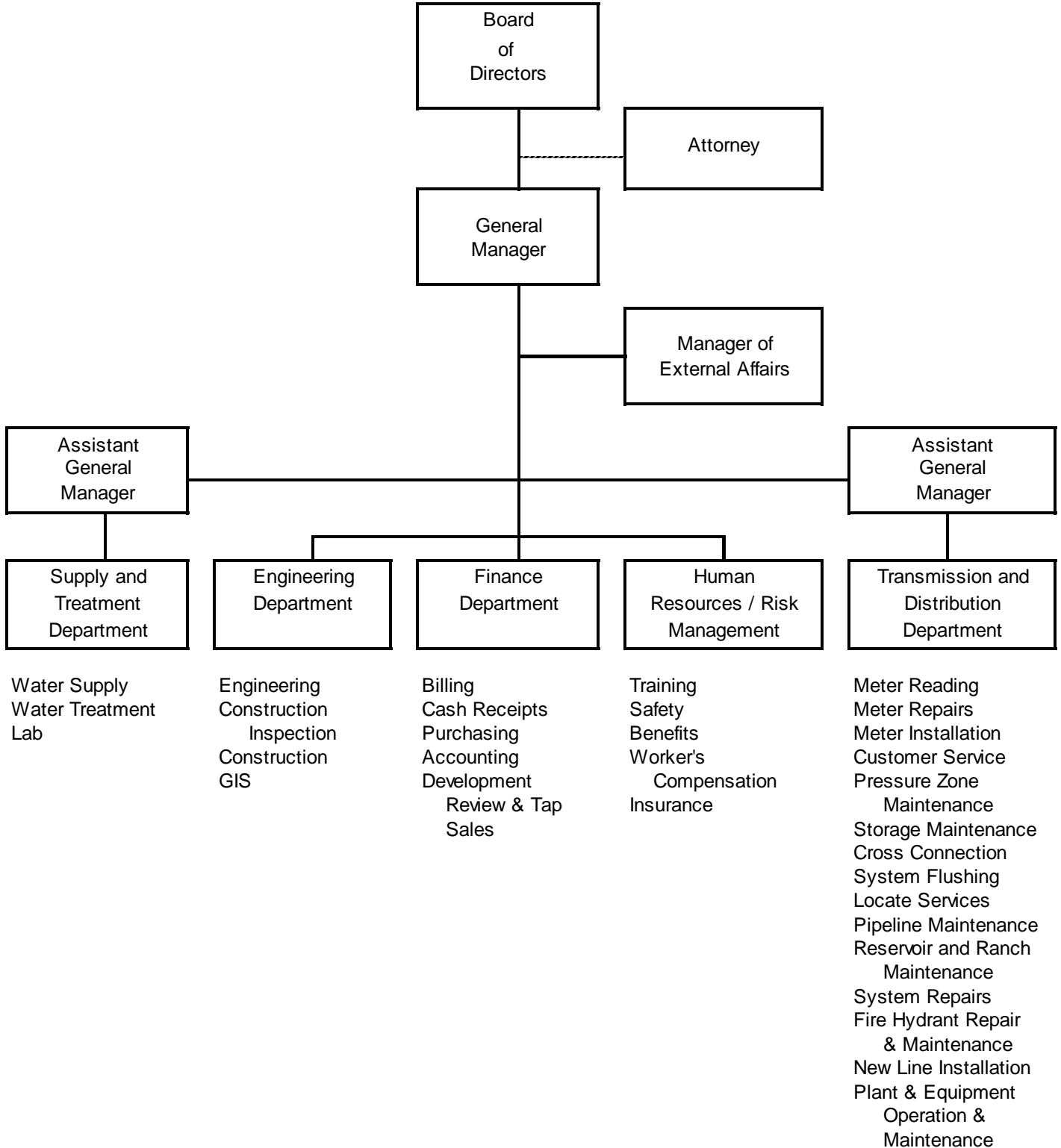
December 31, 2017

Christopher P. Morrill

Executive Director/CEO

UTE WATER CONSERVANCY DISTRICT

ORGANIZATION CHART



Ute Water Conservancy District

At December 31, 2018

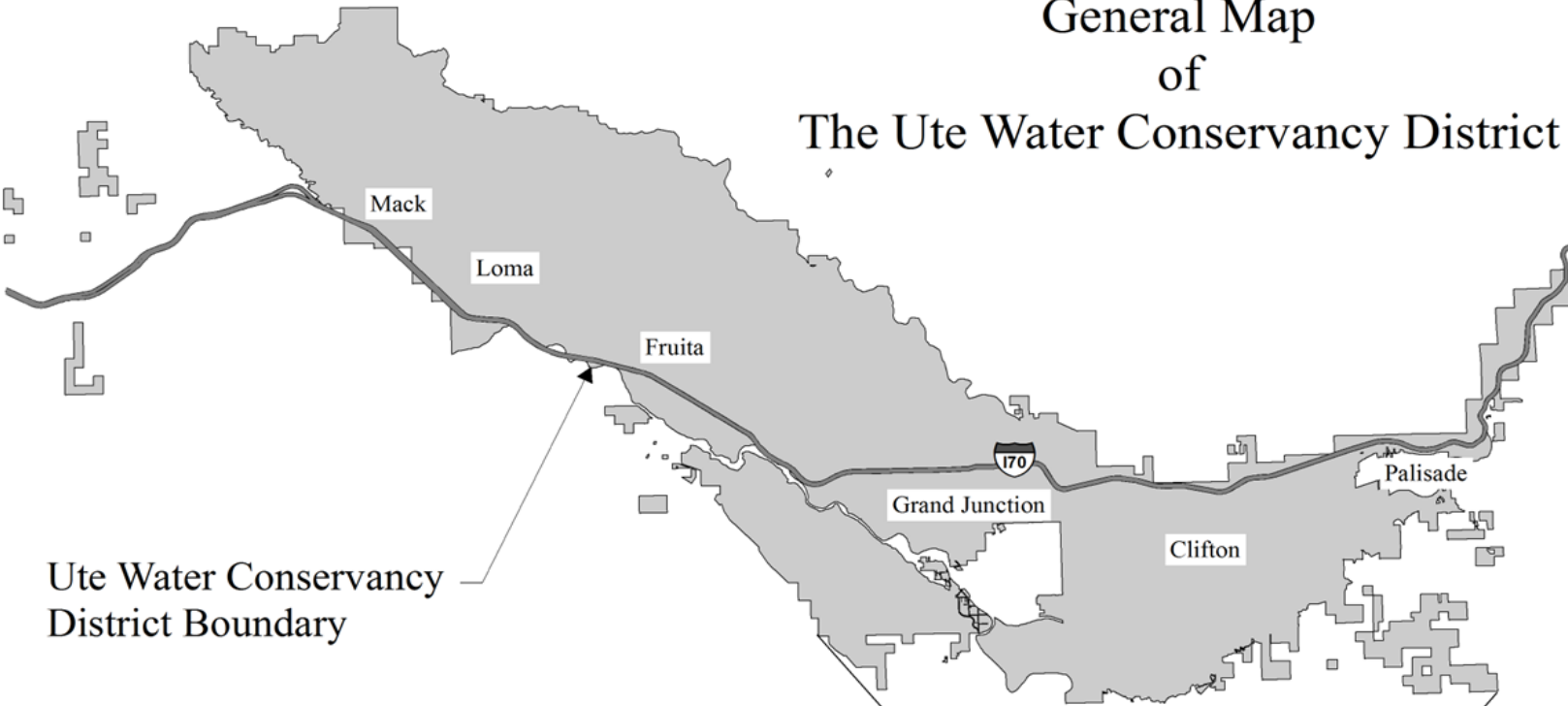
BOARD OF DIRECTORS

<u>District</u>	<u>Name</u>	<u>Term Expires</u>
3	Ken Henry, <i>President</i>	May 2019
5	Tammy Eret, <i>Vice-President</i>	May 2022
5	Greg Green, <i>Secretary</i>	May 2020
3	John Caldwell, <i>Treasurer</i>	May 2020
1	Pat Brennan	May 2021
1	Neil Jaquet	May 2022
1	Mel Rettig	May 2020
2	James N. Burkhalter	May 2021
2	Rod Johnson	May 2022
2	Ben Miller	May 2020
3	Robert F. Gobbo	May 2020
3	Robert Saunders	May 2021
4	Carl Conner	May 2021
4	Mistalynn Meyeraan	May 2022

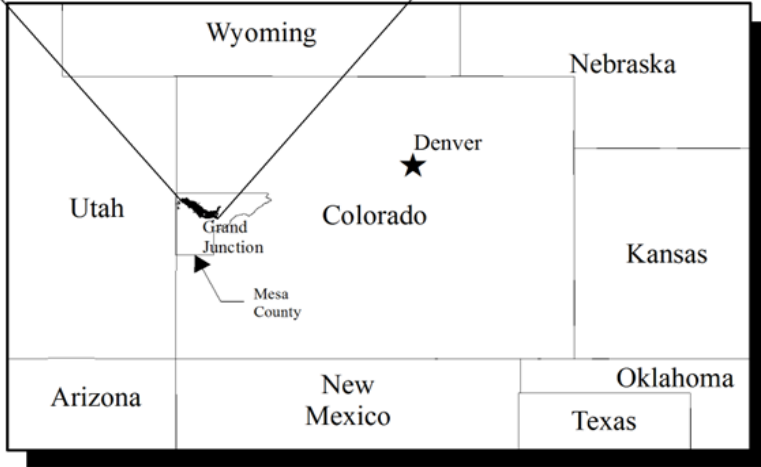
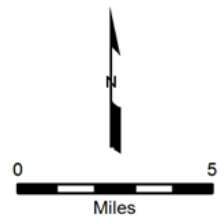
DISTRICT STAFF

<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

May 8, 2019

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, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2018 and 2017, 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, Davis & Co., P.C.

**Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2018 and 2017**

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 2018, net position increased by \$8.76 million (or 4.3%) when compared to 2017.
- Total revenues increased by \$1.18 million (or 5.1%) to \$24.15 million for 2018.
- Net capital assets increased by \$0.8 million (or 0.4%) to \$192.16 million in 2018.
- Capital contributions remained level at approximately \$1.59 million in 2018 and 2017.
- Current liabilities increased by \$1.27 million in 2018 (or 30%) compared to 2017.
- Non-current liabilities decreased by \$2.92 million (or 14.1%) to \$17.8 million in 2018.

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,	2018	2017	2016
Revenues	\$ 24,151,616	\$ 22,969,637	\$ 22,091,727
Expenses	(16,978,968)	(16,044,148)	(15,575,516)
Excess before capital contributions	7,172,648	6,925,489	6,516,211
Capital contributions	1,585,242	1,590,620	543,070
Change in net position	8,757,890	8,516,109	7,059,281
Net position, beginning of year	204,521,497	196,005,388	188,946,107
Net position, end of year	<u>\$ 213,279,387</u>	<u>\$ 204,521,497</u>	<u>\$ 196,005,388</u>

Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2018 and 2017

From 2016 to 2017, net investment in capital assets increased by \$2.78 million or 1.7% to \$168.03 million. From 2017 to 2018 this item increased by \$3.57 million or 2.1% to \$171.60 million. Unrestricted net position increased by \$5.73 million or 20.8% to \$33.28 million from 2016 to 2017. From 2017 to 2018 unrestricted net position increased by 15.4% or \$5.14 million to \$38.42 million. Only the unrestricted net position is readily available to finance continuing and future operations of the water system. During 2017 and 2018, the District continued to expend significant amounts for treatment and distribution system upgrades, system development, and the purchase and 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,	2018	2017	2016
Current assets	\$ 41,616,062	\$ 35,297,049	\$ 29,442,190
Restricted assets	3,252,909	3,202,909	3,202,909
Capital assets	192,164,552	191,355,455	191,249,098
Non-current assets	272,586	296,827	312,904
Total assets	<u>237,306,109</u>	<u>230,152,240</u>	<u>224,207,101</u>
Deferred outflow of resources	25,439	57,511	102,255
Total assets and deferred outflow of resources	<u>237,331,548</u>	<u>230,209,751</u>	<u>224,309,356</u>
Current liabilities	5,529,056	4,254,260	4,036,977
Non-current liabilities	17,837,983	20,755,361	23,591,784
Total liabilities	<u>23,367,039</u>	<u>25,009,621</u>	<u>27,628,761</u>
Deferred inflow of resources	685,122	678,633	675,207
Total liabilities and deferred inflow of resources	<u>24,052,161</u>	<u>25,688,254</u>	<u>28,303,968</u>
Net position			
Net investment in capital assets	171,603,912	168,034,757	165,246,901
Restricted for constitutional emergency reserves	50,000	-	-
Restricted for debt service	3,202,909	3,202,909	3,202,909
Unrestricted	38,422,566	33,283,831	27,555,578
Total net position	<u>\$ 213,279,387</u>	<u>\$ 204,521,497</u>	<u>\$ 196,005,388</u>

In 2017, the District's net position increased to \$204.52 million, 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.

The net position of the District increased to \$213.28 million during 2018, an increase of \$8.76 million over 2017. This increase was made up of \$4.39 million in non-operating revenues over expenses, \$2.78 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, 2018 and 2017

REVIEW OF REVENUES

Years ended December 31,	2018	2017	2016
Operating revenues			
Waters sales	\$ 18,220,430	\$ 17,962,733	\$ 17,360,229
Fee for tap connections	420,706	351,012	291,514
Other	360,414	331,734	304,933
Total	<u>19,001,550</u>	<u>18,645,479</u>	<u>17,956,676</u>
Non-operating revenues			
Property taxes	781,098	778,810	752,574
Tap fee in excess of connection costs	3,392,819	2,929,538	1,968,341
Investment income	763,085	297,853	364,085
Miscellaneous income	234,511	241,958	337,143
Gain (loss) on disposition of capital assets	(21,447)	75,999	712,908
Total	<u>5,150,066</u>	<u>4,324,158</u>	<u>4,135,051</u>
Total revenues	<u>\$ 24,151,616</u>	<u>\$ 22,969,637</u>	<u>\$ 22,091,727</u>

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.

In 2018, operating revenues were up \$356,000 (or 1.9%) from 2017. Water sales account for \$258,000 of the increase in operating revenues and primarily resulted from a 1% increase in water consumption amounts from 2017. In addition, operating revenues increased \$98,000 due to continued growth in water tap fees collected for new connection costs and development fees. Non-operating revenues increased \$826,000 (or 19.1%) from 2017. Increases of non-operating revenue consisted primarily of tap fee income in excess of connection costs, which increased \$463,000 from 2017, as local development in 2018 continued to strengthen and investment income increasing \$465,000 from 2017 due to higher invested balances and interest rates. These increases are offset by the decrease of miscellaneous income resulting from continuing reduced royalty revenues related to production levels and gain (loss) on the disposition of capital assets decreasing \$97,000 from 2017 amounts.

**Management's Discussion and Analysis (unaudited)
As of and for the Years Ended December 31, 2018 and 2017**

REVIEW OF EXPENSES

Years ended December 31,	2018	2017	2016
Operating expenses			
Water supply and treatment	\$ 2,414,307	\$ 2,267,047	\$ 2,218,592
Transmission and distribution	3,516,103	3,150,517	3,044,874
Engineering and construction	947,110	846,916	837,713
Administration	1,598,979	1,490,940	1,352,632
Finance and accounting	1,495,722	1,401,134	1,387,745
Depreciation	6,250,868	6,048,983	5,823,534
Total	<u>16,223,089</u>	<u>15,205,537</u>	<u>14,665,090</u>
Non-operating expenses			
Interest expense	742,263	825,116	897,078
County treasurer's fees	13,616	13,495	13,348
Total	<u>755,879</u>	<u>838,611</u>	<u>910,426</u>
Total expenses	<u>\$ 16,978,968</u>	<u>\$ 16,044,148</u>	<u>\$ 15,575,516</u>

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 capital asset additions. Non-operating expenses decreased approximately \$72,000 primarily due to decreased interest expense.

In 2018, the District's operating expenses increased \$1,018,000 (or 6.7%) when compared to 2017. The increases from 2017 included increased personnel compensation and health insurance costs of \$437,000, a \$379,000 increase in operating expenses primarily due to increases in treatment chemicals cost and amounts and system repairs, and \$202,000 from increases in depreciation resulting from recent capital asset additions. Non-operating expenses decreased approximately \$83,000 due to decreased interest expense.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2018	2017	2016
Developer donated assets and system upgrades	<u>\$ 1,585,242</u>	<u>\$ 1,590,620</u>	<u>\$ 543,070</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, 2018 and 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

(in thousands)

Capital assets, net of depreciation

Balances for years ended December 31,	2018	2017	2016
Source of supply	\$ 91,461	\$ 91,724	\$ 90,551
Water treatment	16,818	15,908	16,619
Transmission and distribution	74,472	73,853	72,795
General plant and equipment	7,350	7,500	7,780
Construction in progress	2,064	2,370	3,504
	<u>\$ 192,165</u>	<u>\$ 191,355</u>	<u>\$ 191,249</u>

Capital assets had net increases (additions, retirements, and depreciation) of approximately \$810,000 in 2018 and \$106,000 in 2017.

The major capital asset additions were as follows:

(in thousands)	2018	2017
Transmission & distribution system upgrades	\$ 3,671	\$ 2,727
Treatment & supply upgrades and improvements	1,565	2,945
Land & water rights	1,064	9
Meter & service installations	421	351
Vehicle & equipment purchases	316	241
Reservoir permitting, design and expansion	44	6
Total capital asset additions	<u>\$ 7,081</u>	<u>\$ 6,279</u>

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

DEBT OUTSTANDING

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. In 2018, the District reduced the balance of bonds payable by \$2,665,000. The District did not incur any additional bonds or notes payable in 2018. 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, 2018 and 2017

The number of water tap sales, county building permits (see page 45), and subdivision development reflect the major slowdown in growth experienced since 2009 as well as the signs of increased development over the last few years. The District continues 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 2017 and 2018.

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, 2018 and 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,160,357	\$ 11,352,330
Cash held for others	1,483,265	458,849
Investments	27,366,089	20,025,887
Accounts receivable, less allowance of \$3,900	1,661,635	1,653,680
Loans receivable - current portion	7,518	7,504
Accrued interest receivable	198,979	114,311
Accrued property taxes receivable	685,122	678,633
Inventories	796,078	703,445
Prepaid expenses	307,019	302,410
TOTAL CURRENT ASSETS	41,666,062	35,297,049
NON-CURRENT ASSETS		
Restricted investments	3,202,909	3,202,909
Capital assets - not being depreciated	38,587,167	37,829,006
Capital assets - being depreciated	153,577,385	153,526,449
Loans receivable - long term portion	272,586	296,827
TOTAL NON-CURRENT ASSETS	195,640,047	194,855,191
TOTAL ASSETS	237,306,109	230,152,240
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding - Series 2009 Bonds	25,439	57,511
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	237,331,548	230,209,751
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	619,189	548,366
Funds held for others	1,483,265	458,849
Accrued interest payable	35,039	39,777
Accrued wages payable	146,879	108,458
Unearned revenue	178,453	158,074
Current portion of bonds payable	2,780,000	2,665,000
Compensated absences payable	286,231	275,736
TOTAL CURRENT LIABILITIES	5,529,056	4,254,260
NON-CURRENT LIABILITIES		
Compensated absences payable	31,905	32,536
Unearned lease revenue	-	9,615
Bonds payable, less current maturities	17,806,078	20,713,210
TOTAL NON-CURRENT LIABILITIES	17,837,983	20,755,361
TOTAL LIABILITIES	23,367,039	25,009,621
DEFERRED INFLOW OF RESOURCES		
Property taxes	685,122	678,633
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	24,052,161	25,688,254
NET POSITION		
Net investment in capital assets	171,603,912	168,034,757
Restricted for constitutional emergency reserves	50,000	-
Restricted for debt service	3,202,909	3,202,909
Unrestricted	38,422,566	33,283,831
TOTAL NET POSITION	\$ 213,279,387	\$ 204,521,497

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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Water sales	\$ 18,220,430	\$ 17,962,733
Fees for making water tap connections	420,706	351,012
Other operating revenue	360,414	331,734
TOTAL OPERATING REVENUES	19,001,550	18,645,479
 OPERATING EXPENSES		
Water supply and treatment	2,414,307	2,267,047
Transmission and distribution	3,516,103	3,150,517
Engineering and construction	947,110	846,916
Administration	1,598,979	1,490,940
Finance and accounting	1,495,722	1,401,134
Depreciation and amortization	6,250,868	6,048,983
TOTAL OPERATING EXPENSES	16,223,089	15,205,537
 OPERATING INCOME (LOSS)	2,778,461	3,439,942
 NON-OPERATING REVENUES (EXPENSES)		
Property taxes	781,098	778,810
Tap fees in excess of connection costs	3,392,819	2,929,538
Investment income	763,085	297,853
Miscellaneous income	234,511	241,958
Interest expense	(742,263)	(825,116)
County treasurer's fees	(13,616)	(13,495)
Gain (loss) on disposition of capital assets	(21,447)	75,999
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,394,187	3,485,547
 INCOME (LOSS) BEFORE CONTRIBUTIONS	7,172,648	6,925,489
CAPITAL CONTRIBUTIONS:		
Developer donated lines	1,585,242	1,590,620
CHANGE IN NET POSITION	8,757,890	8,516,109
Net Position , beginning of year	204,521,497	196,005,388
Net Position , end of year	\$ 213,279,387	\$ 204,521,497

The accompanying notes are an integral part of these statements.

UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 18,593,268	\$ 18,299,396
Cash paid to suppliers	(3,349,952)	(3,105,695)
Cash paid to employees	(6,653,762)	(6,238,358)
Cash received for making water tap connections	420,706	351,012
Miscellaneous nonoperating receipts	224,511	231,958
<i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	9,234,771	9,538,313
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property tax revenue received	767,482	765,315
<i>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</i>	767,482	765,315
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees in excess of connection costs	3,392,819	2,929,538
Proceeds from sale of capital assets	-	200,191
Purchase of capital assets	(5,333,390)	(4,434,495)
Wages and benefits capitalized in capital assets	(109,421)	(156,641)
Principal payments on bonds	(2,665,000)	(2,565,000)
Interest paid	(841,676)	(945,337)
<i>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</i>	(5,556,668)	(4,971,744)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	8,145,000	3,138,000
Interest received	686,295	365,007
Purchase of investments	(15,493,080)	(14,009,091)
Payments received on loans receivable	24,227	15,840
<i>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</i>	(6,637,558)	(10,490,244)
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	(2,191,973)	(5,158,360)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,352,330	16,510,690
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,160,357	\$ 11,352,330

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
<i>OPERATING INCOME (LOSS)</i>	\$ 2,778,461	\$ 3,439,942
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	6,250,868	6,048,983
(Increase) in accounts receivable	(7,955)	(7,967)
(Increase) decrease in inventory	(92,633)	6,176
(Increase) in prepaid expenses	(4,609)	(248,371)
Increase in accounts payable	70,823	125,267
(Increase) in accounts payable due to the purchase of capital assets on account	(53,359)	(97,776)
Increase in accrued wages and compensated absences payable	48,285	27,205
Increase in unearned revenue	20,379	12,896
Miscellaneous nonoperating receipts included in operating activities	224,511	231,958
TOTAL ADJUSTMENTS	<u>6,456,310</u>	<u>6,098,371</u>
<i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	<u>\$ 9,234,771</u>	<u>\$ 9,538,313</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Purchase of capital assets on account	\$ 307,967	\$ 254,608
Lease revenue from a reduction in deferred lease	10,000	10,000
Interest expense imputed on deferred lease	385	754
Amortization of bond premium	127,132	161,243
Amortization of deferred amount on refunding	32,072	44,743
Unrealized gain (loss) on investments	(48,361)	(148,315)
Amortization of discount on investment (Investment in District Bond Trust)	40,483	40,483
Contributed capital - developer donated lines	1,585,242	1,590,620
County Treasurer's fees deducted from property taxes collected	13,616	13,495

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

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.

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.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

The Board of Directors approves the annual budget in accordance with Colorado Revised Statutes and prior to December 31, the District adopts a resolution appropriating sums of money for the ensuing fiscal year. The statutory 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

For budget year 2017, the District's budget was prepared on the accrual basis of accounting modified to include contributed capital (donated lines) and the proceeds of debt issuance in revenues, to include contributed capital, capital expenditures and debt service principal payments in expenditures, and to exclude depreciation and amortization from expenditures.

As of budget year 2018, the District's budget was prepared on the accrual basis of accounting modified to include the proceeds of debt issuance in revenues, to include capital expenditures and debt service principal payments in expenditures, to exclude contributed capital from revenues, and to exclude contributed capital, depreciation and amortization from expenditures.

The District's level of budgetary control (the level at which expenditures may not exceed the appropriated amount) is established at the fund level. A supplemental budget appropriation may be adopted by the Board of Directors when necessary. The District does not record commitments related to unperformed contracts for goods and services outstanding at year-end. Appropriations lapse at year-end.

For the year ended December 31, 2018, the District's original appropriation and expenditures were limited to \$19,856,595. The District did not make any supplemental appropriations for the year ended December 31, 2018. 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.

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.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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's investment policy does not include limits of 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.

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.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 for capital assets through 2017 was \$2,500. The District increased the capitalization level to \$5,000 effective fiscal year ending 2018.

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 2018 or 2017.

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.

Deferred Outflows/Inflows 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 the deferred amount on refunding of the 2009 Series bonds as a deferred outflow 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. The District recognizes property taxes as deferred inflow of resources.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 (constitutional/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.

Restricted – Constitutional Emergency Reserve – Provisions of the Colorado constitution require the District to maintain a portion of its fiscal year spending in reserve which is restricted for declared emergencies only. As of 2018, the restricted amount of net position for constitutional emergency reserves is \$50,000.

Restricted – Debt Service – Bond covenants for the District's Water Revenue Refunding Bonds Series 2009 & Series 2012 require maintaining debt service reserve amounts that provide a continuing reserve to be used, if necessary, only to prevent deficiencies in the payment of principal and interest. For years ending 2018 and 2017, the restricted amount of \$3,202,909 consisted of:

Reserved for debt service of Series 2009 Bonds - \$1,575,159
Reserved for debt service of Series 2012 Bonds - \$1,627,750

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, 2017 amounts have been reclassified where appropriate to conform to the year 2018 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, 2018 and 2017

NOTE B – CASH AND INVESTMENTS

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

	2018	2017
Cash and cash equivalents	\$ 9,160,357	\$ 11,352,330
Cash held for others	1,483,265	458,849
Investments	27,366,089	20,025,887
Restricted investments	3,202,909	3,202,909
	\$ 41,212,620	\$ 35,039,975

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 composition, including level under the GASB 72 fair value hierarchy, where applicable, of all cash and investments held by the District at December 31, 2018 and 2017 is as follows:

	2018	2017
Cash on hand	\$ 1,700	\$ 1,700
Cash in bank account(s)	1,631,720	4,336,197
Investment pools:		
CSAFE CORE	3,558,022	-
CSAFE Cash	1,483,265	2,735,249
COLOTRUST Plus+	3,968,915	4,738,033
U.S. Treasury Notes (Level 1)	6,760,746	8,300,437
Federal Agency securities:		
Federal National Mortgage Association (Level 1)	1,508,235	3,494,060
Federal Home Loan Bank (Level 1)	10,463,525	7,482,880
Federal Home Loan Mortgage Corporation (Level 1)	6,954,370	3,468,110
Federal Farm Credit Bank (Level 1)	4,503,330	-
Investment in District Bond Trust (Footnote 1)	378,792	483,309
	\$ 41,212,620	\$ 35,039,975

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. The District's investment in the District Bond Trust is stated at amortized cost because the fair value for this investment is not readily available. At December 31, 2018 and 2017, the balance from the trust is as follows:

	2018	2017
Principal due from trust	\$ 480,000	\$ 625,000
Less unamortized discount based on an imputed interest rate of 11.8%	(101,208)	(141,691)
	\$ 378,792	\$ 483,309

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

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, 2018 and 2017 had bank balances and carrying balances as follows:

	<u>2018</u>	<u>2017</u>
Bank Balance	\$ 1,553,775	\$ 4,262,087
Carrying Balance	1,631,720	4,336,197

Investments

The District's investments include external investment pool portfolio options provided by 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.

As of December 31, 2018, the District has \$9,010,202 in the CSAFE and COLOTRUST government investment pools established for local governments in Colorado to pool surplus funds. The underlying 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.

Investments in the CSAFE Cash investment pool portfolio option are valued at \$1 net asset value (NAV) per share and the underlying investments held in the portfolio are valued at amortized cost which approximates fair value. There are no limitations on withdrawals in the CSAFE Cash option. The CSAFE Cash portfolio is rated AAAM by Standard & Poor's.

Investments in the CSAFE CORE investment pool portfolio option are valued at \$2 net asset value (NAV) per share and the underlying investments held in the portfolio are valued at fair value. Participants are limited to three (3) redemptions per month in the CSAFE Core option. The CSAFE CORE portfolio is rated AAAs/S1 by Fitch. The District transferred funds from the CSAFE Cash account to the CSAFE CORE account which was established in 2018.

Investments in the COLOTRUST Plus+ investment pool portfolio option are valued at \$1 net asset value (NAV) per share and the underlying investments held in the portfolio are valued at fair value. There are no limitations on withdrawals in the COLOTRUST Plus+ option. The COLOTRUST Plus+ portfolio is rated AAAM by Standard & Poor's.

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

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, 2018, the \$1,483,265 balance in the CSAFE Cash investment pool portfolio are funds and associated earnings being held for the Grand Valley Fund and is offset by a District liability in the same amount.

Investments in U.S. Treasury securities at December 31, 2018, were as follows:

Face Amount	Security	CUSIP	Coupon	Yield	Carrying Value
\$ 1,500,000	U.S. Treasury note due April 30, 2019	912828ST8	1.250%	2.495%	\$ 1,493,850
1,600,000	U.S. Treasury note due August 15, 2019	912828LJ7	3.625%	2.595%	1,610,128
1,000,000	U.S. Treasury note due August 15, 2020	912828NT3	2.625%	2.542%	1,001,410
1,700,000	U.S. Treasury note due February 15, 2022	912828SF8	2.000%	2.985%	1,676,098
1,000,000	U.S. Treasury note due July 31, 2022	912828P4	1.875%	2.483%	979,260
<u>\$ 6,800,000</u>	<i>Total Federal Treasury securities</i>				<u>\$ 6,760,746</u>

Investments in U.S. government agency securities at December 31, 2018, were as follows:

Face Amount	Security	CUSIP	Coupon	Yield	Carrying Value
\$ 1,500,000	FNMA note due October 30, 2020	3135G0U84	2.875%	2.576%	\$ 1,508,235
<u>1,500,000</u>	<i>Total Federal National Mortgage Association</i>				<u>1,508,235</u>
1,500,000	FHLB note due February 21, 2019	3130AAUE6	1.300%	2.495%	1,497,600
1,000,000	FHLB note due October 7, 2019	3130AB3Z7	1.500%	2.755%	991,140
1,000,000	FHLB note due November 8, 2019	3130AC2Q6	1.450%	2.709%	989,950
2,000,000	FHLB note due December 13, 2019	3130A0JR2	2.375%	2.676%	1,994,960
2,000,000	FHLB note due February 11, 2020	3130ADN32	2.125%	2.566%	1,990,640
1,500,000	FHLB note due September 11, 2020	313370US5	2.875%	2.562%	1,507,935
1,500,000	FHLB note due January 29, 2021	3130ADFV9	2.250%	2.540%	1,491,300
<u>10,500,000</u>	<i>Total Federal Home Loan Banks</i>				<u>10,463,525</u>
1,500,000	FHLMC note due January 17, 2020	3137EAAE5	1.500%	2.606%	1,483,170
2,000,000	FHLMC note due April 30, 2021	3134GBS37	1.875%	2.548%	1,969,800
1,500,000	FHLMC note due August 27, 2021	3134GSWC5	2.900%	2.878%	1,500,000
2,000,000	FHLMC note due December 13, 2021	3134GSF59	3.200%	3.040%	2,001,400
<u>7,000,000</u>	<i>Total Federal Home Loan Mortgage Corporation</i>				<u>6,954,370</u>
1,500,000	FFCB note due April 13, 2020	3133EJKY4	2.375%	2.540%	1,497,075
1,500,000	FFCB note due July 16, 2020	3133EJUM9	2.600%	2.590%	1,500,465
1,500,000	FFCB note due June 21, 2021	3133EJSA8	2.730%	2.569%	1,505,790
<u>4,500,000</u>	<i>Total Federal Farm Credit Bank</i>				<u>4,503,330</u>
<u>\$ 23,500,000</u>	<i>Total Federal Agency securities</i>				<u>\$ 23,429,460</u>

All of the U.S. Treasury and Federal Agency securities held by the District at December 31, 2018, 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, 2018 and 2017

NOTE B – CASH AND INVESTMENTS – continued

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to a depositor or investor. 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, specified local government investment pools, and general obligation and revenue bonds of United States local government entities.

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 does not place a limit on the amount that may be invested 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, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments are 23%, 17%, 26%, 18%, and 11%, respectively, of the District’s total investments at December 31, 2018.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure by coordinating investment maturities with anticipated cash flow requirements, establishing a pattern of rolling maturity dates, and employing a buy-and-hold strategy.

Investment Type	Investment Maturities as of December 31, 2018					Cash, Cash Equivalents, & Investments
	Less than 1 Year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	
Deposits & Cash on Hand	\$ 1,633,420	\$ -	\$ -	\$ -	\$ -	\$ 1,633,420
Investment Pools	9,010,202	-	-	-	-	9,010,202
U.S. Treasury Securities	3,103,978	1,001,410	-	2,655,358	-	6,760,746
Federal Agency Securities	5,473,650	9,487,520	8,468,290	-	-	23,429,460
District Bond Trust	111,517	119,517	147,758	-	-	378,792
Total	\$ 19,332,767	\$ 10,608,447	\$ 8,616,048	\$ 2,655,358	\$ -	\$ 41,212,620

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE C – LOANS RECEIVABLE

Loan Receivable activity for the year ended December 31, 2018, was as follows:

	Beginning balance	Principal Received	Ending balance	Amounts due within one year
Loans receivable	<u>\$ 304,331</u>	<u>\$ 24,227</u>	<u>\$ 280,104</u>	<u>\$ 7,518</u>

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>

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, 2018 and 2017

NOTE D – CAPITAL ASSETS

At December 31, 2018 capital assets (property, plant, and equipment) transactions and balances include the following:

	December 31, 2017	Additions	Dispositions	Transfers	December 31, 2018
Capital assets, not being depreciated:					
Land and water rights	\$ 35,459,140	\$ 1,064,229	\$ -	\$ -	\$ 36,523,369
Construction in progress	2,369,866	139,868	-	(445,936)	2,063,798
Total capital assets not being depreciated	<u>37,829,006</u>	<u>1,204,097</u>	<u>-</u>	<u>(445,936)</u>	<u>38,587,167</u>
Capital assets, being depreciated:					
Structures and improvements	50,046,687	655,175	(60,672)	411,649	51,052,839
Equipment, tools and furniture	5,887,580	1,161,055	(280,387)	34,287	6,802,535
Reservoirs, supply lines, mains and services	196,364,302	4,061,085	(298,145)	-	200,127,242
Total, capital assets being depreciated	<u>252,298,569</u>	<u>5,877,315</u>	<u>(639,204)</u>	<u>445,936</u>	<u>257,982,616</u>
Less accumulated depreciation for:					
Structures and improvements	(18,614,613)	(1,401,934)	55,815	-	(19,960,732)
Equipment, tools and furniture	(4,489,220)	(361,562)	277,925	-	(4,572,857)
Reservoirs, supply lines, mains and services	(75,668,287)	(4,487,372)	284,017	-	(79,871,642)
Total accumulated depreciation	<u>(98,772,120)</u>	<u>(6,250,868)</u>	<u>617,757</u>	<u>-</u>	<u>(104,405,231)</u>
Total capital assets being depreciated, net	<u>153,526,449</u>	<u>(373,553)</u>	<u>(21,447)</u>	<u>445,936</u>	<u>153,577,385</u>
Total capital assets, net	<u>\$ 191,355,455</u>	<u>\$ 830,544</u>	<u>\$ (21,447)</u>	<u>\$ -</u>	<u>\$ 192,164,552</u>

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

	December 31, 2016	Additions	Dispositions	Transfers	December 31, 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>

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE E – LONG-TERM DEBT

Long-term liabilities activity for the year ended December 31, 2018, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Amounts due within one year
Bonds payable	\$22,935,000	\$ -	\$ (2,665,000)	\$ 20,270,000	\$ 2,780,000
Add unamortized bond premium	443,210	-	(127,132)	316,078	-
Total bonds payable	<u>23,378,210</u>	<u>-</u>	<u>(2,792,132)</u>	<u>20,586,078</u>	<u>2,780,000</u>
Compensated absences payable	308,272	374,117	(364,253)	318,136	286,231
Total long-term liabilities	<u>\$23,686,482</u>	<u>\$ 374,117</u>	<u>\$ (3,156,385)</u>	<u>\$ 20,904,214</u>	<u>\$ 3,066,231</u>

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>-</u>	<u>(2,726,243)</u>	<u>23,378,210</u>	<u>2,665,000</u>
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 debt consists of the following:

	2018	2017
<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.	\$ 3,630,000	\$ 5,335,000
Add unamortized bond premium	13,527	37,894
	<u>3,643,527</u>	<u>5,372,894</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.	16,640,000	17,600,000
Add unamortized bond premium	302,551	405,316
	<u>16,942,551</u>	<u>18,005,316</u>
Total bonds payable	20,586,078	23,378,210
Less current maturities	(2,780,000)	(2,665,000)
	<u>\$ 17,806,078</u>	<u>\$ 20,713,210</u>

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

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>
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	137,487	1,627,487
2030	1,540,000	82,775	1,622,775
2031	1,595,000	27,912	1,622,912
	<u>\$ 20,270,000</u>	<u>\$ 4,630,981</u>	<u>\$ 24,900,981</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 3.69 in 2017 (3.69 times coverage). In 2018, 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 3.82 (3.82 times coverage).

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

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, 2018 and 2017, total payroll, covered payroll, and the employee and employer contributions to the plan were as follows:

	2018	2017
Total payroll	\$ 5,076,995	\$ 4,792,814
Covered payroll	4,973,436	4,672,147
District contribution	397,875	373,773
Percent of covered payroll	8.0%	8.0%
Employee contribution	397,875	373,773
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, 2018 and 2017

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>2018</u>	<u>2017</u>
Excess (deficiency) of revenues over (under) expenditures (Budgetary Basis)	<u>\$ 5,188,733</u>	<u>\$ 5,728,253</u>
Adjustments:		
Less:		
Depreciation	(6,250,868)	(6,048,983)
Net book value of disposed property, plant and equipment	(21,447)	(124,192)
Amortization of deferred amount on refunding	(32,072)	(44,743)
Add:		
Capital expenditures	5,386,749	4,532,270
Contributed capital - donated lines	1,585,242	1,590,620
Bond principal payments	2,665,000	2,565,000
Amortization of bond premium	127,132	161,243
Personnel costs capitalized	109,421	156,641
	<u>3,569,157</u>	<u>2,787,856</u>
Change in Net Position (GAAP Basis)	<u>\$ 8,757,890</u>	<u>\$ 8,516,109</u>

UTE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

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, 2018 and 2017

	2018			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 772,000	\$ 772,000	\$ 781,098	\$ 9,098
Tap connection fees	2,800,000	2,800,000	3,813,525	1,013,525
Water sales	17,200,000	17,200,000	18,220,430	1,020,430
Service charges	228,000	228,000	227,134	(866)
Other operating revenues	65,000	65,000	133,280	68,280
Miscellaneous revenues	196,500	196,500	234,511	38,011
Investment income	450,000	450,000	763,085	313,085
Proceeds from disposal of capital assets	10,000	10,000	-	(10,000)
TOTAL REVENUES	<u>21,721,500</u>	<u>21,721,500</u>	<u>24,173,063</u>	<u>2,451,563</u>
EXPENDITURES				
Operating expenditures:				
Water supply and treatment	2,124,765	2,124,765	2,124,108	657
Transmission and distribution	3,766,619	3,766,619	3,830,864	(64,245)
Engineering and construction	889,934	889,934	887,600	2,334
Administration	1,642,508	1,642,508	1,592,515	49,993
Finance and accounting	1,499,494	1,499,494	1,492,336	7,158
Treasurer's fees	13,625	13,625	13,616	9
Capital expenditures:				
Water supply and treatment	1,508,000	1,508,000	1,490,350	17,650
Transmission and distribution	697,275	697,275	761,043	(63,768)
Engineering and construction	3,537,500	3,537,500	2,174,188	1,363,312
Administration	55,200	55,200	47,773	7,427
Finance and accounting	15,000	15,000	3,386	11,614
Purchase of land and water rights	-	-	1,064,229	(1,064,229)
Unallocated:				
Bond principal payments	2,665,000	2,665,000	2,665,000	-
Interest on debt	841,675	841,675	837,322	4,353
Contingency	600,000	600,000	-	600,000
TOTAL EXPENDITURES	<u>19,856,595</u>	<u>19,856,595</u>	<u>18,984,330</u>	<u>872,265</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,864,905</u>	<u>\$ 1,864,905</u>	5,188,733	<u>\$ 3,323,828</u>
Adjustments - budgetary basis to GAAP basis			3,569,157	
CHANGE IN NET POSITION - (GAAP Basis)			<u>\$ 8,757,890</u>	

UTE WATER CONSERVANCY DISTRICT

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

For the years ended December 31, 2018 and 2017

	2017			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
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>	

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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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net investment in capital assets	\$ 133,468,774	\$ 136,786,919	\$ 138,353,158	\$ 139,800,861	\$ 156,534,457
Restricted	3,323,116	3,323,116	3,323,116	3,202,909	3,202,909
Unrestricted	<u>29,580,427</u>	<u>27,676,891</u>	<u>28,363,971</u>	<u>30,400,632</u>	<u>17,956,211</u>
Total Net Position	<u>\$ 166,372,317</u>	<u>\$ 167,786,926</u>	<u>\$ 170,040,245</u>	<u>\$ 173,404,402</u>	<u>\$ 177,693,577</u>
	As of December 31,				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net investment in capital assets	\$ 157,373,554	\$ 161,688,777	\$ 165,246,901	\$ 168,034,757	\$ 171,603,912
Restricted	3,202,909	3,202,909	3,202,909	3,202,909	3,252,909
Unrestricted	<u>22,446,563</u>	<u>24,054,421</u>	<u>27,555,578</u>	<u>33,283,831</u>	<u>38,422,566</u>
Total Net Position	<u>\$ 183,023,026</u>	<u>\$ 188,946,107</u>	<u>\$ 196,005,388</u>	<u>\$ 204,521,497</u>	<u>\$ 213,279,387</u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 2

CHANGES IN NET POSITION, LAST TEN YEARS

(accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:				
Water sales	\$18,220,430	\$17,962,733	\$17,360,229	\$16,110,687
Service and late charges	165,410	182,389	174,071	174,908
Fees for tap connections	420,706	351,012	291,514	222,149
Other operating revenue	195,004	149,345	130,862	135,807
Total operating revenue	<u>19,001,550</u>	<u>18,645,479</u>	<u>17,956,676</u>	<u>16,643,551</u>
OPERATING EXPENSES:				
Water supply and treatment	2,414,307	2,267,047	2,218,592	2,202,302
Transmission and distribution	3,516,103	3,150,517	3,044,874	2,872,123
Engineering and construction	947,110	846,916	837,713	810,438
Administration	1,598,979	1,490,940	1,352,632	1,260,159
Finance and accounting	1,495,722	1,401,134	1,387,745	1,296,460
Depreciation and amortization	6,250,868	6,048,983	5,823,534	5,643,372
Total operating expense	<u>16,223,089</u>	<u>15,205,537</u>	<u>14,665,090</u>	<u>14,084,854</u>
OPERATING INCOME (LOSS)	<u>2,778,461</u>	<u>3,439,942</u>	<u>3,291,586</u>	<u>2,558,697</u>
NONOPERATING REVENUES (EXPENSES):				
Property taxes	781,098	778,810	752,574	727,780
Tap fee in excess of connection costs	3,392,819	2,929,538	1,968,341	2,290,316
Investment income (loss)	763,085	297,853	364,085	237,114
Miscellaneous income	234,511	241,958	337,143	409,396
Interest expense (net of capitalized interest)	(742,263)	(825,116)	(897,078)	(957,891)
County Treasurer's fees	(13,616)	(13,495)	(13,348)	(12,783)
Gain (loss) on disposition of capital assets	(21,447)	75,999	712,908	(57,880)
Total nonoperating revenues (expenses)	<u>4,394,187</u>	<u>3,485,547</u>	<u>3,224,625</u>	<u>2,636,052</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	7,172,648	6,925,489	6,516,211	5,194,749
CAPITAL CONTRIBUTIONS:				
Developer donated lines	1,585,242	1,590,620	540,350	728,332
Developer donated land	-	-	2,720	-
CHANGE IN NET POSITION	<u><u>\$8,757,890</u></u>	<u><u>\$8,516,109</u></u>	<u><u>\$7,059,281</u></u>	<u><u>\$5,923,081</u></u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 2 - continued

CHANGES IN NET POSITION, LAST TEN YEARS

(accrual basis of accounting)

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$15,523,099	\$14,628,883	\$14,126,705	\$12,547,201	\$11,010,860	\$11,271,042
180,090	172,417	191,327	195,828	192,659	178,533
204,375	138,137	127,287	98,651	106,459	142,261
110,135	195,200	89,632	74,872	79,603	125,671
<u>16,017,699</u>	<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>
2,118,326	2,010,767	1,925,619	1,944,473	1,878,719	2,009,054
3,070,666	3,077,167	2,790,654	2,687,498	2,945,299	2,925,871
811,767	782,526	741,733	929,737	1,087,705	1,268,974
1,161,108	1,162,889	1,069,706	1,102,464	1,088,523	1,104,150
1,274,540	1,162,236	1,115,053	1,059,629	1,056,480	1,022,459
5,591,394	5,467,357	5,398,672	5,338,475	5,192,404	4,889,802
<u>14,027,801</u>	<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>1,989,898</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>
716,457	784,196	793,401	954,272	922,558	776,730
2,424,775	2,043,323	1,505,173	1,172,419	1,731,031	1,841,169
411,399	(31,412)	451,210	507,824	578,121	547,984
386,254	412,430	392,644	353,496	376,004	185,130
(1,008,261)	(1,304,526)	(1,205,313)	(1,662,258)	(1,724,549)	(2,147,612)
(12,605)	(13,598)	(12,810)	(17,227)	(16,534)	(13,509)
(131,974)	(17,489)	(125,038)	427,622	608,426	(119,739)
<u>2,786,045</u>	<u>1,872,924</u>	<u>1,636,391</u>	<u>1,736,148</u>	<u>2,475,057</u>	<u>940,207</u>
4,775,943	3,344,619	3,129,905	1,590,424	615,508	(562,596)
553,506	944,556	234,252	662,895	799,101	2,504,479
-	-	-	-	-	-
<u>\$5,329,449</u>	<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>

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
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
2018	35,622	2,179,724	13,856,072	1,368	770,268	4,364,358	36,990	2,949,992	18,220,430

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
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
2018	3,350,129	3,285,552	2,949,992	335,560	10.21%	53,537	282,023	8.58%	9,002	13,611	8.21	2.25

* 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>2018</u>	<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>Residential Tap Fees</u>										
3/4" x 5/8"	\$ 7,000	\$ 7,000	\$ 7,000	\$ 6,800	\$ 6,700	\$ 6,500	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800
3/4" x 3/4"	8,750	8,750	8,750	8,500	8,375	8,125	7,250	7,250	7,250	7,250
1"	10,500	10,500	10,500	10,200	10,050	9,750	8,250	8,250	8,250	8,250
<u>Commercial Tap Fees</u>										
3/4" x 5/8"	\$ 7,000	\$ 7,000	\$ 7,000	\$ 6,800	\$ 6,700	\$ 6,500	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800
3/4" x 3/4"	8,750	8,750	8,750	8,500	8,375	8,125	7,250	7,250	7,250	7,250
1"	10,500	10,500	10,500	10,200	10,050	9,750	8,250	8,250	8,250	8,250
1 1/2"	15,725	15,725	15,725	15,275	15,050	14,600	13,000	13,000	13,000	13,000
2"	23,150	23,150	23,150	22,500	22,160	21,500	19,200	19,200	19,200	19,200
3"	41,700	41,700	41,700	40,500	39,900	38,700	34,500	34,500	34,500	34,500
4"	73,100	73,100	73,100	71,000	69,900	67,800	60,500	60,500	60,500	60,500
6"	182,800	182,800	182,800	177,600	175,000	169,800	151,500	151,500	151,500	151,500
Fee effective as of:	Jan-16	Jan-16	Jan-16	Jan-15	Jan-14	Feb-13	Feb-08	Feb-08	Feb-08	Feb-08

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

Monthly

<u>Residential Base Rate</u>										
3/4" x 5/8"	\$ 22.00	\$ 22.00	\$ 22.00	\$ 20.00	\$ 19.00	\$ 17.00	\$ 15.00	\$ 13.00	\$ 11.00	\$ 11.00
3/4" x 3/4"	22.00	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00
1"	22.00	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00

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

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

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

			<u>2018</u>	<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>
		<i>Gallons included in base rate</i>										
Meter Size	Commercial Base Rate											
	3/4" x 5/8"	3,000	\$ 22.00	\$ 22.00	\$ 22.00	\$ 20.00	\$ 19.00	\$ 17.00	\$ 15.00	\$ 13.00	\$ 11.00	\$ 11.00
	3/4" x 3/4"	3,000	22.00	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00
	1"	3,000	22.00	22.00	22.00	20.00	19.00	17.00	15.00	13.00	11.00	11.00
	1 1/2"	15,000	110.00	110.00	110.00	100.00	95.00	85.00	75.00	65.00	55.00	55.00
	2"	24,000	176.00	176.00	176.00	160.00	152.00	136.00	120.00	104.00	88.00	88.00
	3"	52,500	385.00	385.00	385.00	350.00	332.50	297.50	262.50	227.50	192.50	192.50
	4"	90,000	660.00	660.00	660.00	600.00	570.00	510.00	450.00	390.00	330.00	330.00
	6"	210,000	1,540.00	1,540.00	1,540.00	1,400.00	1,330.00	1,190.00	1,050.00	910.00	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	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00
3/4" &	9,000 gal - 15,000 gal		4.20	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50
1"	15,000 gal +		4.95	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25
1 1/2"	15,000 gal - 45,000 gal		\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00
	45,000 gal - 75,000 gal		4.20	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50
	75,000 gal +		4.95	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25
2"	24,000 gal - 72,000 gal		\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00
	72,000 gal - 120,000 gal		4.20	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50
	120,000 gal +		4.95	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25
3"	52,500 gal - 157,500 gal		\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00
	157,500 gal - 262,500 gal		4.20	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50
	262,500 gal +		4.95	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25
4"	90,000 gal - 270,000 gal		\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00
	270,000 gal - 450,000 gal		4.20	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50
	450,000 gal +		4.95	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25
6"	210,000 gal - 630,000 gal		\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.60	\$ 3.50	\$ 3.00	\$ 3.00	\$ 3.00
	630,000 gal - 1,050,000 gal		4.20	4.20	4.20	4.20	4.20	4.10	4.00	3.50	3.50	3.50
	1,050,000 gal +		4.95	4.95	4.95	4.95	4.95	4.85	4.75	4.25	4.25	4.25
Rates effective as of:			Jan-16	Jan-16	Jan-16	Jan-15	Jan-14	Feb-13	Feb-12	Feb-11	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>	<u>2018</u>			<u>2009</u>		
	<u>Revenue</u>	<u>Rank</u>	<u>%</u>	<u>Revenue</u>	<u>Rank</u>	<u>%</u>
Manufacturer	\$ 135,909	1	0.75%	\$ 113,728	1	1.01%
Hotel	95,725	2	0.53%	67,939	2	0.60%
Mobile Home Park	91,687	3	0.50%	58,293	3	0.52%
Car Wash	71,896	4	0.39%	-	-	-
Farming / Livestock	62,525	5	0.34%	46,665	5	0.41%
Retail Sales	56,772	6	0.31%	34,979	7	0.31%
Hotel	49,447	7	0.27%	-	-	-
Agriculture	47,464	8	0.26%	-	-	-
Manufacturer	45,750	9	0.25%	35,234	6	0.31%
Mobile Home Park	45,190	10	0.25%	56,919	4	0.51%
Hotel	-	-	-	34,015	8	0.30%
Retail Sales	-	-	-	30,336	9	0.27%
Hotel	-	-	-	29,955	10	0.27%
Subtotal (10 largest)	<u>702,365</u>		<u>3.85%</u>	<u>508,063</u>		<u>4.51%</u>
Balance from other customers	<u>17,518,065</u>		<u>96.15%</u>	<u>10,762,979</u>		<u>95.49%</u>
Total	<u>\$ 18,220,430</u>		<u>100.00%</u>	<u>\$ 11,271,042</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

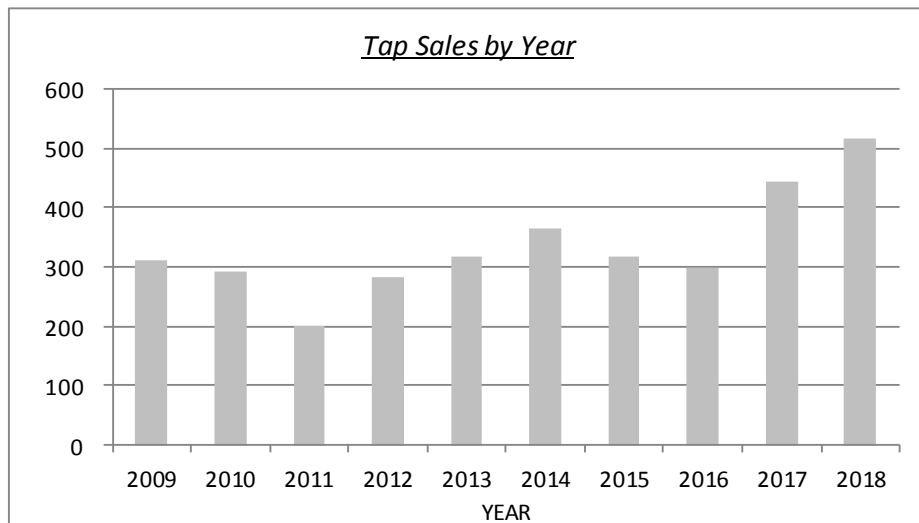
Ute Water Conservancy District

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
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
2018	516	3,813,525	46	29,618,525	862	125,468,551

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

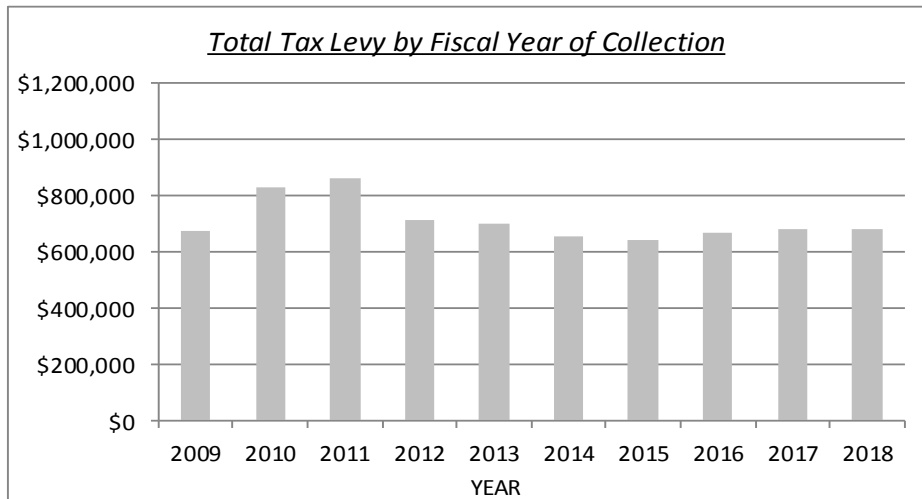
Schedule 8

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
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%
2017	2018	682,043	680,145	99.72%	(426)	679,719	99.66%

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					
		Commercial/ Industrial Property	Agricultural Property	Residential Property	Total Taxable Assessed Property	Tax-Exempt Property	Total Assessed Value
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	1,232,962,680	23,758,270	1,057,712,590	2,314,433,540	390,774,200	2,705,207,740
	2011	1,160,101,560	25,467,880	846,491,630	2,032,061,070	462,550,440	2,494,611,510
	2012	1,138,499,380	25,680,910	853,052,530	2,017,232,820	473,074,220	2,490,307,040
	2013	1,064,212,210	27,249,000	734,716,840	1,826,178,050	381,085,680	2,207,263,730
	2014	1,032,666,110	27,839,710	744,510,470	1,805,016,290	449,483,850	2,254,500,140
	2015	1,017,803,470	32,936,330	838,018,250	1,888,758,050	452,929,650	2,341,687,700
	2016	962,779,190	33,401,450	849,295,690	1,845,476,330	451,552,500	2,297,028,830
	2017	969,971,530	36,397,010	850,360,870	1,856,729,410	395,583,340	2,252,312,750
	2018	1,002,324,630	36,655,800	864,390,840	1,903,371,270	405,432,970	2,308,804,240
		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	
2009	2010	\$ 1,660,679,120	0.500	\$ 13,776,345,270	12.05%	7.96 - 29%	
	2010	1,722,361,580	0.500	13,742,513,000	12.53%	7.96 - 29%	
	2011	1,418,394,000	0.500	11,195,343,660	12.67%	7.96 - 29%	
	2012	1,398,763,950	0.500	11,271,930,810	12.41%	7.96 - 29%	
	2013	1,306,797,600	0.500	9,823,599,530	13.30%	7.96 - 29%	
	2014	1,275,677,660	0.500	9,952,031,370	12.82%	7.96 - 29%	
	2015	1,337,362,252	0.500	10,890,114,190	12.28%	7.96 - 29%	
	2016	1,357,218,380	0.500	11,030,816,890	12.30%	7.96 - 29%	
	2017	1,364,085,006	0.500	12,019,284,620	11.35%	7.20 - 29%	
	2018	1,377,130,506	0.500	12,205,239,570	11.28%	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>
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
2018	2019	0.500	12.357	43.768	12.565

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
2018	2019	688,565	23,401,595	73,764,272	11,828,431

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>2018</u>			<u>2009</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	\$ 41,972,190	1	3.08%	\$ 27,362,660	1	1.65%
Union Pacific	Railroad	10,747,560	2	0.79%	5,385,360	6	0.32%
SM Mesa Mall LLC	Shopping Mall	9,730,170	3	0.71%	11,055,160	2	0.67%
Helmerich & Payne International Drilling	Oil / Gas Field Services	8,606,430	4	0.63%	-	-	-
Nabors Drilling (Nabor Lux Finance 2)	Oil / Gas Field Services	5,479,400	5	0.40%	-	-	-
Grand Mesa Center	Shopping Mall	5,298,050	6	0.39%	8,119,150	4	0.49%
Bresnan Communications	Utility	5,145,570	7	0.38%	-	-	-
Halliburton Energy Services Inc.	Oil / Gas Field Services	4,958,500	8	0.36%	7,779,140	5	0.47%
Grand Valley Rural Power	Utility	4,715,520	9	0.35%	3,462,320	8	0.21%
Walmart Real Estate Business Trust	Retail Stores/Shopping Mall	3,766,140	10	0.28%	10,769,050	3	0.65%
RLG II C Grand Junction	Hotels	-	-	-	4,893,330	7	0.29%
PCP Investors LLC	Medical Facility	-	-	-	3,459,330	9	0.21%
Lowe's HIW Inc.	Retail Stores	-	-	-	3,042,310	10	0.18%
		<u>\$ 100,419,530</u>		<u>7.36%</u>	<u>\$ 85,327,810</u>		<u>5.14%</u>

Source: Mesa County Asector'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		As a Share of Personal Income (b)
				Amount	Per Capita (a)	
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	1.43%
2011	13,291,164	21,944,122	1,636,412	36,871,698	457.70	1.29%
2012	35,975,988	14,616,000 (c)	-	50,591,988	620.13	1.67%
2013	33,953,983	-	-	33,953,983	414.23	1.10%
2014	31,382,217	-	-	31,382,217	379.45	0.95%
2015	28,769,748	-	-	28,769,748	341.04	0.85%
2016	26,104,453	-	-	26,104,453	306.59	0.77%
2017	23,378,210	-	-	23,378,210	270.21	0.68%
2018	20,586,078	-	-	20,586,078	235.88	0.57%

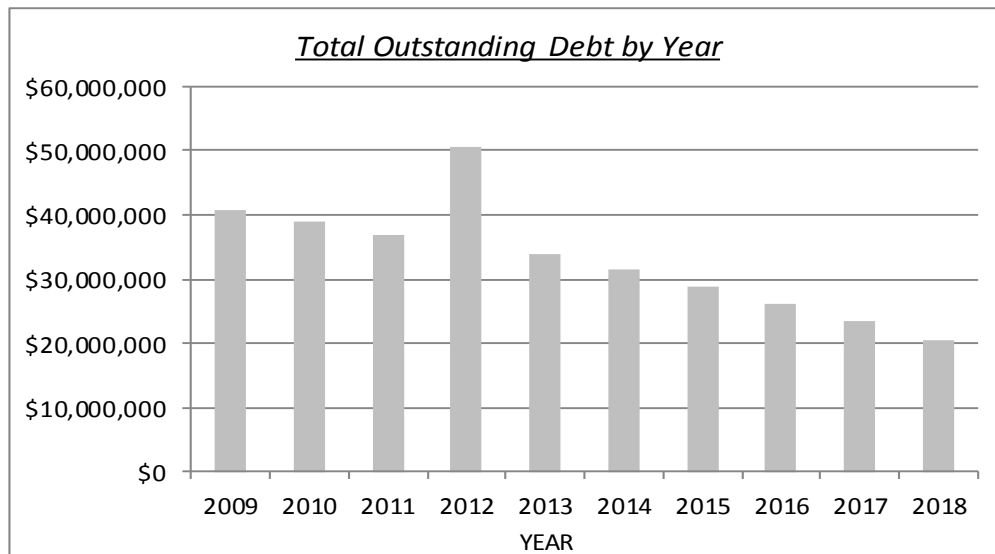
Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(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 2018, for the year 2018 this percentage uses the personal income amount from 2017.

(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

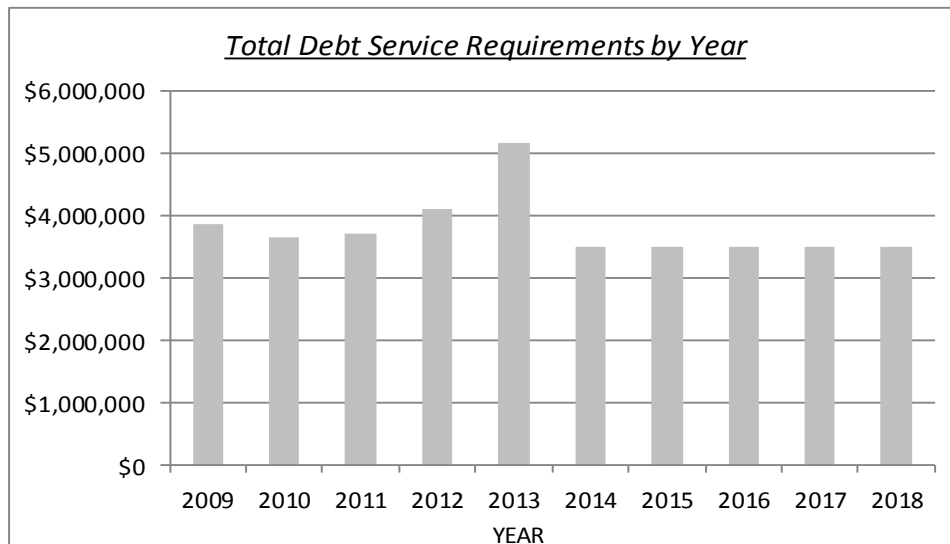
Schedule 13

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	
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
2018	23,391,965	9,972,221	13,419,744	2,665,000	836,937	3,501,937	3.82

- 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

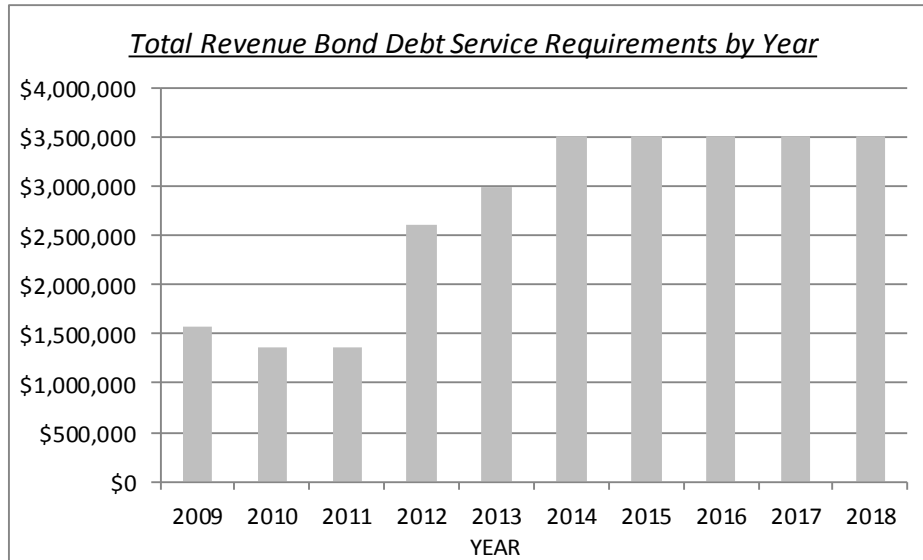
Schedule 14

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	
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
2018	23,391,965	9,972,221	13,419,744	2,665,000	836,937	3,501,937	3.82

- 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)	
2009	78,884	144,795	22,147	\$5,105,027	\$34,528	9.3%	8.1%	9.3%	82,067
2010	79,975	146,723 (e)	22,091	4,992,788	34,098	10.8%	9.0%	9.6%	76,114
2011	80,558	147,874	21,917	5,209,240	35,371	9.9%	8.6%	8.9%	75,475
2012	81,583	147,865	21,730	5,458,050	37,027	9.2%	8.0%	8.1%	74,945
2013	81,970	147,816	21,894	5,550,898	37,697	8.1%	6.8%	7.4%	73,542
2014	82,705	147,735	21,742	5,887,231	39,991	6.2%	5.2%	6.2%	73,160
2015	84,358	148,597	21,904	5,974,294	40,335	5.7%	4.1%	5.3%	71,779
2016	85,145	150,258	22,105	5,979,808	39,920	5.4%	3.3%	4.9%	72,087
2017	86,519	151,900	22,084	6,292,523	41,503	3.8%	2.7%	4.4%	73,877
2018	87,274	153,328	22,082	N/A	N/A	3.9%	3.1%	3.9%	75,697

- Source: (a) District Finance Department (persons per housing unit from 2010 Census times residential unit connections)
 (b) Colorado Division of Local Government, estimated, prior year estimates may be revised annually
 (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, 2009-2016 statistics updated/revised to reflect current estimates
 (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

	2018			2009		
	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%	3,000	1	4.23%
St. Mary's Hospital & Medical Center	2,300	2	3.19%	2,191	2	3.09%
Mesa County	1,025	3	1.42%	978	6	1.38%
State of Colorado	1,012	4	1.41%	1,212	4	1.71%
Colorado Mesa University (formerly Mesa State College)	1,006	5	1.40%	718	7	1.01%
City Markets, Inc.	800	6	1.11%	677	8	0.95%
Community Hospital	800	7	1.11%	588	10	0.83%
VA Medical Center - Grand Junction	720	8	1.00%	-	-	-
Star Tek Inc.	700	9	0.97%	595	9	0.84%
City of Grand Junction	629	10	0.87%	1,219	3	1.72%
Walmart/Sams	-	-	-	980	5	1.38%
	<u>11,707</u>		<u>16.25%</u>	<u>12,158</u>		<u>17.14%</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>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>	<u>2018</u>
Water Supply and Treatment:										
Managers and Supervisors	3	3	3	3	3	3	3	3	3	2
Water Resource Specialists	-	-	-	-	-	-	1	1	1	1
Water Plant Operators	5	4	4	4	4	5	4	4	4	4
Water Plant Maintenance	3	3	2	2	2	2	2	2	2	3
Laboratory Staff	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<i>Total Water Supply and Treatment</i>	<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>	<u>13</u>
Transmission and Distribution:										
Managers and Supervisors	5	5	4	4	4	4	4	4	4	4
Fleet Mechanics	3	3	2	2	2	2	2	2	2	2
Meter Readers and Service Representatives	7	7	7	7	7	7	7	7	7	7
Maintenance Worker / Technician	18	17	17	15	15	17	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	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Transmission and Distribution</i>	<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>	<u>32</u>
Engineering and Construction:										
District Engineer	1	1	1	1	1	1	1	1	1	1
Project Engineer	2	2	2	1	1	1	1	1	1	1
Engineering Technician	2	2	2	2	2	2	2	2	2	2
Inspectors	3	3	2	2	2	2	2	2	2	2
GIS Staff	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<i>Total Engineering and Construction</i>	<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>	<u>8</u>
Administration:										
Managers	2	2	2	2	2	2	2	2	2	2
General Counsel	-	-	-	-	-	-	-	-	1	1
External Affairs Manager	1	1	1	1	1	1	1	1	1	1
External Affairs Assistant	-	-	-	-	-	-	1	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	1	1	1
Administrative Clerk	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Administration</i>	<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>	<u>7</u>
Finance and Accounting:										
Managers and Supervisors	2	2	2	2	2	2	2	2	2	2
Finance Specialist	-	-	-	-	-	-	-	-	-	1
Accounting Clerks	1	1	1	1	1	2	1	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	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<i>Total Finance and Accounting</i>	<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>	<u>12</u>
Total Full-Time Employees	<u><u>77</u></u>	<u><u>74</u></u>	<u><u>69</u></u>	<u><u>66</u></u>	<u><u>66</u></u>	<u><u>69</u></u>	<u><u>70</u></u>	<u><u>70</u></u>	<u><u>71</u></u>	<u><u>72</u></u>

Source: District Finance Department

Ute Water Conservancy District

Schedule 18

OPERATING AND CAPITAL INDICATORS

	<u>2018</u>	<u>2017</u>
Size of watershed (square miles drained)	504	504
Terminal reservoirs storage capacity (acre-feet)	8,736	8,736
Miles of raw water delivery pipeline	21.1	21.1
Treatment plant capacity (MGD)	34.0	34.0
Treated water storage (MG)	27.5	27.5
Miles of transmission & distribution pipeline (by pipe diameter):		
4 inches and smaller	288.97	288.98
6 inches	111.29	110.85
8 inches	340.59	334.99
10 inches to 18 inches	126.21	124.88
Larger than 18 inches	48.37	48.38
Total miles of distribution pipeline	<u>915.43</u>	<u>908.08</u>
Number of fire hydrants in distribution system	4,392	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, 2019

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>	<u>Expiration Date</u>
<u>Colorado Special Districts Property and Liability Pool</u>			12/31/2019
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	\$ 3,500	None	
No-Fault Water Back-up - Per Premise	\$ 10,000	\$ 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)	\$ 64,253,747	\$ 5,000	
Portable Equipment, Mobile Equipment and Inland Marine items	\$ 1,420,435	\$ 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	\$ 64,095,854	\$ 10,000	

Ute Water Conservancy District

Schedule 19 - continued

INSURANCE COVERAGE

Effective January 1, 2019

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>	<u>Expiration Date</u>
Comprehensive Crime Coverage	\$ 300,000	\$ 1,500	12/31/2019
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			12/31/2019
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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