# UTE WATER CONSERVANCY DISTRICT
## IN MESA COUNTY, COLORADO

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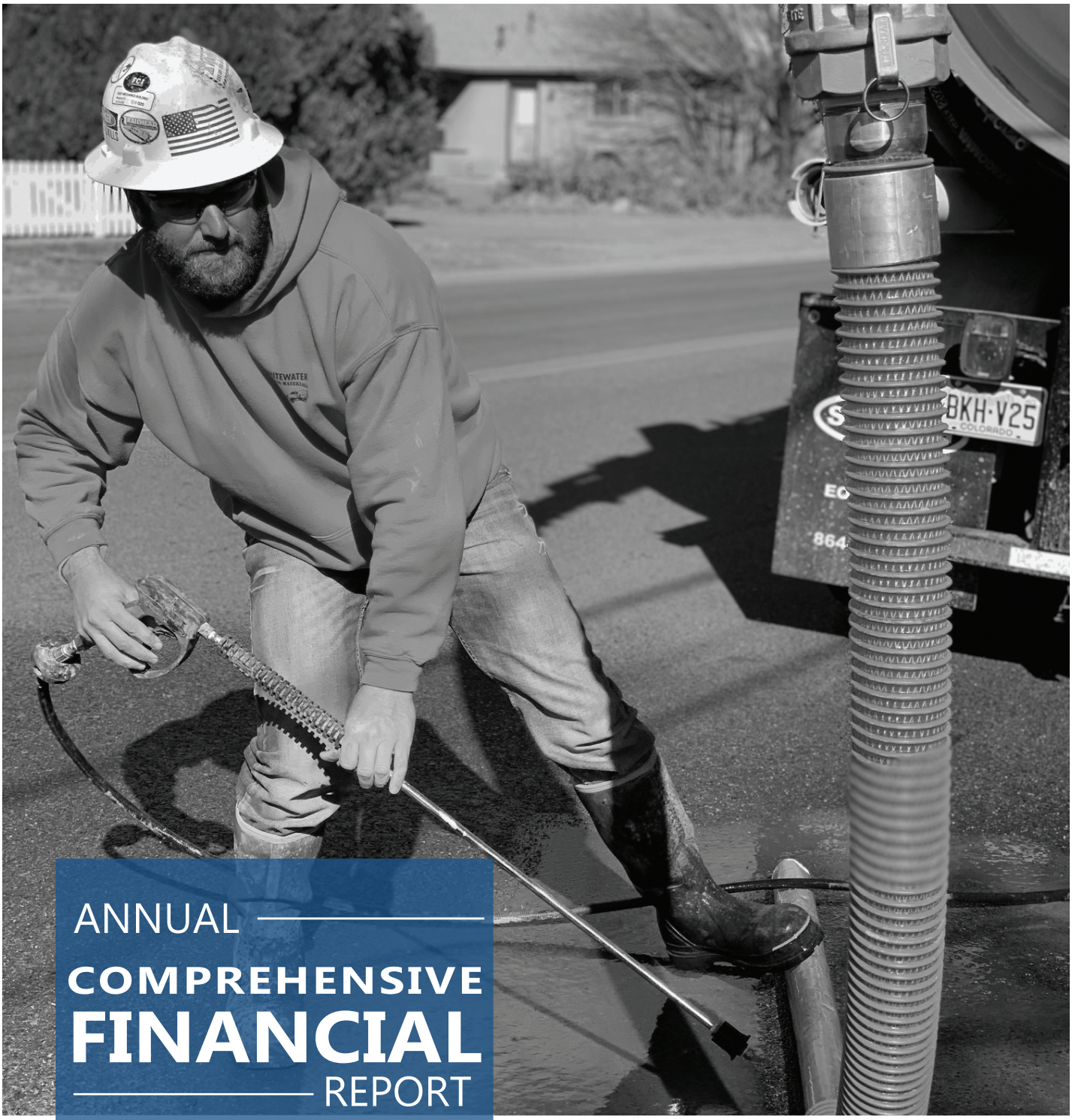


# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED** DECEMBER 31, 2020
AND DECEMBER 31, 2021

Ute WATER Conservancy District

**Above Photo by 14K Media -** Water Quality Chemist, Allison Dederick, performs a test on a water sample.

**Cover Photo by Andre Lopez** - Jayton Brach, Distribution Technician, cleans equipment that was used to inspect a waterline.

# UTE WATER CONSERVANCY DISTRICT
in
MESA COUNTY, COLORADO

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended December 31, 2021 and 2020

Prepared By:

Finance Department
Scott N Olsen

Ute Water Conservancy District
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# TABLE OF CONTENTS


| | Page |
|---|---|
| **INTRODUCTORY SECTION** | |
| Title Page | i |
| Table of Contents | iii |
| Letter of Transmittal | v |
| Certificate of Achievement for Excellence in Financial Reporting | xi |
| Organization Chart | xii |
| Board of Directors and District Staff | xiii |
| Map of District | xiv |
| **FINANCIAL SECTION** | |
| Report of Independent Certified Public Accountants | 1 |
| Management's Discussion and Analysis | 4 |
| **Basic Financial Statements** | |
| Statements of Net Position | 12 |
| Statements of Revenues, Expenses, and Changes in Net Position | 13 |
| Statements of Cash Flows | 14 |
| Notes to Financial Statements | 16 |
| **Supplemental Information - Financial** | |
| Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 36 |
| **STATISTICAL SECTION** | |
| Net Position by Component, Last Ten Years | 41 |
| Changes in Net Position, Last Ten Years | 42 |
| Number of Customers, Gallons Sold, and Water Revenue, Last Ten Years | 44 |
| Water Production and Uses with Related Information, Last Ten Years | 45 |
| Water and Tap Rates Covering the Last Ten Years | 46 |
| Ten Largest Water Customers, Current Year and Nine Years Ago | 48 |
| Tap Sales and Construction Permits, Last Ten Years | 49 |
| Property Tax Levies and Collections, Last Ten Years | 50 |
| Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years | 51 |
| Property Tax Rates per $1,000 Assessed Valuation (Mill Levy), Direct and Overlapping Governments, Last Ten Years | 52 |
| Principal Property Tax Payers, Current Year and Nine Years Ago | 53 |


(continued)

TABLE OF CONTENTS - (continued)


| | Page |
|---|---|
| **STATISTICAL SECTION -** (continued) | |
| Ratio of Outstanding Debt by Type, Last Ten Years | 54 |
| Debt Coverage, Last Ten Years | 55 |
| Revenue Bond Coverage, Last Ten Years | 56 |
| Demographic and Economic Statistics, Last Ten Years | 57 |
| Principal Employers, Current Year and Nine Years Ago | 58 |
| District Employees by Type, Last Ten Years | 59 |
| Operating and Capital Indicators | 60 |
| Insurance Coverage | 62 |

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April 20, 2022

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

The annual comprehensive financial report (ACFR) of Ute Water Conservancy District (District) for the year ended December 31, 2021, 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, 2021 and 2020 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, 2021 and 2020, 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 the 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 57 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 44 and Schedule 7 on page 49 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 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 threatened or endangered species of fish: the Colorado pikeminnow, the razorback sucker, the humpback chub, and the bonytail chub. One of the areas considered to be a critical habitat for these fish by the United States Fish and Wildlife Service is the Colorado River from Palisade, in the eastern end of the Grand Valley, to the confluence of the Colorado River with the Gunnison River at Grand Junction. This area is known as the "15 Mile Reach" of the Colorado River and lies within the service area of the

District. These four fish have and will continue to affect all water users along the river. The District's management has been actively involved with federal, state, and other local agencies and officials in efforts to protect general water flows and habitat for these endangered fish and thus protect the District's current and future water sources. The District's involvement in this effort will continue into the foreseeable future.

The District continues long-term efforts to expand reservoirs to increase the amount of water the District will have available for its customers in the future. 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 be considered.

## Major Initiatives

The Board of Directors' adopted strategic plan outlines priorities to support the focus of the District. The plan identifies 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 December 2019, the District Board of Directors unanimously voted to reduce the property tax mill levy assessed to 0.000 mills. This decision was based on the need to decrease the mill levy to remain in compliance with statutory growth limits resulting from increasing assessed property values, the District's anticipated annual savings after the final payment towards the Series 2009 Bonds that was made in 2020, and the goal to reduce the District's reliance on tax revenues.

Since 2019, the District has significantly increased its time and effort in monitoring and, when necessary, responding to legislative activities directly affecting the District in addition to those with potential impacts to the Western Slope, the State of Colorado, and the Colorado River Basin. The renewed level of the District's participation in legislative activities, including the addition of lobbyist services, is expected to continue for the foreseeable future.

In April 2020, the District completed its Clearwell Optimization & Expansion project. The original clearwell was built in 1965 to receive filtered water from two filters and treat up to 5 million gallons of water per day. A 1975 plant upgrade expanded the clearwell and added two additional filters followed by an additional four filters that were put in service in 2009. The completed project combines filtered water from all 8 filters into a 42-inch finished water line before it enters the clearwell. Newly installed slide gates and a new baffle wall ensure proper contact time for chemical treatment of filtered water. A chemical vault was constructed to provide chemical injection quills and access to the 42-inch combined finish water line for sample collection. The optimized, expanded clearwell is expected to meet the District's needs through the year 2050 based on engineer projections.

In 2013, the District completed an upgrade of the treatment plant's flocculation and sedimentation basins with the addition of settling plates to increase treatment capacity of this portion of the treatment plant. In addition to increasing treatment capacity, the upgrade allows for increased effectiveness in maintaining a high level of water quality when treating water sources such as the Colorado River. In 2017, the District completed construction upgrades to a secondary pump station near the Colorado River necessary to continue the conveyance of water from the pump station on the Colorado River to the District's treatment facilities. Completion of the pump station upgrades provides a secondary source of water that exceeds the District's current maximum daily demand. Additionally, in 2015 the District purchased

property to allow for the development of pre-sedimentation basins that will further increase the water quality of this water source and enhance the District's ability to utilize this water source as an alternate water supply and provide for future growth. Engineering and design work for the pre-sedimentation basins began in 2020 with construction scheduled to begin in 2022. The District will continue its efforts to ensure its ability to provide adequate water to its customers into the future and to comply with current and anticipated water quality regulations.

In 2021, two water tanks were rehabbed near the treatment facility. These rehab operations ensure water quality is maintained while being stored for use and also undergo an inspection for structural integrity and upgrades as necessary. The tanks are sandblasted clean to remove all existing coatings and then primed and recoated to extend their useful life. Four water tanks have undergone rehab since 2019 and similar projects are scheduled for other tanks in the distribution system in coming years.

The District has spent an average of $4.7 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. Annual water sales revenues decreased approximately 1.7% from 2018 to 2019, increased 6.1% from 2019 to 2020 and decreased 0.7% from 2020 to 2021. The amount of the increases and decreases have been primarily due to changes in consumption amounts resulting from weather and precipitation levels and, to a lesser extent, growth in the number of units served. The District reviews water and tap rates annually to evaluate the need for possible changes. See pages 46 and 47 for the water and tap rate schedules in effect over the last ten years.

The District's Series 2012 Water Revenue Refunding Bonds carry a Standard & Poor's rating of AA. The District's Series 2009 Water Revenue Refunding Bonds matured in June of 2020 and has the option to call the Series 2012 Water Revenue Refunding Bonds in 2022. See pages 29 and 30 for additional details of the District's debt.

## Future Projects

The District maintains an on-going five-year long-term capital plan and a five-year revenue and expenditure forecast. The principal non-routine expenditure components of the five-year projection are major capital costs. The costs of estimated major capital improvements over the next five years total $76.5 million. The major elements of this plan include:

- Water supply reservoir expansion and new development
- Major distribution line replacements, upgrades, and extensions
- An improved chemical feed system
- The ongoing replacement of vehicles and equipment

## Financial Information

*Internal Controls* – Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Included in the internal control structure is the use of budgetary controls. The objective of budgetary controls is to ensure compliance with the annually appropriated budget approved by the District's Board of Directors. While the adoption of the annual budget by the Board of Directors appropriates funds at the fund level, the District prepares the budget by line item for each department to improve budgetary controls. The finance committee of the Board of Directors is deeply involved in the budget preparation process and in periodic budget to actual reviews and 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, 2021, approximately 45% of the District's investments were held in U.S. government and agency securities and 55% held in State of Colorado local government investment pools. The District earned an average return of approximately 0.61% on cash and investments in 2021 compared to approximately 1.46% in 2020. See pages 22 through 26 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 2021. The auditor's report on the basic financial statements is included in the financial section of this report.

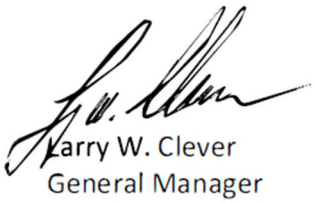
*Awards* – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ute Water Conservancy District for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the twenty-third 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 annual comprehensive 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 annual comprehensive 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.

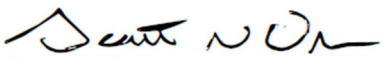
*Acknowledgment* – The preparation of this report could not have been accomplished without the efficient and dedicated assistance of the entire staff of the Finance Department. We would also like to express appreciation to the staff in other departments who provided great assistance in the preparation 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, 2021.

Respectfully submitted,



Larry W. Clever
General Manager



Scott N Olsen
Finance Director

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Ute Water Conservancy District**
**Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

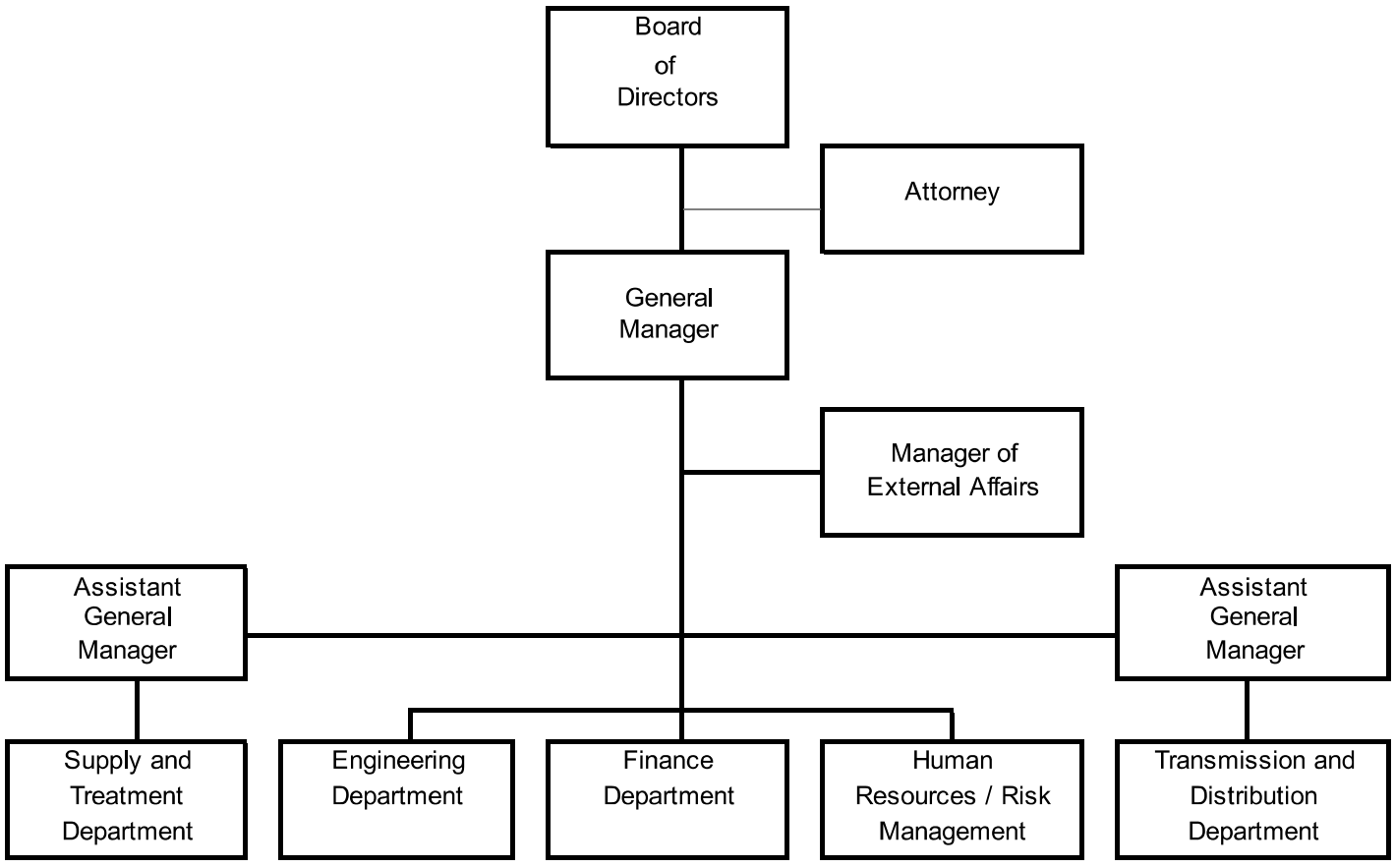
December 31, 2020

Christopher P. Morrill

Executive Director/CEO

# UTE WATER CONSERVANCY DISTRICT

ORGANIZATION CHART




Water Supply
Water Treatment
Lab

Engineering
Construction Inspection
Construction
GIS

Billing
Cash Receipts
Purchasing
Accounting
Development Review & Tap Sales

Training
Safety
Benefits
Worker's Compensation
Insurance

Meter Reading
Meter Repairs
Meter Installation
Customer Service
Pressure Zone Maintenance
Storage Maintenance
Cross Connection
System Flushing
Locate Services
Pipeline Maintenance
Reservoir and Ranch Maintenance
System Repairs
Fire Hydrant Repair & Maintenance
Lead & Copper Compliance
New Line Installation
Plant & Equipment Operation & Maintenance

# Ute Water Conservancy District

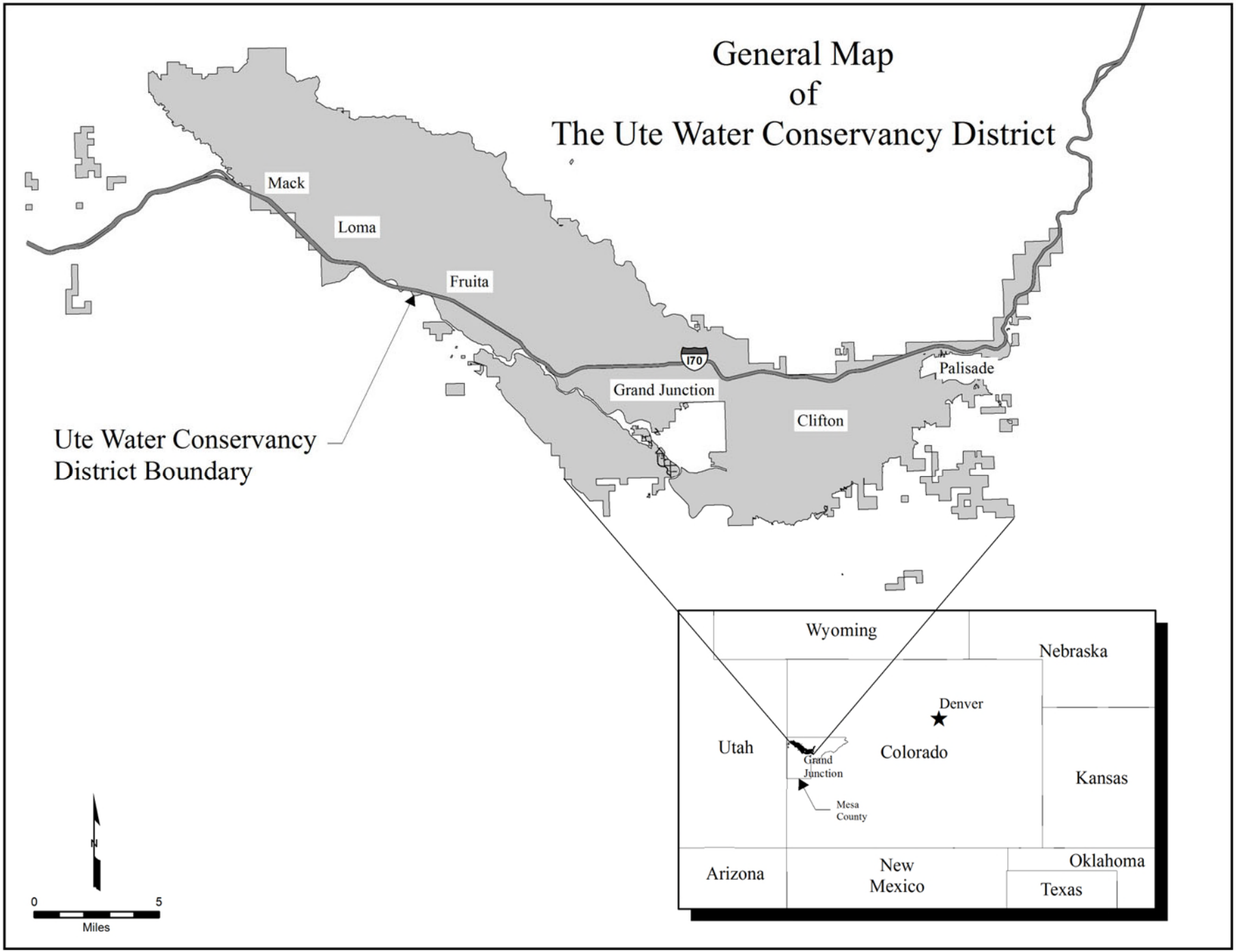
At December 31, 2021

## BOARD OF DIRECTORS

| District | Name | Term Expires |
|---|---|---|
| 5 | Tammy Eret, *President* | May 2022 |
| 5 | Greg Green, *Vice-President* | May 2024 |
| 1 | Pat Brennan, *Secretary* | May 2025 |
| 3 | Robert Wilson, *Treasurer* | May 2024 |
| 1 | Neil Jaquet | May 2022 |
| 1 | Mel Rettig | May 2024 |
| 2 | James N. Burkhalter | May 2025 |
| 2 | Robert Foster | May 2022 |
| 2 | Ben Miller | May 2024 |
| 3 | Ken Henry | May 2023 |
| 3 | Troy Waters | May 2024 |
| 3 | Vacant | May 2024 |
| 4 | Briana Board | May 2022 |
| 4 | Carl Conner | May 2025 |

## DISTRICT STAFF

| | |
|---|---|
| *General Manager* | Larry W. Clever |
| *Assistant General Manager* | Stephen Ryken |
| *Assistant General Manager - Treatment and Source* | David Payne |
| *Assistant General Manager - Transmission and Distribution* | Gregory Williams |
| *District Engineer* | David Priske |
| *Superintendent of Transmission and Distribution* | Timothy Moore |
| *Treatment Plant Superintendent* | Benjamin Hoffman |
| *Finance Director* | Scott N Olsen |
| *Human Resources / Risk Manager* | Jamie George |
| *Project Engineer* | Jeremy Lyon |
| *External Affairs Manager* | Andrea Lopez |


General Map
of
The Ute Water Conservancy District
Mack
Loma
Fruita
I70
Palisade
Grand Junction
Clifton
Ute Water Conservancy
District Boundary
Wyoming
Nebraska
Denver
Utah
Colorado
Grand
Junction
Mesa
County
Kansas
Arizona
New
Mexico
Oklahoma
Texas
N
0
5
Miles

INDEPENDENT AUDITOR'S REPORT

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

**Opinions**

We have audited the accompanying financial statements of Ute Water Conservancy District (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Ute Water Conservancy District, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

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

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

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

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

April 20, 2022

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 2021, net position increased by $7.59 million (or 3.3%) when compared to 2020.
- Total revenues decreased by $0.68 million (or 2.7%) to $24.56 million for 2021.
- Current assets increased by $5.11 million (or 9.7%) to $57.64 million in 2021.
- Capital contributions increased $0.85 million (or 61.6%) from 2020 to 2021.
- Non-current liabilities decreased by $1.16 million (or 8.4%) to $12.6 million in 2021.

## 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 12)
- **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 13)
- **Statements of cash flows** – reports the District's cash flows from operating, investing, capital and non-capital activities. (See pages 14 - 15)
- **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 36 – 37)

## 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, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenues | $ 24,561,944 | $ 25,242,004 | $ 24,462,130 |
| Expenses | (19,215,477) | (18,390,415) | (17,389,935) |
| Excess before capital contributions | 5,346,467 | 6,851,589 | 7,072,195 |
| Capital contributions | 2,243,368 | 1,387,973 | 1,824,076 |
| Increase in Net Position | 7,589,835 | 8,239,562 | 8,896,271 |
| Net position, beginning of year | 230,415,220 | 222,175,658 | 213,279,387 |
| Net position, end of year | $ 238,005,055 | $ 230,415,220 | $ 222,175,658 |

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

**STATEMENT OF NET POSITION**

| Years ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Current assets | $ 57,638,228 | $ 52,529,435 | $ 47,552,333 |
| Capital assets | 195,076,086 | 193,686,112 | 193,575,900 |
| Non-current assets | 1,782,670 | 1,822,716 | 1,856,811 |
| Total assets | 254,496,984 | 248,038,263 | 242,985,044 |
| Deferred outflow of resources | - | - | 6,233 |
| Total assets and deferred outflow of resources | 254,496,984 | 248,038,263 | 242,991,277 |
| Current liabilities | 3,891,350 | 3,862,501 | 5,954,983 |
| Non-current liabilities | 12,600,579 | 13,760,542 | 14,860,636 |
| Total liabilities | 16,491,929 | 17,623,043 | 20,815,619 |
| Net position | | | |
| Net investment in capital assets | 181,288,339 | 178,938,065 | 175,870,824 |
| Restricted | 1,677,750 | 1,677,750 | 3,252,909 |
| Unrestricted | 55,038,966 | 49,799,405 | 43,051,925 |
| Total net position | $ 238,005,055 | $ 230,415,220 | $ 222,175,658 |

The increases in total assets since 2019 were primarily due to revenues exceeding expenditures and consisted of total assets increasing $5.05 million (or 2.1%) from 2019 to 2020 and $6.46 million (or 2.6%) from 2020 to 2021.

Deferred outflow of resources related to deferred amounts on refunding of the District's Series 2009 Bonds decreased $6,233 from 2019 to 2020 upon maturity.

Total liabilities from 2019 to 2020 decreased $3.19 million (or 15.3%). This included the reduction in bonds payable of $2.96 million as well as a decrease in accounts payable of $0.4 million. From 2020 to 2021, total liabilities decreased $1.13 million (or 6.4%). This included the reduction in bonds payable of $1.09 million.

From 2019 to 2020, net investment in capital assets increased by $3.07 million (or 1.7%) to $178.94 million. From 2020 to 2021 this item increased by $2.35 million or 1.3% to $181.29 million. Unrestricted net position increased by $6.75 million (or 15.7%) to $49.8 million from 2019 to 2020. From 2020 to 2021 unrestricted net position increased by 10.5% or $5.24 million to $55.04 million. Only the unrestricted net position is readily available to finance continuing and future operations of the water system. $1,575,159 of the increase in unrestricted net position in 2020 was due to the restricted amounts held on the Series 2009 bonds being released upon their maturity. During 2020 and 2021, 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 net position of the District increased to $230.42 million during 2020, an increase of $8.24 million over 2019. This increase was made up of $4.95 million in non-operating revenues over expenses, $1.9 million in operating income, and $1.39 million in capital contributions.

In 2021, the District's net position increased to $238 million, an increase of $7.59 million over 2020. This increase was made up of $4.35 million in non-operating revenues over expenses, $1 million in operating income, and $2.24 million in capital contributions.

## REVIEW OF REVENUES

| Years ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating revenues | | | |
| Waters sales | $ 18,883,187 | $ 19,008,177 | $ 17,907,968 |
| Fee for tap connections | 539,571 | 464,104 | 475,582 |
| Other | 302,032 | 266,768 | 388,837 |
| Total | 19,724,790 | 19,739,049 | 18,772,387 |
| Non-operating revenues | | | |
| Property taxes | (252) | 7,960 | 790,406 |
| Tap fee in excess of connection costs | 4,878,929 | 4,336,121 | 3,313,118 |
| Investment income | (25,286) | 800,780 | 1,238,903 |
| Miscellaneous income | 351,970 | 382,893 | 316,316 |
| Gain (loss) on disposition of capital assets | (368,207) | (24,799) | 31,000 |
| Total | 4,837,154 | 5,502,955 | 5,689,743 |
| Total revenues | $ 24,561,944 | $ 25,242,004 | $ 24,462,130 |

In 2020, operating revenues were up $967,000 (or 5.1%) from 2019. Water sales account for $1,100,000 of the increase in operating revenues and were offset by a decrease in other operating revenues and decreased fees related to water tap connection costs of $122,000 and $11,000, respectively. The increase in water sales primarily resulted from a 6.1% increase in water consumption amounts from 2019. Non-operating revenues decreased $187,000 (or 3.3%) from 2019. Decreases of non-operating revenue consisted primarily of reduced property tax revenues ($782,000) caused by reducing the District mill levy to 0.000 and decreased investment income ($438,000) caused by the diminished market rates which occurred in 2020. Tap fees in excess of connection costs, which increased $1,023,000 from 2019, partially offset the decrease in non-operating revenues. Miscellaneous income increased by $67,000 due to increased rent from the lease of District water rights. Disposition of assets in 2020 did not occur causing the decrease in gain (loss) on disposition of capital assets account of $56,000 from 2019.

In 2021, operating revenues decreased $14,000 (or 0.1%) from 2020. Increases related to water tap fees collected for connection costs and development fees, totaling $111,000, partially offset the $125,000 decrease of water sales from 2020 amounts due to a decrease in billed consumption amounts of approximately 1.8%. Non-operating revenues decreased $666,000 (or 12.1%) from 2020. The decrease of non-operating revenue primarily resulted from a decrease of $826,000 in investment income from 2020 amounts due to unrealized losses for the year in the amount of $364,000. A loss on disposition of capital assets in the amount of $368,000 primarily due to a capital project that was re-done also impacted non-operating revenue. These two amounts were offset by an increase in tap fees in excess of connection costs in the amount of $543,000 over 2020 amounts. Property tax abatement amounts resulted in reimbursement amounts owed to Mesa County for previously collected tax payments.

## REVIEW OF EXPENSES

| Years ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating expenses | | | |
| Water supply and treatment | $ 2,879,502 | $ 2,777,781 | $ 2,546,751 |
| Transmission and distribution | 4,412,951 | 3,932,258 | 3,538,496 |
| Engineering and construction | 1,009,107 | 946,562 | 893,443 |
| Administration | 1,817,640 | 1,746,272 | 1,729,983 |
| Finance and accounting | 1,750,084 | 1,753,177 | 1,555,541 |
| Depreciation | 6,857,327 | 6,684,386 | 6,461,748 |
| Total | 18,726,611 | 17,840,436 | 16,725,962 |
| Non-operating expenses | | | |
| Interest expense | 488,868 | 549,990 | 650,201 |
| County treasurer's fees | (2) | (11) | 13,772 |
| Total | 488,866 | 549,979 | 663,973 |
| Total expenses | $ 19,215,477 | $ 18,390,415 | $ 17,389,935 |

In 2020, the District's operating expenses increased $1,114,000 (or 6.7%) when compared to 2019. The increases from 2019 included increased personnel compensation and health insurance costs of $552,000. Vacation accrual limits were temporarily lifted in 2020 to alleviate District staffing concerns caused by COVID-19 and contributed to the increase in personnel costs ($106,000). Other operating expense changes include an increase of $154,000 in system repairs and maintenance and the AWIA Risk & Resilience program cost of $150,000. There was also a $223,000 increase in depreciation resulting from recent capital asset additions. Non-operating expenses decreased approximately $100,000 due to decreased interest expense. County treasurer's fees associated with property tax collection decreased due to the District mill levy being set to 0.000 mills.

In 2021, the District's operating expenses increased $886,000 (or 5%) when compared to 2020. A portion of this increase resulted from personnel expense increases of $436,000 that consisted of increases in wage and benefit costs. Additional operating expense increases include an increase of $193,000 due primarily to increases in pumping and electrical costs for treating the Colorado River, $104,000 in increased vehicle and equipment expenses including repairs and fuel, and a $173,000 increase in depreciation resulting from capital asset additions. Non-operating expenses decreased approximately $61,000 due to decreased interest expense.

## CAPITAL CONTRIBUTIONS

| Years ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Developer donated assets and system upgrades | $ 2,243,368 | $ 1,387,973 | $ 1,824,076 |

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.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

(in thousands)

**Capital assets, net of depreciation**

| **Balances for years ended December 31,** | **2021** | **2020** | **2019** |
|---|---|---|---|
| Source of supply | $ 86,807 | $ 88,357 | $ 89,879 |
| Transmission and distribution | 79,215 | 78,754 | 77,193 |
| Water treatment | 15,524 | 16,695 | 16,311 |
| General plant and equipment | 7,133 | 7,273 | 7,123 |
| Construction in progress | 6,397 | 2,607 | 3,070 |
| | $ 195,076 | $ 193,686 | $ 193,576 |

Capital assets had net increases (additions, retirements, and depreciation) of about $1,390,000 in 2021 and $110,000 in 2020.

The major capital asset additions were as follows:

| (in thousands) | **2021** | **2020** |
|---|---|---|
| Transmission & distribution system upgrades | $ 3,914 | $ 4,266 |
| Treatment & supply upgrades and improvements | 3,164 | 1,079 |
| Meter & service installations | 539 | 464 |
| Vehicle & equipment purchases | 396 | 675 |
| Reservoir permitting, design, and expansion | 695 | 275 |
| Land & water rights | - | 60 |
| Total capital asset additions | $ 8,708 | $ 6,819 |

Additional information regarding capital assets is available in the footnotes to the financial statements (see page 28).

## DEBT OUTSTANDING

In 2020, the District reduced the balance of bonds payable by $2,900,000. The District did not incur any additional bonds or notes payable in 2020. In 2021, the District reduced the balance of bonds payable by $1,090,000. The District did not incur any additional bonds or notes payable in 2021. Further debt information is available in the notes to the financial statements (see pages 29 to 30).

## 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 region's 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 region's 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.

The number of water tap connections (tap sales), county building permits (see page 49), and subdivision development reflect the renewed level of growth the valley is experiencing with historically low lot inventory for new development. 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 J to the financial statements on page 32). Under TABOR, the District is subject to statutory revenue growth limits and cannot receive over 10% of its revenues from taxes and remain an enterprise under state law. While the 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 reliance on property tax revenues by reducing its mill levy from 2.000 mills to 0.500 mills, and finally to 0.000 mills as of December 2019.

## 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.

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# Ute Water Conservancy District

# Financial Statements,

# Notes to Financial Statements,

# and Supplemental Information

## UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

| **ASSETS** | 2021 | 2020 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 31,140,458 | $ 20,388,720 |
| Restricted cash and cash equivalents | 50,000 | 50,000 |
| Cash held for others | 489,144 | 1,495,486 |
| Investments | 23,028,079 | 27,972,159 |
| Accounts receivable, less allowance of $3,900 | 1,553,165 | 1,574,477 |
| Loans receivable - current portion | 5,640 | 6,450 |
| Accrued interest receivable | 58,613 | 96,796 |
| Inventories | 952,281 | 774,601 |
| Prepaid expenses | 360,848 | 170,746 |
| ***TOTAL CURRENT ASSETS*** | 57,638,228 | 52,529,435 |
| **NON-CURRENT ASSETS** | | |
| Restricted investments | 1,627,750 | 1,627,750 |
| Capital assets - not being depreciated | 42,983,503 | 39,193,326 |
| Capital assets - being depreciated | 152,092,583 | 154,492,786 |
| Loans receivable - long term portion | 154,920 | 194,966 |
| ***TOTAL NON-CURRENT ASSETS*** | 196,858,756 | 195,508,828 |
| ***TOTAL ASSETS*** | 254,496,984 | 248,038,263 |
| **LIABILITIES** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | 1,425,996 | 443,233 |
| Funds held for others | 489,144 | 1,495,486 |
| Accrued interest payable | 23,058 | 24,511 |
| Accrued wages payable | 166,435 | 229,066 |
| Unearned revenue | 247,166 | 224,211 |
| Current portion of bonds payable | 1,125,000 | 1,090,000 |
| Compensated absences payable | 414,551 | 355,994 |
| ***TOTAL CURRENT LIABILITIES*** | 3,891,350 | 3,862,501 |
| **NON-CURRENT LIABILITIES** | | |
| Compensated absences payable | 112,362 | 102,496 |
| Bonds payable, less current maturities | 12,488,217 | 13,658,046 |
| ***TOTAL NON-CURRENT LIABILITIES*** | 12,600,579 | 13,760,542 |
| ***TOTAL LIABILITIES*** | 16,491,929 | 17,623,043 |
| **NET POSITION** | | |
| Net investment in capital assets | 181,288,339 | 178,938,065 |
| Restricted for constitutional emergency reserves | 50,000 | 50,000 |
| Restricted for debt service | 1,627,750 | 1,627,750 |
| Unrestricted | 55,038,966 | 49,799,405 |
| ***TOTAL NET POSITION*** | $ 238,005,055 | $ 230,415,220 |

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, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Water sales | $ 18,883,187 | $ 19,008,177 |
| Fees for making water tap connections | 539,571 | 464,104 |
| Other operating revenue | 302,032 | 266,768 |
| ***TOTAL OPERATING REVENUES*** | 19,724,790 | 19,739,049 |
| **OPERATING EXPENSES** | | |
| Water supply and treatment | 2,879,502 | 2,777,781 |
| Transmission and distribution | 4,412,951 | 3,932,258 |
| Engineering and construction | 1,009,107 | 946,562 |
| Administration | 1,817,640 | 1,746,272 |
| Finance and accounting | 1,750,084 | 1,753,177 |
| Depreciation and amortization | 6,857,327 | 6,684,386 |
| ***TOTAL OPERATING EXPENSES*** | 18,726,611 | 17,840,436 |
| ***OPERATING INCOME (LOSS)*** | 998,179 | 1,898,613 |
| **NON-OPERATING REVENUES (EXPENSES)** | | |
| Property taxes | (252) | 7,960 |
| Tap fees in excess of connection costs | 4,878,929 | 4,336,121 |
| Investment income | (25,286) | 800,780 |
| Miscellaneous income | 351,970 | 382,893 |
| Interest expense | (488,868) | (549,990) |
| County treasurer's fees | 2 | 11 |
| Gain (loss) on disposition of capital assets | (368,207) | (24,799) |
| ***TOTAL NON-OPERATING REVENUES (EXPENSES)*** | 4,348,288 | 4,952,976 |
| ***INCOME (LOSS) BEFORE CONTRIBUTIONS*** | 5,346,467 | 6,851,589 |
| **CAPITAL CONTRIBUTIONS:** | | |
| Developer donated lines | 2,243,368 | 1,387,973 |
| ***CHANGE IN NET POSITION*** | 7,589,835 | 8,239,562 |
| **Net Position**, beginning of year | 230,415,220 | 222,175,658 |
| **Net Position,** end of year | $ 238,005,055 | $ 230,415,220 |

The accompanying notes are an integral part of these statements.

## UTE WATER CONSERVANCY DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash received from customers | $ 19,229,486 | $ 19,334,071 |
| Cash paid to suppliers | (3,486,629) | (3,756,282) |
| Cash paid to employees | (7,739,375) | (7,143,198) |
| Cash received for making water tap connections | 539,571 | 464,104 |
| Miscellaneous nonoperating receipts | 351,970 | 382,893 |
| ***NET CASH PROVIDED BY OPERATING ACTIVITIES*** | 8,895,023 | 9,281,588 |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | |
| Property tax revenue received | (250) | 7,971 |
| ***NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES*** | (250) | 7,971 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Tap fees in excess of connection costs | 4,878,929 | 4,336,121 |
| Proceeds from sale of capital assets | 92,370 | - |
| Purchase of capital assets | (6,380,340) | (5,581,863) |
| Wages and benefits capitalized in capital assets | (106,677) | (188,847) |
| Principal payments on bonds | (1,090,000) | (2,900,000) |
| Interest paid | (535,150) | (612,438) |
| ***NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES*** | (3,140,868) | (4,947,027) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale and maturities of investments | 18,668,000 | 19,660,000 |
| Interest received | 356,867 | 768,527 |
| Purchase of investments | (14,067,890) | (19,002,473) |
| Payments received on loans receivable | 40,856 | 34,554 |
| ***NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES*** | 4,997,833 | 1,460,608 |
| ***NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS*** | 10,751,738 | 5,803,140 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 20,438,721 | 14,635,581 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | $ 31,190,459 | $ 20,438,721 |

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, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | |
| ***OPERATING INCOME (LOSS)*** | $ 998,179 | $ 1,898,613 |
| **ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | |
| Depreciation | 6,857,327 | 6,684,386 |
| Decrease in accounts receivable | 21,312 | 25,902 |
| (Increase) decrease in inventory | (177,680) | (3,285) |
| (Increase) decrease in prepaid expenses | (190,102) | 172,327 |
| Increase (decrease) in accounts payable | 982,763 | (417,123) |
| (Increase) decrease in accounts payable due to the purchase of capital assets on account | 22,507 | 339,287 |
| Increase in accrued wages and compensated absences payable | 5,792 | 165,364 |
| Increase in unearned revenue | 22,955 | 33,224 |
| Miscellaneous nonoperating receipts included in operating activities | 351,970 | 382,893 |
| **TOTAL ADJUSTMENTS** | 7,896,844 | 7,382,975 |
| ***NET CASH PROVIDED BY OPERATING ACTIVITIES*** | $ 8,895,023 | $ 9,281,588 |
| **NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES** | | |
| Purchase of capital assets on account | $ 174,530 | $ 197,037 |
| Amortization of bond premium | 44,829 | 63,264 |
| Amortization of deferred amount on refunding | - | 6,233 |
| Unrealized gain (loss) on investments | (364,212) | 73,224 |
| Amortization of discount on investment (Investment in District Bond Trust) | 20,242 | 40,483 |
| Contributed capital - developer donated lines | 2,243,368 | 1,387,973 |
| County Treasurer's fees deducted (reimbursed) from property taxes collected | (2) | (11) |

## 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, who 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.

**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.

**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 |

The District's budget is 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, 2021, the District's original appropriation and expenditures were limited to $23,709,487. The District did not make any supplemental appropriations for the year ended December 31, 2021. For the year ended December 31, 2020, the District's original appropriation and expenditures were limited to $21,866,141. The District did not make any supplemental appropriations for the year ended December 31, 2020.

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.

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

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -** continued

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

In December 2019, the District Board adopted a resolution to set the mill levy for 2019 property taxes to be collected in 2020 at 0.000 mills. This resulted in property taxes receivable and deferred inflows being reduced to $0 at the end of 2019. Unknown amounts related to delinquent property and specific ownership taxes will continue to be intermittently received in future periods until remitted in full.

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.

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 is $5,000.

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:

| | Estimated lives |
|---|---|
| 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 |

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –** continued

Compensated Absences

Through 2019, the District paid full time employees for accumulated vacation leave up to a maximum of 30 days upon termination. In 2020, the District temporarily lifted the 30-day maximum vacation accrual amount to alleviate potential staffing concerns caused by COVID-19. Beginning in 2020, vacation and sick leave balances began accruing immediately upon full-time employment and in 2021 the maximum amount of vacation leave that can be accumulated was raised to 35 days. Unused sick leave at termination, which had accumulated prior to August 1, 1987, is paid to the remaining eligible employees upon termination at 17% to 20% 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 represents a consumption of net assets that applies to future periods and will not be recognized as an expense/expenditure until such future period. A deferred inflow of resources represents an acquisition of net asset that applies to future periods and will not be recognized as revenue until the future period.

Net Position

Investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid capital assets, less outstanding capital related debt. Restricted assets are assets that have third-party (constitutional/statutory or bond covenant) limitation on their use. The District typically uses 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 year-end 2021 and 2020, 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 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 the years ending 2021 and 2020, the restricted amount of $1,627,750 has been reserved for debt service of the Series 2012 Bonds.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –** continued

Bond Premiums, Discounts, and Deferred Amount on Bond Refunding

Bond premiums and discounts are amortized over the lives of the related bonds using the effective interest rate method. The deferred amount on bond refunding is 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.

Reclassifications

For comparability, 2020 amounts have been reclassified where appropriate to conform to the year 2021 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.

## NOTE B – CASH AND INVESTMENTS

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

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 31,140,458 | $ 20,388,720 |
| Restricted Cash and cash equivalents | 50,000 | 50,000 |
| Cash held for others | 489,144 | 1,495,486 |
| Investments | 23,028,079 | 27,972,159 |
| Restricted investments | 1,627,750 | 1,627,750 |
| | $ 56,335,431 | $ 51,534,115 |

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, 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Cash on hand | $ 1,700 | $ 1,700 |
| Cash in bank account(s) | 958,759 | 1,332,099 |
| Investment pools: | | |
| COLOTRUST EDGE/Plus+ | 21,874,445 | 12,762,417 |
| CSAFE CORE (Level 1) | 8,355,554 | 6,342,504 |
| CSAFE Cash (Level 1) | 489,144 | 1,495,486 |
| U.S. Treasury Notes (Level 1) | 8,761,999 | 8,299,901 |
| Federal Agency securities: | | |
| Federal Home Loan Mortgage Corporation (Level 1) | 6,932,190 | 9,015,250 |
| Federal Home Loan Bank (Level 1) | 5,944,960 | 1,500,615 |
| Federal Farm Credit Banks Funding Corp (Level 1) | 3,016,680 | 8,637,585 |
| Federal National Mortgage Association (Level 1) | - | 1,998,800 |
| Investment in District Bond Trust | - | 147,758 |
| | $ 56,335,431 | $ 51,534,115 |

**NOTE B – CASH AND INVESTMENTS –** continued

Investment in District Bond Trust

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 were due on January 1, and July 1 of each year which fully matured July 1, 2021. Payments of interest and principal per year ranged from $105,375 to $176,800. The District's investment in the District Bond Trust was stated at amortized cost because the fair value for this investment was not readily available. At December 31, 2021 and 2020, the balance from the trust is as follows:

| | 2021 | 2020 |
|---|---|---|
| Principal due from trust | $ - | $ 168,000 |
| Less unamortized discount based on an imputed interest rate of 11.8% | - | (20,242) |
| | $ - | $ 147,758 |

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, 2021 and 2020 had bank balances and carrying balances as follows:

| | 2021 | 2020 |
|---|---|---|
| Bank Balance | $ 1,090,794 | $ 1,331,532 |
| Carrying Balance | 958,759 | 1,332,099 |

**NOTE B – CASH AND INVESTMENTS –** continued

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 Cash investments follow GASB 79 valuing investments at their amortized cost basis, CSAFE Core investments use GASB 72 valuing investments at fair value. Both investment pools are considered Level 1 inputs according to the hierarchy disclosure requirements of GASB 72.

COLOTRUST measures its investments at fair value in accordance with Paragraph 41 of GASB 79 and Paragraph 11 of GASB 31, and therefore a Participant's investment in COLOTRUST is not required to be categorized within the fair value hierarchy for purposes of GASB 72.

As of December 31, 2021, the District had $30,719,143 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 AAAf/S1 by Fitch.

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. These investments were converted to the COLOTRUST EDGE portfolio in 2021 to take advantage of the higher interest rates offered due to longer term investments held in that portfolio.

COLOTRUST EDGE is a variable net asset value (NAV) local government investment pool that offers weekly liquidity to Participants. COLOTRUST EDGE has a NAV that is managed to approximate a $10.00 transactional share price and there are no limitations on withdrawals, though a 5 day settlement period applies. COLOTRUST EDGE is rated rated AAAf/S1 by Fitch.

**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. In 2021 these entities authorized net disbursements of $1,006,342, decreasing the December 31, 2020 balance of $1,495,486 to $489,144 at December 31, 2021. The CSAFE Cash investment pool portfolio are funds and associated earnings being held for the Grand Valley Fund and are offset by a District liability in the same amount.

***Investments in U.S. Treasury securities at December 31, 2021, were as follows:***

| Face Amount | Security | CUSIP | Coupon | Yield | Carrying Value |
|---|---|---|---|---|---|
| $ 1,700,000 | U.S. Treasury note due February 15, 2022 | 912828SF8 | 2.000% | 2.195% | $ 1,703,859 |
| 1,000,000 | U.S. Treasury note due July 31, 2022 | 9128282P4 | 1.875% | 1.943% | 1,009,380 |
| 2,000,000 | U.S. Treasury note due June 30, 2024 | 9128286Z8 | 1.750% | 0.831% | 2,043,600 |
| 2,000,000 | U.S. Treasury note due August 15, 2024 | 91282CCT6 | 0.375% | 0.702% | 1,973,600 |
| 2,000,000 | U.S. Treasury note due September 30, 2024 | 912828YH7 | 1.500% | 0.812% | 2,031,560 |
| $ 8,700,000 | *Total Federal Treasury securities* | | | | $ 8,761,999 |

***Investments in U.S. government agency securities at December 31, 2021, were as follows:***

| Face Amount | Security | CUSIP | Coupon | Yield | Carrying Value |
|---|---|---|---|---|---|
| $ 2,000,000 | FHLB note due March 12, 2024 | 3130ALJ70 | 0.400% | 0.400% | $ 1,977,200 |
| 2,000,000 | FHLB note due July 22, 2024 | 3130ALW34 | 0.500% | 0.500% | 1,986,000 |
| 2,000,000 | FHLB note due October 15, 2024 | 3130AN4L1 | 0.625% | 0.625% | 1,981,760 |
| 6,000,000 | *Total Federal Home Loan Banks* | | | | 5,944,960 |
| 2,000,000 | FHLMC note due November 6, 2023 | 3137EAEZ8 | 0.250% | 0.292% | 1,982,300 |
| 1,000,000 | FHLMC note due February 26, 2024 | 3134SWSK3 | 0.400% | 0.400% | 994,950 |
| 2,000,000 | FHLMC note due May 24, 2024 | 3134GXCF9 | 0.400% | 0.403% | 1,986,060 |
| 2,000,000 | FHLMC note due November 25, 2024 | 3134GXDZ4 | 0.450% | 0.465% | 1,968,880 |
| 7,000,000 | *Total Federal Home Loan Mortgage Corporation* | | | | 6,932,190 |
| 1,500,000 | FFCB note due January 18, 2022 | 3133EKVD5 | 1.875% | 1.921% | 1,501,080 |
| 1,500,000 | FFCB note due June 17, 2022 | 3133EEY20 | 2.400% | 1.908% | 1,515,600 |
| 3,000,000 | *Total Federal Farm Credit Banks Funding Corp* | | | | 3,016,680 |
| $ 16,000,000 | *Total Federal Agency securities* | | | | $ 15,893,830 |

All of the Federal Agency securities held by the District at December 31, 2021, are rated AA+ by Standard & Poor's and Aaa by Moody's.

**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 Mortgage Corporation, the Federal Home Loan Bank, and the Federal Farm Credit Bank Funding Corporation. These investments are 55.5%, 15.8%, 12.5%, 10.7%, and 5.4%, respectively, of the District's total investments at December 31, 2021.

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 Maturities as of December 31, 2021 | | | Cash, Cash Equivalents, |
|---|---|---|---|---|
| Investment Type | Less than 1 Year | 1 - 2 Years | 2 - 3 Years | & Investments |
| Deposits | $ 960,459 | $ - | $ - | $ 960,459 |
| Investment Pools | 30,719,143 | - | - | 30,719,143 |
| U.S. Treasury Securities | 2,713,239 | - | 6,048,760 | 8,761,999 |
| Federal Agency Securities | 3,016,680 | 1,982,300 | 10,894,850 | 15,893,830 |
| District Bond Trust | | - | - | - |
| Total | $ 37,409,521 | $ 1,982,300 | $ 16,943,610 | $ 56,335,431 |

## NOTE C – LOANS RECEIVABLE

The purpose of the District's loans receivable 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.

***Loan Receivable activity for the year ended December 31, 2021, was as follows:***

| | Beginning Balance | Principal Received | Ending Balance | Amounts due within one year |
|---|---|---|---|---|
| Loans receivable | $ 201,416 | $ 40,856 | $ 160,560 | $ 5,640 |

***Loan Receivable activity for the year ended December 31, 2020, was as follows:***

| | Beginning Balance | Principal Received | Ending Balance | Amounts due within one year |
|---|---|---|---|---|
| Loans receivable | $ 235,970 | $ 34,554 | $ 201,416 | $ 6,450 |

## NOTE D – CAPITAL ASSETS

***At December 31, 2021, capital assets (property, plant, and equipment) transactions and balances include the following:***

| | December 31, 2020 | Additions | Dispositions | Transfers | December 31, 2021 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land and water rights | $ 36,586,134 | $ - | $ - | $ - | $ 36,586,134 |
| Construction in progress | 2,607,192 | 3,918,777 | (13,575) | (115,025) | 6,397,369 |
| Total capital assets not being depreciated | 39,193,326 | 3,918,777 | (13,575) | (115,025) | 42,983,503 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 52,169,462 | 77,841 | (615,331) | - | 51,631,972 |
| Equipment, tools, and furniture | 7,541,127 | 489,789 | (212,392) | - | 7,818,524 |
| Reservoirs, supply lines, mains, and services | 211,054,643 | 4,221,470 | (223,701) | 115,025 | 215,167,437 |
| Total capital assets being depreciated | 270,765,232 | 4,789,100 | (1,051,424) | 115,025 | 274,617,933 |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (22,757,979) | (1,440,591) | 177,420 | - | (24,021,150) |
| Equipment, tools, and furniture | (4,880,784) | (487,201) | 208,428 | - | (5,159,557) |
| Reservoirs, supply lines, mains, and services | (88,633,683) | (4,929,535) | 218,575 | - | (93,344,643) |
| Total accumulated depreciation | (116,272,446) | (6,857,327) | 604,423 | - | (122,525,350) |
| Total capital assets being depreciated, net | 154,492,786 | (2,068,227) | (447,001) | 115,025 | 152,092,583 |
| Total capital assets, net | $ 193,686,112 | $ 1,850,550 | $ (460,576) | $ - | $ 195,076,086 |

***At December 31, 2020, capital assets (property, plant, and equipment) transactions and balances include the following:***

| | December 31, 2019 | Additions | Dispositions | Transfers | December 31, 2020 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land and water rights | $ 36,525,689 | $ 60,445 | $ - | $ - | $ 36,586,134 |
| Construction in progress | 3,070,101 | 2,875,584 | - | (3,338,493) | 2,607,192 |
| Total capital assets not being depreciated | 39,595,790 | 2,936,029 | - | (3,338,493) | 39,193,326 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 51,061,439 | 52,050 | (30,366) | 1,086,339 | 52,169,462 |
| Equipment, tools, and furniture | 6,922,314 | 771,789 | (152,976) | | 7,541,127 |
| Reservoirs, supply lines, mains, and services | 205,986,051 | 3,059,529 | (243,091) | 2,252,154 | 211,054,643 |
| Total capital assets being depreciated | 263,969,804 | 3,883,368 | (426,433) | 3,338,493 | 270,765,232 |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (21,350,683) | (1,426,338) | 19,042 | - | (22,757,979) |
| Equipment, tools, and furniture | (4,570,763) | (460,157) | 150,136 | - | (4,880,784) |
| Reservoirs, supply lines, mains, and services | (84,068,248) | (4,797,891) | 232,456 | - | (88,633,683) |
| Total accumulated depreciation | (109,989,694) | (6,684,386) | 401,634 | - | (116,272,446) |
| Total capital assets being depreciated, net | 153,980,110 | (2,801,018) | (24,799) | 3,338,493 | 154,492,786 |
| Total capital assets, net | $ 193,575,900 | $ 135,011 | $ (24,799) | $ - | $ 193,686,112 |

## NOTE E – LONG-TERM DEBT

***Long-term liabilities activity for the year ended December 31, 2021, was as follows:***

| | Beginning balance | Additions | Reductions | Ending balance | Amounts due within one year |
|---|---|---|---|---|---|
| Bonds payable | $14,590,000 | $ - | $ (1,090,000) | $ 13,500,000 | $ 1,125,000 |
| Add unamortized bond premium | 158,046 | - | (44,829) | 113,217 | - |
| Total bonds payable | 14,748,046 | - | (1,134,829) | 13,613,217 | 1,125,000 |
| Compensated absences payable | 458,490 | 509,648 | (441,225) | 526,913 | 414,551 |
| Total long-term liabilities | $15,206,536 | $ 509,648 | $ (1,576,054) | $ 14,140,130 | $ 1,539,551 |

***Long-term liabilities activity for the year ended December 31, 2020, was as follows:***

| | Beginning balance | Additions | Reductions | Ending balance | Amounts due within one year |
|---|---|---|---|---|---|
| Bonds payable | $17,490,000 | $ - | $ (2,900,000) | $ 14,590,000 | $ 1,090,000 |
| Add unamortized bond premium | 221,310 | - | (63,264) | 158,046 | - |
| Total bonds payable | 17,711,310 | - | (2,963,264) | 14,748,046 | 1,090,000 |
| Compensated absences payable | 352,076 | 420,810 | (314,396) | 458,490 | 355,994 |
| Total long-term liabilities | $18,063,386 | $ 420,810 | $ (3,277,660) | $ 15,206,536 | $ 1,445,994 |

***Long-term debt consists of the following:***

| *Bonds payable:* | 2021 | 2020 |
|---|---|---|
| $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. | 13,500,000 | 14,590,000 |
| Add unamortized bond premium | 113,217 | 158,046 |
| | 13,613,217 | 14,748,046 |
| Total bonds payable | 13,613,217 | 14,748,046 |
| Less current maturities | (1,125,000) | (1,090,000) |
| | $ 12,488,217 | $ 13,658,046 |

**NOTE E – LONG-TERM DEBT -** continued

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

Bonds Payable

| Year | Principal | Interest | Total |
|---|---|---|---|
| 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 |
| | $ 13,500,000 | $ 2,752,519 | $ 16,252,519 |

The District is in material compliance with all sections of the Water Revenue Refunding Bonds, 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 8.68 in 2020 (8.68 times coverage). In 2021, the ratio of net revenue available for debt service to the total average future annual debt requirements of the Series 2012 bond issues was 8.04 (8.04 times coverage).

## 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 Retirement Association (CRA). In a defined contribution plan, benefits depend solely on amounts contributed to 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, 2021 and 2020, total payroll, covered payroll, and the employee and employer contributions to the plan were as follows:

| | 2021 | 2020 |
|---|---|---|
| Total payroll | $ 6,109,560 | $ 5,584,770 |
| Covered payroll | 5,936,318 | 5,487,214 |
| District contribution | 474,904 | 438,977 |
| Percent of covered payroll | 8.0% | 8.0% |
| Employee contribution | 474,904 | 438,977 |
| 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.

## 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

| | 2021 | 2020 |
|---|---|---|
| Excess (deficiency) of revenues over (under) expenditures (Budget Basis) | $ 5,065,032 | $ 5,172,320 |
| Adjustments: | | |
| Less: | | |
| Depreciation | (6,857,327) | (6,684,386) |
| Net book value of disposed property, plant and equipment | (460,577) | (24,799) |
| Amortization of deferred amount on refunding | - | (6,233) |
| Add: | | |
| Capital expenditures | 6,357,833 | 5,242,576 |
| Contributed capital - donated lines | 2,243,368 | 1,387,973 |
| Bond principal payments | 1,090,000 | 2,900,000 |
| Amortization of bond premium | 44,829 | 63,264 |
| Personnel costs capitalized | 106,677 | 188,847 |
| | 2,524,803 | 3,067,242 |
| Change in Net Position (GAAP Basis) | $ 7,589,835 | $ 8,239,562 |

## NOTE K – COMMITMENTS AND CONTINGENCIES

The District is an objector in various water matters pending before various courts. The District opposes 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.

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# 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, 2021 and 2020

| | 2021 | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| **REVENUES** | | | | |
| Tap connection fees | $ 3,850,000 | $ 3,850,000 | $ 5,418,500 | $ 1,568,500 |
| Water sales | 18,200,000 | 18,200,000 | 18,883,187 | 683,187 |
| Service charges | 221,000 | 221,000 | 197,985 | (23,015) |
| Other operating revenues | 100,000 | 100,000 | 104,046 | 4,046 |
| Miscellaneous revenues | 186,000 | 186,000 | 351,971 | 165,971 |
| Investment income | 350,000 | 350,000 | (25,286) | (375,286) |
| Proceeds from disposal of capital assets | 10,000 | 10,000 | 78,795 | 68,795 |
| Property taxes | - | - | (252) | (252) |
| ***TOTAL REVENUES*** | 22,917,000 | 22,917,000 | 25,008,946 | 2,091,946 |
| **EXPENDITURES** | | | | |
| Operating expenditures: | | | | |
| Water supply and treatment | 2,347,567 | 2,347,567 | 2,461,148 | (113,581) |
| Transmission and distribution | 4,753,056 | 4,753,056 | 4,681,934 | 71,122 |
| Engineering and construction | 1,021,522 | 1,021,522 | 980,481 | 41,041 |
| Administration | 2,004,332 | 2,004,332 | 1,816,725 | 187,607 |
| Finance and accounting | 1,834,971 | 1,834,971 | 1,745,446 | 89,525 |
| Treasurer's fees | - | - | (2) | 2 |
| Capital expenditures: | | | | |
| Water supply and treatment | 5,499,689 | 5,499,689 | 3,286,750 | 2,212,939 |
| Transmission and distribution | 983,600 | 983,600 | 1,041,956 | (58,356) |
| Engineering and construction | 3,032,500 | 3,032,500 | 2,300,226 | 732,274 |
| Administration | 2,600 | 2,600 | 915 | 1,685 |
| Finance and accounting | 4,500 | 4,500 | 4,638 | (138) |
| Purchase of land and water rights | - | - | - | - |
| Unallocated: | | | | |
| Bond principal payments | 1,090,000 | 1,090,000 | 1,090,000 | - |
| Interest on debt | 535,150 | 535,150 | 533,697 | 1,453 |
| Contingency | 600,000 | 600,000 | - | 600,000 |
| ***TOTAL EXPENDITURES*** | 23,709,487 | 23,709,487 | 19,943,914 | 3,765,573 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | $ (792,487) | $ (792,487) | $ 5,065,032 | $ 5,857,519 |
| Adjustments - budgetary basis to GAAP basis | | | 2,538,378 | |
| ***CHANGE IN NET POSITION - (GAAP Basis)*** | | | $ 7,603,410 | |

**UTE WATER CONSERVANCY DISTRICT**

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

For the years ended December 31, 2021 and 2020

| | 2020 | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts | Final Budget |
| **REVENUES** | | | | |
| Tap connection fees | $ 3,780,000 | $ 3,780,000 | $ 4,800,225 | $ 1,020,225 |
| Water sales | 17,800,000 | 17,800,000 | 19,008,177 | 1,208,177 |
| Service charges | 230,000 | 230,000 | 154,684 | (75,316) |
| Other operating revenues | 100,000 | 100,000 | 112,084 | 12,084 |
| Miscellaneous revenues | 205,000 | 205,000 | 382,893 | 177,893 |
| Investment income | 800,000 | 800,000 | 800,780 | 780 |
| Proceeds from disposal of capital assets | 10,000 | 10,000 | - | (10,000) |
| Property taxes | - | - | 7,960 | 7,960 |
| ***TOTAL REVENUES*** | 22,925,000 | 22,925,000 | 25,266,803 | 2,341,803 |
| **EXPENDITURES** | | | | |
| Operating expenditures: | | | | |
| Water supply and treatment | 2,325,167 | 2,325,167 | 2,253,377 | 71,790 |
| Transmission and distribution | 4,433,415 | 4,433,415 | 4,285,226 | 148,189 |
| Engineering and construction | 1,082,934 | 1,082,934 | 934,994 | 147,940 |
| Administration | 1,923,521 | 1,923,521 | 1,739,866 | 183,655 |
| Finance and accounting | 1,770,716 | 1,770,716 | 1,738,097 | 32,619 |
| Treasurer's fees | - | - | (11) | 11 |
| Capital expenditures: | | | | |
| Water supply and treatment | 1,211,000 | 1,211,000 | 1,405,484 | (194,484) |
| Transmission and distribution | 1,216,100 | 1,216,100 | 1,245,488 | (29,388) |
| Engineering and construction | 3,775,250 | 3,775,250 | 2,903,010 | 872,240 |
| Administration | 5,100 | 5,100 | 6,406 | (1,306) |
| Finance and accounting | 10,500 | 10,500 | 15,080 | (4,580) |
| Purchase of land and water rights | - | 60,420 | 60,445 | (25) |
| Unallocated: | | | | |
| Bond principal payments | 2,900,000 | 2,900,000 | 2,900,000 | - |
| Interest on debt | 612,438 | 612,438 | 607,021 | 5,417 |
| Contingency | 600,000 | 539,580 | - | 539,580 |
| ***TOTAL EXPENDITURES*** | 21,866,141 | 21,866,141 | 20,094,483 | 1,771,658 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | $ 1,058,859 | $ 1,058,859 | 5,172,320 | $ 4,113,461 |
| Adjustments - budgetary basis to GAAP basis | | | 3,067,242 | |
| ***CHANGE IN NET POSITION - (GAAP Basis)*** | | | $ 8,239,562 | |

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# Ute Water Conservancy District

# Statistical Section

## STATISTICAL SECTION

This part of Ute Water Conservancy District's annual comprehensive 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.


| Contents | Pages |
|---|---|
| Financial Trends<br>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 41-43 |
| Revenue Capacity<br>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. | 44-53 |
| Debt Capacity<br>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt. | 54-56 |
| Demographic and Economic Information<br>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. | 57-59 |
| Operating Information<br>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. | 60-63 |

Ute Water Conservancy District

Schedule 1

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

| | As of December 31 | | | | |
|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net investment in capital assets | $ 139,800,861 | $ 156,534,457 | $ 157,373,554 | $ 161,688,777 | $ 165,246,901 |
| Restricted | 3,202,909 | 3,202,909 | 3,202,909 | 3,202,909 | 3,202,909 |
| Unrestricted | 30,400,632 | 17,956,211 | 22,446,563 | 24,054,421 | 27,555,578 |
| Total Net Position | $ 173,404,402 | $ 177,693,577 | $ 183,023,026 | $ 188,946,107 | $ 196,005,388 |

| | As of December 31 | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Net investment in capital assets | $ 168,034,757 | $ 171,603,912 | $ 175,870,824 | $ 178,938,065 | $ 181,288,339 |
| Restricted | 3,202,909 | 3,252,909 | 3,252,909 | 1,677,750 | 1,677,750 |
| Unrestricted | 33,283,831 | 38,422,564 | 43,051,925 | 49,799,405 | 55,038,966 |
| Total Net Position | $ 204,571,497 | $ 213,279,385 | $ 222,175,658 | $ 230,415,220 | $ 238,005,055 |

Source: District Finance Department

Ute Water Conservancy District

Schedule 2

## CHANGES IN NET POSITION, LAST TEN YEARS

(accrual basis of accounting)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | |
| Water sales | $18,883,187 | $19,008,177 | $17,907,968 | $18,220,430 |
| Service and late charges | 120,755 | 116,013 | 160,266 | 165,410 |
| Fees for tap connections | 539,571 | 464,104 | 475,582 | 420,706 |
| Other operating revenue | 181,277 | 150,755 | 228,571 | 195,004 |
| Total operating revenue | 19,724,790 | 19,739,049 | 18,772,387 | 19,001,550 |
| **OPERATING EXPENSES:** | | | | |
| Water supply and treatment | 2,879,502 | 2,777,781 | 2,546,751 | 2,414,307 |
| Transmission and distribution | 4,412,951 | 3,932,258 | 3,538,496 | 3,516,103 |
| Engineering and construction | 1,009,107 | 946,562 | 893,443 | 947,110 |
| Administration | 1,817,640 | 1,746,272 | 1,729,983 | 1,598,979 |
| Finance and accounting | 1,750,084 | 1,753,177 | 1,555,541 | 1,495,722 |
| Depreciation and amortization | 6,857,327 | 6,684,386 | 6,461,748 | 6,250,868 |
| Total operating expense | 18,726,611 | 17,840,436 | 16,725,962 | 16,223,089 |
| OPERATING INCOME (LOSS) | 998,179 | 1,898,613 | 2,046,425 | 2,778,461 |
| **NONOPERATING REVENUES (EXPENSES):** | | | | |
| Property taxes | (252) | 7,960 | 790,406 | 781,098 |
| Tap fee in excess of connection costs | 4,878,929 | 4,336,121 | 3,313,118 | 3,392,819 |
| Investment income (loss) | (25,286) | 800,780 | 1,238,903 | 763,085 |
| Miscellaneous income | 351,970 | 382,893 | 316,316 | 234,511 |
| Interest expense (net of capitalized interest) | (488,868) | (549,990) | (650,201) | (742,263) |
| County Treasurer's fees | 2 | 11 | (13,772) | (13,616) |
| Gain (loss) on disposition of capital assets | (368,207) | (24,799) | 31,000 | (21,447) |
| Total nonoperating revenues (expenses) | 4,348,288 | 4,952,976 | 5,025,770 | 4,394,187 |
| **INCOME (LOSS) BEFORE CONTRIBUTIONS** | 5,346,467 | 6,851,589 | 7,072,195 | 7,172,648 |
| **CAPITAL CONTRIBUTIONS:** | | | | |
| Developer donated lines | 2,243,368 | 1,387,973 | 1,824,076 | 1,585,242 |
| Developer donated land | - | - | - | - |
| **CHANGE IN NET POSITION** | $7,589,835 | $8,239,562 | $8,896,271 | $8,757,890 |

Source: District Finance Department

Ute Water Conservancy District

Schedule 2 - continued

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

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $17,962,733 | $17,360,229 | $16,110,687 | $15,523,099 | $14,628,883 | $14,126,705 |
| 182,389 | 174,071 | 174,908 | 180,090 | 172,417 | 191,327 |
| 351,012 | 291,514 | 222,149 | 204,375 | 138,137 | 127,287 |
| 149,345 | 130,862 | 135,807 | 110,135 | 195,200 | 89,632 |
| 18,645,479 | 17,956,676 | 16,643,551 | 16,017,699 | 15,134,637 | 14,534,951 |
| | | | | | |
| 2,267,047 | 2,218,592 | 2,202,302 | 2,118,326 | 2,010,767 | 1,925,619 |
| 3,150,517 | 3,044,874 | 2,872,123 | 3,070,666 | 3,077,167 | 2,790,654 |
| 846,916 | 837,713 | 810,438 | 811,767 | 782,526 | 741,733 |
| 1,490,940 | 1,352,632 | 1,260,159 | 1,161,108 | 1,162,889 | 1,069,706 |
| 1,401,134 | 1,387,745 | 1,296,460 | 1,274,540 | 1,162,236 | 1,115,053 |
| 6,048,983 | 5,823,534 | 5,643,372 | 5,591,394 | 5,467,357 | 5,398,672 |
| 15,205,537 | 14,665,090 | 14,084,854 | 14,027,801 | 13,662,942 | 13,041,437 |
| 3,439,942 | 3,291,586 | 2,558,697 | 1,989,898 | 1,471,695 | 1,493,514 |
| | | | | | |
| 778,810 | 752,574 | 727,780 | 716,457 | 784,196 | 793,401 |
| 2,929,538 | 1,968,341 | 2,290,316 | 2,424,775 | 2,043,323 | 1,505,173 |
| 297,853 | 364,085 | 237,114 | 411,399 | (31,412) | 451,210 |
| 241,958 | 337,143 | 409,396 | 386,254 | 412,430 | 392,644 |
| (825,116) | (897,078) | (957,891) | (1,008,261) | (1,304,526) | (1,205,313) |
| (13,495) | (13,348) | (12,783) | (12,605) | (13,598) | (12,810) |
| 75,999 | 712,908 | (57,880) | (131,974) | (17,489) | (125,038) |
| 3,485,547 | 3,224,625 | 2,636,052 | 2,786,045 | 1,872,924 | 1,636,391 |
| 6,925,489 | 6,516,211 | 5,194,749 | 4,775,943 | 3,344,619 | 3,129,905 |
| | | | | | |
| 1,590,620 | 540,350 | 728,332 | 553,506 | 944,556 | 234,252 |
| - | 2,720 | - | - | - | - |
| $8,516,109 | $7,059,281 | $5,923,081 | $5,329,449 | $4,289,175 | $3,364,157 |

Source: District Finance Department

Ute Water Conservancy District

Schedule 3

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

| | Residential | | | Other | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | 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 |
| 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 |
| 2019 | 36,174 | 2,102,785 | 13,575,774 | 1,386 | 754,867 | 4,332,194 | 37,560 | 2,857,652 | 17,907,968 |
| 2020 | 36,881 | 2,291,129 | 14,514,247 | 1,396 | 774,116 | 4,493,930 | 38,277 | 3,065,245 | 19,008,177 |
| 2021 | 37,650 | 2,202,880 | 14,178,399 | 1,414 | 805,817 | 4,704,789 | 39,064 | 3,008,697 | 18,883,188 |

Note: 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 | Rainfall in Inches 4/1 to 9/30 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 2019 | 3,246,902 | 3,207,239 | 2,857,652 | 349,587 | 10.90% | 38,807 | 310,780 | 9.69% | 8,787 | 13,715 | 8.48 | 3.39 |
| 2020 | 3,479,345 | 3,414,101 | 3,065,245 | 348,856 | 10.22% | 50,278 | 298,578 | 8.75% | 9,354 | 14,750 | 5.11 | 2.06 |
| 2021 | 3,394,198 | 3,375,311 | 3,008,697 | 366,614 | 10.86% | 37,422 | 329,192 | 9.75% | 9,247 | 14,589 | 9.79 | 4.87 |

* 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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential Tap Fees** | | | | | | | | | | | |
| 3/4" x 5/8" | $ 7,000 | $ 7,000 | $ 7,000 | $ 7,000 | $ 7,000 | $ 7,000 | $ 6,800 | $ 6,700 | $ 6,500 | $ 5,800 | $ 5,800 |
| 3/4" x 3/4" | 8,750 | 8,750 | 8,750 | 8,750 | 8,750 | 8,750 | 8,500 | 8,375 | 8,125 | 7,250 | 7,250 |
| 1" | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,200 | 10,050 | 9,750 | 8,250 | 8,250 |
| **Commercial Tap Fees** | | | | | | | | | | | |
| 3/4" x 5/8" | $ 7,000 | $ 7,000 | $ 7,000 | $ 7,000 | $ 7,000 | $ 7,000 | $ 6,800 | $ 6,700 | $ 6,500 | $ 5,800 | $ 5,800 |
| 3/4" x 3/4" | 8,750 | 8,750 | 8,750 | 8,750 | 8,750 | 8,750 | 8,500 | 8,375 | 8,125 | 7,250 | 7,250 |
| 1" | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,200 | 10,050 | 9,750 | 8,250 | 8,250 |
| 1 1/2" | 15,725 | 15,725 | 15,725 | 15,725 | 15,725 | 15,725 | 15,275 | 15,050 | 14,600 | 13,000 | 13,000 |
| 2" | 23,150 | 23,150 | 23,150 | 23,150 | 23,150 | 23,150 | 22,500 | 22,160 | 21,500 | 19,200 | 19,200 |
| 3" | 41,700 | 41,700 | 41,700 | 41,700 | 41,700 | 41,700 | 40,500 | 39,900 | 38,700 | 34,500 | 34,500 |
| 4" | 73,100 | 73,100 | 73,100 | 73,100 | 73,100 | 73,100 | 71,000 | 69,900 | 67,800 | 60,500 | 60,500 |
| 6" | 182,800 | 182,800 | 182,800 | 182,800 | 182,800 | 182,800 | 177,600 | 175,000 | 169,800 | 151,500 | 151,500 |
| Fee effective as of: | Jan-16 | Jan-16 | Jan-16 | Jan-16 | Jan-16 | Jan-16 | Jan-15 | Jan-14 | Feb-13 | Feb-08 | Feb-08 |

Taps larger than 6 inches require District Board approval.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Monthly Residential Base Rate** | | | | | | | | | | | |
| 3/4" x 5/8" | $ 22.00 | $ 22.00 | $ 22.00 | $ 22.00 | $ 22.00 | $ 22.00 | $ 20.00 | $ 19.00 | $ 17.00 | $ 15.00 | $ 13.00 |
| 3/4" x 3/4" | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 20.00 | 19.00 | 17.00 | 15.00 | 13.00 |
| 1" | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 20.00 | 19.00 | 17.00 | 15.00 | 13.00 |

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

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

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

Source: District Finance Department

| | | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Monthly Commercial Base Rate** | *Gallons included in base rate* | | | | | | | | | | |
| **Meter Size** | 3/4" x 5/8" | *3,000* | $ 22.00 | $ 22.00 | $ 22.00 | $ 22.00 | $ 22.00 | $ 22.00 | $ 20.00 | $ 19.00 | $ 17.00 | $ 15.00 |
| | 3/4" x 3/4" | *3,000* | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 20.00 | 19.00 | 17.00 | 15.00 |
| | 1" | *3,000* | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 20.00 | 19.00 | 17.00 | 15.00 |
| | 1 1/2" | *15,000* | 110.00 | 110.00 | 110.00 | 110.00 | 110.00 | 110.00 | 100.00 | 95.00 | 85.00 | 75.00 |
| | 2" | *24,000* | 176.00 | 176.00 | 176.00 | 176.00 | 176.00 | 176.00 | 160.00 | 152.00 | 136.00 | 120.00 |
| | 3" | *52,500* | 385.00 | 385.00 | 385.00 | 385.00 | 385.00 | 385.00 | 350.00 | 332.50 | 297.50 | 262.50 |
| | 4" | *90,000* | 660.00 | 660.00 | 660.00 | 660.00 | 660.00 | 660.00 | 600.00 | 570.00 | 510.00 | 450.00 |
| | 6" | *210,000* | 1,540.00 | 1,540.00 | 1,540.00 | 1,540.00 | 1,540.00 | 1,540.00 | 1,400.00 | 1,330.00 | 1,190.00 | 1,050.00 |
| **Meter Size** | **Commercial Tiered Rates** | | | | | | | | | | | |
| 5/8" & | 3,000 gal - 9,000 gal | | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.60 | $ 3.50 |
| 3/4" & | 9,000 gal - 15,000 gal | | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 |
| 1" | 15,000 gal + | | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.85 | 4.75 |
| 1 1/2" | 15,000 gal - 45,000 gal | | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.60 | $ 3.50 |
| | 45,000 gal - 75,000 gal | | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 |
| | 75,000 gal + | | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.85 | 4.75 |
| 2" | 24,000 gal - 72,000 gal | | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.60 | $ 3.50 |
| | 72,000 gal - 120,000 gal | | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 |
| | 120,000 gal + | | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.85 | 4.75 |
| 3" | 52,500 gal - 157,500 gal | | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.60 | $ 3.50 |
| | 157,500 gal - 262,500 gal | | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 |
| | 262,500 gal + | | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.85 | 4.75 |
| 4" | 90,000 gal - 270,000 gal | | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.60 | $ 3.50 |
| | 270,000 gal - 450,000 gal | | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 |
| | 450,000 gal + | | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.85 | 4.75 |
| 6" | 210,000 gal - 630,000 gal | | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.70 | $ 3.60 | $ 3.50 |
| | 630,000 gal - 1,050,000 gal | | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 |
| | 1,050,000 gal + | | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.95 | 4.85 | 4.75 |
| | Rates effective as of: | | Jan-16 | Jan-16 | Jan-16 | Jan-16 | Jan-16 | Jan-16 | Jan-15 | Jan-14 | Feb-13 | Feb-12 |

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

Source: District Finance Department

Ute Water Conservancy District

Schedule 6

## TEN LARGEST WATER CUSTOMERS, CURRENT YEAR AND NINE YEARS AGO

| Business Type | 2021 Revenue | 2021 Rank | 2021 % | 2012 Revenue | 2012 Rank | 2012 % |
|---|---|---|---|---|---|---|
| Manufacturer | $ 120,445 | 1 | 0.64% | $ 116,099 | 1 | 0.82% |
| School District | 100,402 | 2 | 0.53% | | | |
| Hotel | 96,098 | 3 | 0.51% | 79,287 | 3 | 0.56% |
| Car Wash | 84,787 | 4 | 0.45% | 81,782 | 2 | 0.58% |
| Manufacturer | 83,833 | 5 | | 34,256 | 9 | 0.24% |
| Mobile Home Park | 80,016 | 6 | 0.42% | 70,352 | 4 | 0.50% |
| Homeowner's Association | 62,981 | 7 | 0.33% | | | |
| Farming / Livestock | 61,148 | 8 | 0.32% | 58,690 | 5 | 0.42% |
| Apartment Complex | 60,192 | 9 | 0.32% | | | |
| Apartment Complex | 59,434 | 10 | 0.31% | | | |
| Retail Sales | | | | 53,056 | 6 | 0.38% |
| Hotel | | | | 39,391 | 7 | 0.28% |
| Mobile Home Park | | | | 38,557 | 8 | 0.27% |
| Hotel | | | | 32,858 | 10 | 0.23% |
| Subtotal (10 largest) | 809,336 | | 3.84% | 604,328 | | 4.28% |
| Balance from other customers | 18,073,852 | | 96.16% | 13,522,377 | | 95.72% |
| Total | $ 18,883,188 | | 100.00% | $ 14,126,705 | | 100.00% |

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

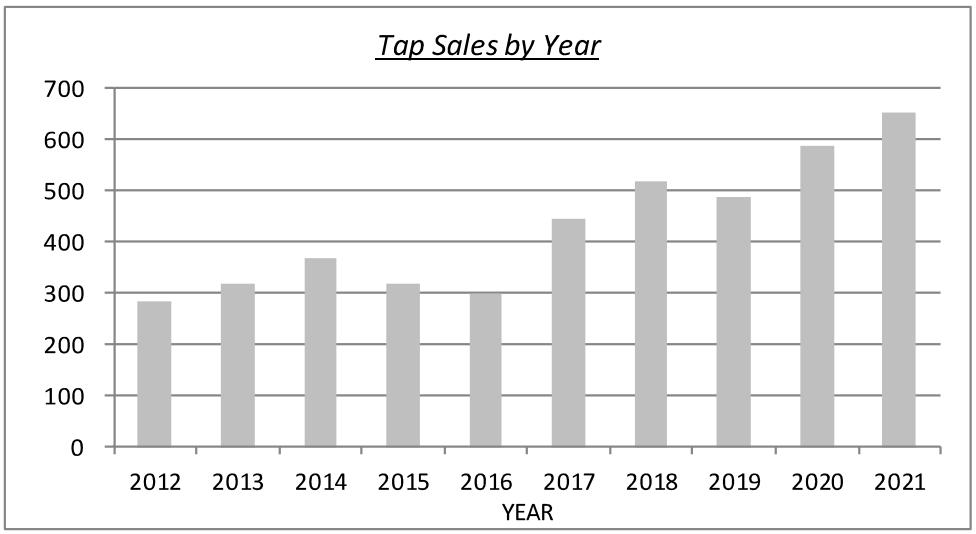
Schedule 7

## TAP SALES AND CONSTRUCTION PERMITS, LAST TEN YEARS

| | Tap Sales by Year (a) | | Construction Permits by Year (b) | | | |
|---|---|---|---|---|---|---|
| | | | New Commercial Construction | | New Residential Construction | |
| Year | Number of Tap Sales | Amount of Tap Sales | Number of Permits | Value of Permits | Number of Permits | Value of Permits |
| 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 |
| 2019 | 487 | 3,788,700 | 44 | 18,750,135 | 794 | 121,261,012 |
| 2020 | 587 | 4,800,225 | 27 | 16,252,822 | 849 | 142,857,798 |
| 2021 | 650 | 5,418,500 | 37 | 14,688,789 | 984 | 172,327,489 |

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

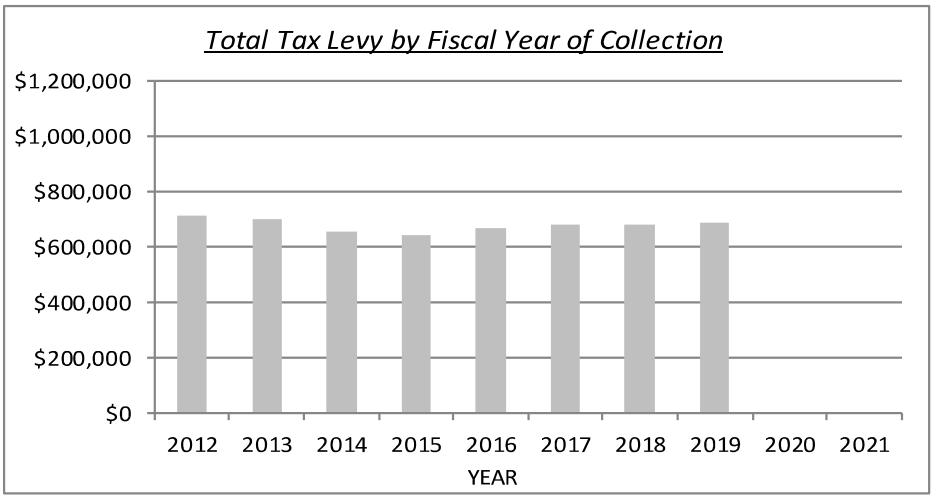
## PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN YEARS

| 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 |
|---|---|---|---|---|---|---|---|
| 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% |
| 2018 | 2019 | 688,565 | 687,138 | 99.79% | 284 | 687,422 | 99.83% |
| 2019 | 2020 | - | - | N/A | (644) | (644) | N/A |
| 2020 | 2021 | - | - | N/A | (175) | (175) | N/A |

Notes: 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.

Property tax levies and collections exclude specific ownership taxes collected.

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 |
|---|---|---|---|---|---|---|---|
| 2011 | 2012 | $ 1,160,101,560 | $ 25,467,880 | $ 846,491,630 | $ 2,032,061,070 | $ 462,550,440 | $ 2,494,611,510 |
| 2012 | 2013 | 1,138,499,380 | 25,680,910 | 853,052,530 | 2,017,232,820 | 473,074,220 | 2,490,307,040 |
| 2013 | 2014 | 1,064,212,210 | 27,249,000 | 734,716,840 | 1,826,178,050 | 381,085,680 | 2,207,263,730 |
| 2014 | 2015 | 1,032,666,110 | 27,839,710 | 744,510,470 | 1,805,016,290 | 449,483,850 | 2,254,500,140 |
| 2015 | 2016 | 1,017,803,470 | 32,936,330 | 838,018,250 | 1,888,758,050 | 452,929,650 | 2,341,687,700 |
| 2016 | 2017 | 962,779,190 | 33,401,450 | 849,295,690 | 1,845,476,330 | 451,552,500 | 2,297,028,830 |
| 2017 | 2018 | 969,971,530 | 36,397,010 | 850,360,870 | 1,856,729,410 | 395,583,340 | 2,252,312,750 |
| 2018 | 2019 | 1,002,324,630 | 36,655,800 | 864,390,840 | 1,903,371,270 | 405,432,970 | 2,308,804,240 |
| 2019 | 2020 | 1,161,320,500 | 35,264,880 | 1,004,807,290 | 2,201,392,670 | 451,591,130 | 2,652,983,800 |
| 2020 | 2021 | 1,119,523,510 | 35,262,590 | 1,023,809,700 | 2,178,595,800 | 457,810,990 | 2,636,406,790 |
| 2021 | 2022 | 1,092,062,480 | 40,383,670 | 1,178,692,360 | 2,311,138,510 | 519,768,500 | 2,830,907,010 |

| Levy Year | Fiscal Year of Collection | District Taxable Assessed Valuation | Total Direct Tax Rate | Estimated Actual District Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value | Ratio of Assessed to Estimated Actual Value |
|---|---|---|---|---|---|---|
| 2011 | 2012 | $ 1,418,394,000 | 0.500 | $ 11,195,343,660 | 12.67% | 7.96 - 29% |
| 2012 | 2013 | 1,398,763,950 | 0.500 | 11,271,930,810 | 12.41% | 7.96 - 29% |
| 2013 | 2014 | 1,306,797,600 | 0.500 | 9,823,599,530 | 13.30% | 7.96 - 29% |
| 2014 | 2015 | 1,275,677,660 | 0.500 | 9,952,031,370 | 12.82% | 7.96 - 29% |
| 2015 | 2016 | 1,337,362,252 | 0.500 | 10,890,114,190 | 12.28% | 7.96 - 29% |
| 2016 | 2017 | 1,357,218,380 | 0.500 | 11,030,816,890 | 12.30% | 7.96 - 29% |
| 2017 | 2018 | 1,364,085,006 | 0.500 | 12,019,284,620 | 11.35% | 7.20 - 29% |
| 2018 | 2019 | 1,377,130,506 | 0.500 | 12,205,239,570 | 11.28% | 7.20 - 29% |
| 2019 | 2020 | 1,563,372,750 | 0.000 | 14,316,473,950 | 10.92% | 7.15 - 29% |
| 2020 | 2021 | 1,580,255,028 | 0.000 | 14,566,763,930 | 10.85% | 7.15 - 29% |
| 2021 | 2022 | 1,737,762,147 | 0.000 | 16,562,275,180 | 10.49% | 7.15 - 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

MILL LEVY

| Levy Year | Year of Collection | Ute Water Conservancy District | Mesa County | Mesa County School District #51 | All Other Taxing Entities |
|---|---|---|---|---|---|
| 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 |
| 2019 | 2020 | 0.000 | 8.554 | 41.971 | 11.665 |
| 2020 | 2021 | 0.000 | 11.977 | 41.985 | 14.344 |
| 2021 | 2022 | 0.000 | 11.764 | 43.845 | 14.286 |

PROPERTY TAX REVENUE LEVY

| Levy Year | Year of Collection | Ute Water Conservancy District | Mesa County | Mesa County School District #51 | All Other Taxing Entities |
|---|---|---|---|---|---|
| 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 |
| 2019 | 2020 | - | 18,830,713 | 80,840,836 | 13,170,871 |
| 2020 | 2021 | - | 25,496,106 | 80,774,587 | 14,308,519 |
| 2021 | 2022 | - | 27,809,931 | 92,461,681 | 15,335,194 |

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

Property tax levy revenues exclude specific ownership tax revenues.

Source: Mesa County Assessor's office

Ute Water Conservancy District

Schedule 11

## PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND NINE YEARS AGO

| | | 2021 | | | 2012 | | |
|---|---|---|---|---|---|---|---|
| Taxpayer | Business Type | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Distric Taxable Assessed Value |
| Xcel Energy (formerly Public Service Company) | Utility | $ 56,192,530 | 1 | 3.56% | $ 32,176,680 | 1 | 2.27% |
| Spectrum Pacific West, LLC (formerly Bresnan) | Utility | 15,443,040 | 2 | 0.98% | 6,284,560 | 6 | 0.44% |
| Union Pacific Railroad Company | Railroad | 13,793,610 | 3 | 0.87% | 6,955,490 | 4 | 0.49% |
| GAHC4 Grand Junction CO MOB LLC | Medical Facility | 8,911,870 | 4 | 0.56% | - | - | - |
| Grand Mesa Center | Shopping Mall | 6,374,990 | 5 | 0.40% | 6,145,180 | 7 | 0.43% |
| SM Mesa Mall LLC | Shopping Mall | 5,853,220 | 6 | 0.37% | 8,720,950 | 3 | 0.61% |
| Grand Valley Rural Power Lines Inc. | Utility | 5,407,590 | 7 | 0.34% | 4,151,210 | 8 | 0.29% |
| Walmart Real Estate Business Trust | Retail Stores/Shopping Mall | 4,059,380 | 8 | 0.26% | 6,409,850 | 5 | 0.45% |
| Dillon Real Estate Co Inc. | Retail Grocery Store | 3,717,060 | 9 | 0.24% | 3,185,290 | 10 | 0.22% |
| Patterson UTI Drilling Company | Oil / Gas Field Services | 2,813,330 | 10 | 0.18% | - | - | - |
| Bresnan Broadband of Colorado LLC | Utility | - | - | - | 3,310,500 | 9 | 0.23% |
| Halliburton Energy Services Inc. | Oil / Gas Field Services | - | - | - | 10,062,440 | 2 | 0.71% |
| | | $ 122,566,620 | | 7.76% | $ 87,402,150 | | 6.16% |

Source: Mesa County Asessor's office

Ute Water Conservancy District

Schedule 12

## RATIO OF OUTSTANDING DEBT BY TYPE, LAST TEN YEARS

| Year | Revenue Bonds | Notes on Parity with Bonds | Non-parity Notes | Total Amount | Total Per Capita (a) | Total As a Share of Personal Income (b) |
|---|---|---|---|---|---|---|
| 2012 | $ 35,975,988 | $ 14,616,000 (c) | $ - | $ 50,591,988 | $ 651.56 | 1.76% |
| 2013 | 33,953,983 | - | - | 33,953,983 | 435.21 | 1.15% |
| 2014 | 31,382,217 | - | - | 31,382,217 | 398.68 | 1.00% |
| 2015 | 28,769,748 | - | - | 28,769,748 | 359.50 | 0.88% |
| 2016 | 26,104,453 | - | - | 26,104,453 | 322.10 | 0.80% |
| 2017 | 23,378,210 | - | - | 23,378,210 | 283.48 | 0.66% |
| 2018 | 20,586,078 | - | - | 20,586,078 | 247.53 | 0.55% |
| 2019 | 17,711,310 | - | - | 17,711,310 | 209.69 | 0.45% |
| 2020 | 14,748,046 | - | - | 14,748,046 | 170.72 | 0.35% |
| 2021 | 13,613,217 | - | - | 13,613,217 | 154.21 | 0.32% |

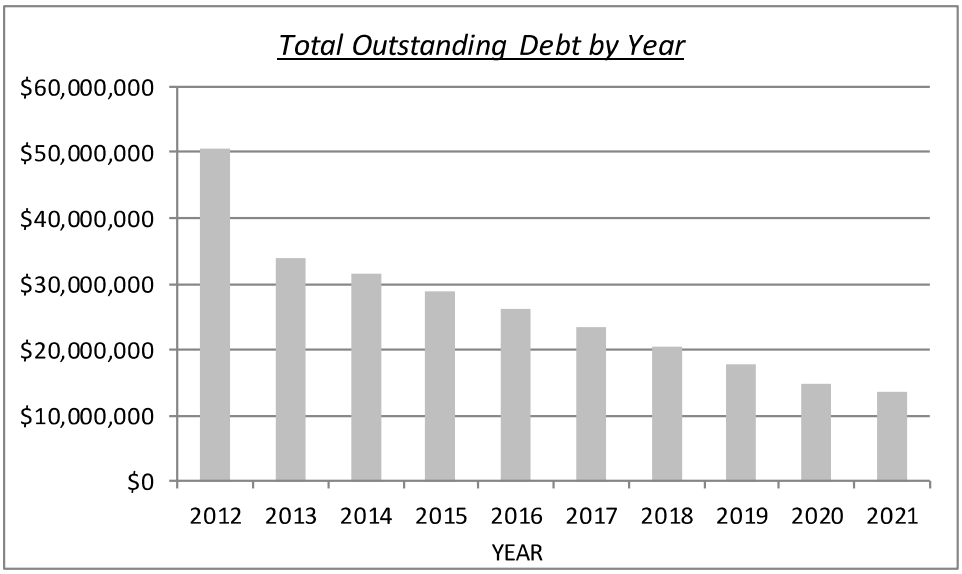
Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(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 2021, for the year 2021 this percentage uses the personal income amount from 2020.

(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

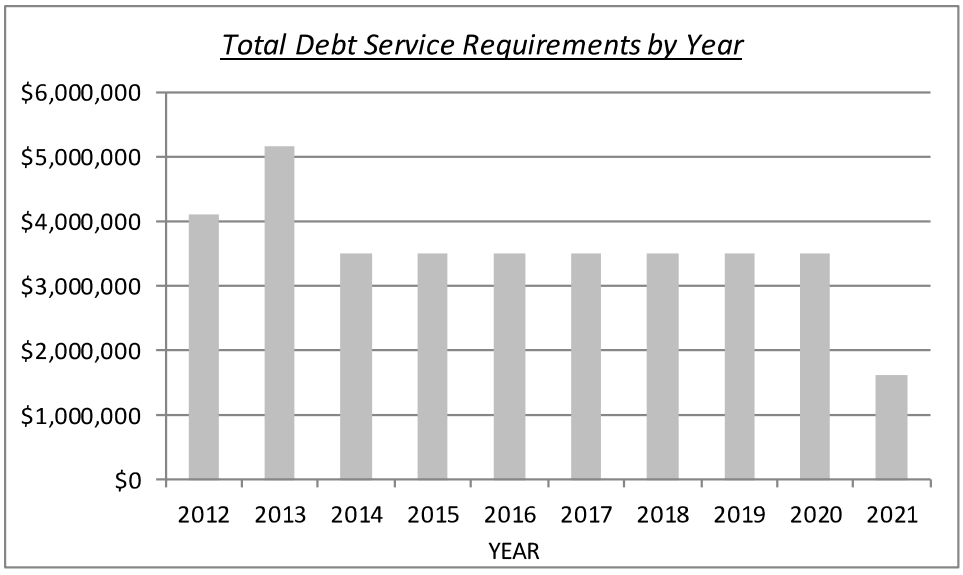
| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage Ratio |
|---|---|---|---|---|---|---|---|
| | | | | Principal (3) | Interest | Total | |
| 2012 | $ 16,883,978 | $ 7,642,765 | $ 9,241,213 | $2,729,733 | $1,357,341 | $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 |
| 2019 | 23,640,724 | 10,264,214 | 13,376,510 | 2,780,000 | 725,764 | 3,505,764 | 3.81 |
| 2020 | 25,258,843 | 11,156,050 | 14,102,793 | 2,900,000 | 607,021 | 3,507,021 | 4.02 |
| 2021 | 24,930,403 | 11,869,284 | 13,061,119 | 1,090,000 | 533,697 | 1,623,697 | 8.04 |

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

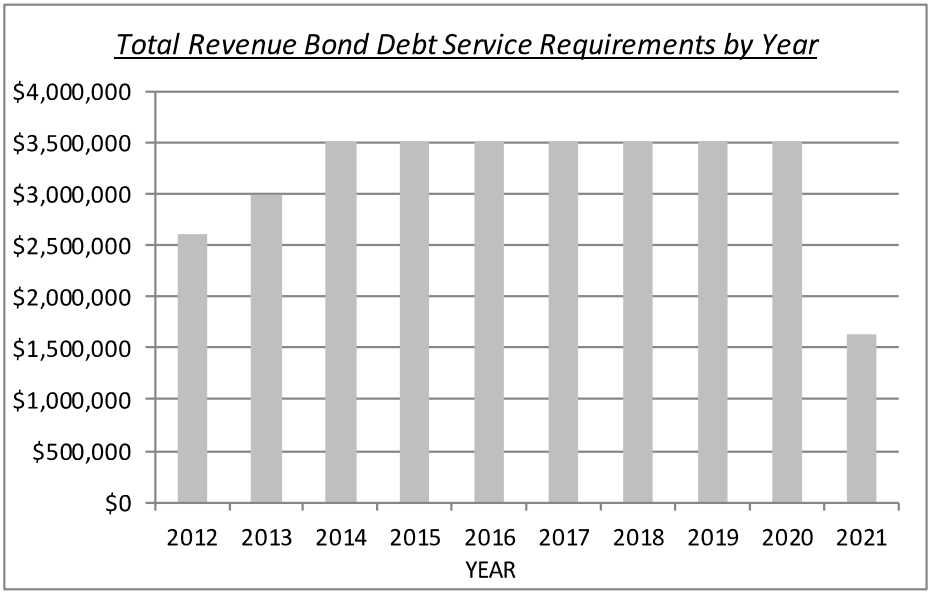
| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements (3) Principal | Interest | Total | Coverage |
|---|---|---|---|---|---|---|---|
| 2012 | $ 16,883,978 | $7,642,765 | $ 9,241,213 | $1,540,000 | $1,073,877 | $2,613,877 | 3.54 |
| 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 |
| 2019 | 23,640,724 | 10,264,214 | 13,376,510 | 2,780,000 | 725,764 | 3,505,764 | 3.81 |
| 2020 | 25,258,843 | 11,156,050 | 14,102,793 | 2,900,000 | 607,021 | 3,507,021 | 4.02 |
| 2021 | 24,930,403 | 11,869,284 | 13,061,119 | 1,090,000 | 533,697 | 1,623,697 | 8.04 |

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 District Population (a) | County Population (b) | School Enrollment (c) | Personal Income (thousands of dollars) (d) | Per Capita Personal Income (d) | Unemployment Rate | | | Labor Force (e) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Mesa County (e) | State of Colorado (e) | National (f) | |
| 2012 | 77,647 | 147,939 | 21,730 | $ 5,466,236 | $37,105 | 9.2% | 8.0% | 8.1% | 78,025 |
| 2013 | 78,017 | 147,926 | 21,894 | 5,555,135 | 37,745 | 8.1% | 6.8% | 7.4% | 73,542 |
| 2014 | 78,715 | 147,876 | 21,742 | 5,888,618 | 40,028 | 6.2% | 5.2% | 6.2% | 73,160 |
| 2015 | 80,028 | 148,774 | 21,904 | 6,038,686 | 40,795 | 5.7% | 4.1% | 5.3% | 71,779 |
| 2016 | 81,046 | 150,346 | 22,105 | 6,058,618 | 40,462 | 5.4% | 3.3% | 4.9% | 72,087 |
| 2017 | 82,469 | 152,148 | 22,084 | 6,496,022 | 42,972 | 3.8% | 2.7% | 4.4% | 73,877 |
| 2018 | 83,165 | 154,047 | 22,082 | 6,944,767 | 45,405 | 3.9% | 3.1% | 3.9% | 75,697 |
| 2019 | 84,466 | 155,109 | 22,046 | 7,204,611 | 46,719 | 3.5% | 2.8% | 3.7% | 77,631 |
| 2020 | 86,388 | 155,910 | 21,081 | 7,536,582 | 48,435 | 7.5% | 7.3% | 8.1% | 75,551 |
| 2021 | 88,279 | 156,704 | 21,315 | N/A | N/A | 6.2% | 5.6% | 5.3% | 76,455 |

Source: (a) District Finance Department (persons per housing unit times residential unit connections)
(b) Colorado Department of Local Affairs, State Demography Office
(c) Colorado Department of Education - Data Center - Mesa County Valley School District 51
(d) US Department of Commerce, Bureau of Economic Analysis - Personal Income Summary for Mesa County
(e) Colorado Department of Labor and Employment, average for year
(f) 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

| | 2021 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | 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 | 2,926 | 1 | 3.83% | 2,392 | 1 | 3.07% |
| St. Mary's Hospital & Medical Center | 2,388 | 2 | 3.12% | 1,500 | 2 | 1.92% |
| Mesa County | 1,268 | 3 | 1.66% | 980 | 3 | 1.26% |
| Community Hospital | 1,151 | 4 | 1.51% | 416 | 10 | 0.53% |
| Colorado Mesa University | 806 | 5 | 1.05% | 496 | 9 | 0.64% |
| VA Medical Center - Grand Junction | 790 | 6 | 1.03% | 600 | 7 | 0.77% |
| City of Grand Junction | 667 | 7 | 0.87% | 628 | 6 | 0.80% |
| Family Health West | 597 | 8 | 0.78% | - | - | - |
| Hilltop Community Resources | 519 | 9 | 0.68% | 558 | 8 | 0.72% |
| West Star Aviation | 497 | 10 | 0.65% | - | - | - |
| State of Colorado | - | - | - | 901 | 4 | 1.15% |
| City Markets, Inc. | - | - | - | 630 | 5 | 0.81% |
| | 11,609 | | 15.18% | 9,101 | | 11.66% |

Source: (a) Grand Junction Economic Partnership

The data provided to the Grand Junction Economic Partnership may not include all leading employers in the area. 2021 survey data as of June 2021.

Ute Water Conservancy District

Schedule 17

## DISTRICT EMPLOYEES BY TYPE, LAST TEN YEARS

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Water Supply and Treatment: | | | | | | | | | | |
| Managers and Supervisors | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| Water Resource Specialists | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Plant Operators | 4 | 4 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Water Plant Maintenance | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Laboratory Staff | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| *Total Water Supply and Treatment* | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Transmission and Distribution: | | | | | | | | | | |
| Managers and Supervisors | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Fleet Mechanics | 2 | 2 | 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 | 15 | 15 | 17 | 17 | 17 | 17 | 17 | 19 | 19 | 19 |
| 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 |
| *Total Transmission and Distribution* | 30 | 30 | 32 | 32 | 32 | 32 | 32 | 34 | 34 | 35 |
| Engineering and Construction: | | | | | | | | | | |
| District Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Project Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering Technician | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Inspectors | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| GIS Staff | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| *Total Engineering and Construction* | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Administration: | | | | | | | | | | |
| Managers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| General Counsel | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 |
| External Affairs Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| External Affairs Assistant | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Human Resources / Risk Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human Resources / Risk Specialist | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| *Total Administration* | 5 | 5 | 4 | 6 | 6 | 7 | 7 | 7 | 5 | 6 |
| Finance and Accounting: | | | | | | | | | | |
| Managers and Supervisors | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance Specialist | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 |
| Accounting Clerks | 1 | 1 | 2 | 1 | 1 | 1 | 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 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| *Total Finance and Accounting* | 11 | 11 | 12 | 11 | 11 | 11 | 12 | 12 | 12 | 11 |
| Total Full-Time Employees | 66 | 66 | 69 | 70 | 70 | 71 | 72 | 74 | 72 | 73 |

Source: District Finance Department

Ute Water Conservancy District

Schedule 18

## OPERATING AND CAPITAL INDICATORS

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Size of watershed (square miles drained) | 504 | 504 | 504 |
| Terminal reservoirs storage capacity (acre-feet) | 8,736 | 8,736 | 8,736 |
| Miles of raw water delivery pipeline | 21.2 | 21.2 | 21.2 |
| Treatment plant capacity (MGD) | 34.0 | 34.0 | 34.0 |
| Treated water storage (MG) | 27.5 | 27.5 | 27.5 |
| Miles of transmission & distribution pipeline (by pipe diameter): | | | |
| 4 inches and smaller | 282.40 | 285.37 | 287.09 |
| 6 inches | 109.90 | 109.92 | 111.76 |
| 8 inches | 364.04 | 353.87 | 346.74 |
| 10 inches to 18 inches | 125.85 | 126.59 | 125.81 |
| Larger than 18 inches | 49.41 | 48.37 | 48.37 |
| Total miles of distribution pipeline | 931.60 | 924.12 | 919.77 |
| Number of fire hydrants in distribution system | 4,679 | 4,570 | 4,488 |

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, 2022

| Coverage | Limits | Deductible | Expiration Date |
|---|---|---|---|
| **Colorado Special Districts Property and Liability Pool** | | | 12/31/2022 |
| **Public Entity Liability Coverage** | $ 2,000,000 | | |
| 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 | | | |
| ** $5,000,000 all member aggregate limit applies to Cyber liability | | | |
| *** $1,000,000 all member aggregate limit applies to 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) | $ 80,717,283 | $ 5,000 | |
| Portable Equipment, Mobile Equipment and Inland Marine items | $ 1,638,075 | $ 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 | $ 77,678,731 | $ 10,000 | |

Ute Water Conservancy District

Schedule 19 - continued

## INSURANCE COVERAGE

Effective January 1, 2022

| Coverage | Limits | Deductible | Expiration Date |
|---|---|---|---|
| **Comprehensive Crime Coverage** | $ 300,000 | $ 1,500 | 12/31/2022 |
| **Identity Recovery** | $ 35,000 | None | |
| **Pollution Coverage**<br>$1,000,000 / pollution condition, $5,000,000 aggregate | $ 1,000,000 | $ 1,000 | |
| **Colorado Special Districts Property & Liability Pool** | | | |
| Workers Compensation Insurance | | | 12/31/2022 |
| 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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