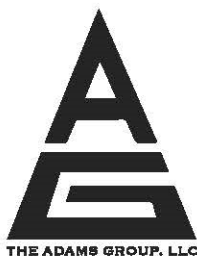


PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
Weld County, Colorado

BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Platte River Water Development Authority  
Weld County, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Platte River Water Development Authority (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the of the Platte River Water Development Authority, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Authority 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 opinion.

#### ***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 Authority's ability to continue as 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 GAAS 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 GAAS, 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 Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparison schedule 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 budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*The Adams Group, LLC*

Denver, Colorado  
April 1, 2022

## BASIC FINANCIAL STATEMENTS

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021

Assets

Current assets

Cash and investments - unrestricted	\$ 147,926
Inventory	245,378
Prepaid items	12,807
Total current assets	<u>406,111</u>

Noncurrent assets

Capital assets not being depreciated	1,613,021
Capital assets, net of accumulated depreciation	<u>1,481,405</u>
Total noncurrent assets	<u>3,094,426</u>

Total assets	<u>3,500,537</u>
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Liabilities

Current liabilities

Accounts payable	33,447
Due to other governments	<u>10,212</u>
Total current liabilities	<u>43,659</u>

Total liabilities	<u>43,659</u>
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Net Position

Net investment in capital assets	3,094,426
Unrestricted	<u>362,452</u>
Total Net Position	<u>\$ 3,456,878</u>

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

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGE IN NET POSITION  
YEAR ENDED DECEMBER 31, 2021

Revenues

Operating revenues

Agriculture sales	\$ 122,048
Total operating revenues	<u>122,048</u>

General and administrative expenses

Audit	8,400
Agriculture supplies	40,000
Depreciation	152,111
District management and accounting	18,109
Director fees	1,200
Dues and subscriptions	2,666
Equipment rental	2,416
Insurance	11,681
Legal	26,240
Miscellaneous	2,267
Repairs and maintenance	84,995
Supplies and services	49,481
Soil and water testing	58,004
Operations and support services	270,882
Uniform rentals	5,399
Utilities	14,759
Total expenses	<u>748,610</u>

Loss from operations	(626,562)
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Nonoperating revenues

Intergovernmental revenues	702,349
Contributed revenue	245,378
Total nonoperating revenues	<u>947,727</u>

Change in net position	321,165
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Net position, beginning of year	3,135,713
Net position, end of year	<u>\$ 3,456,878</u>

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



PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities

Payments for general, administrative, and operating expenses	\$ (652,811)
Agriculture sales	<u>122,048</u>
Net cash used in operating activities	<u>(530,763)</u>

Cash flows from capital and related financing activities

Intergovernmental cash receipts	712,561
Purchase of capital assets	<u>(35,000)</u>
Net cash provided by capital and related financing activities	<u>677,561</u>

Net increase in cash and cash equivalents 146,798

Cash and cash equivalents, beginning of year	<u>1,128</u>
Cash and cash equivalents, end of year	<u><u>\$ 147,926</u></u>

Reconciliation of loss from operations to net cash used in operating activities:

Loss from operations	\$ (626,562)
Adjustments to reconcile loss from operations to net cash flows used in operating activities:	
Depreciation expense	152,111

Effect of changes in operating assets and liabilities:

Prepaid items	1,474
Accounts payable	<u>(57,786)</u>
Net cash used in operating activities	<u><u>\$ (530,763)</u></u>

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

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY

Platte River Water Development Authority (the Authority), a water resource authority, was established on April 22, 2010 and is governed pursuant to the provisions Colorado Revised Statutes, ¶29-1- 204.2, *et seq.* The Authority was formed pursuant to an establishing contract by and between United Water & Sanitation District (United) and Sand Hills Metropolitan District (Sand Hills), both quasi-municipal corporations and political subdivisions of the State of Colorado (State). The Authority was created for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services. As a water resource authority, the Authority is a political subdivision and public corporation of the State separate from the parties to the Amended Contract (defined below).

On April 27, 2011, United and Sand Hills approved an Amended and Restated Establishing Contract (Amended Contract) for the purpose of adding South Beebe Draw Metropolitan District (South Beebe), also a quasi-municipal corporation and political subdivision of the State of Colorado, as a party to the Amended Contract. Sand Hills withdrew from the Authority in June of 2020 prior to its dissolution in December of 2020. Directors on the Board of the Authority are appointed by United and South Beebe either individually or jointly pursuant to the Amended Contract, as amended from time to time (the Establishing Contract).

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Pursuant to C.R.S., §29-1-204.2(20((b)(IV), the Board is obligated to comply with the provisions of Parts 1, 5 and 6 of Article 1, Title 29.

The Authority is not financially accountable for any other organization, nor is the Authority a component unit of any other primary governmental entity.

The Authority has no employees, and all operations and administrative functions are contracted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The enterprise fund is used since the Authority's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The more significant accounting policies of the Authority are described as follows:

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and contributed assets are recorded as capital contributions when received.

The Authority distinguishes between operating revenues and expenses and non-operating items in the Statement of Revenues, Expenses and Change in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's purpose of providing water facilities and services to its customers. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting the definition of operating revenues and expenses, including contributed revenue and intergovernmental revenue, are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources for their specified purposes first, then unrestricted resources as needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, the Authority's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Authority's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash deposits and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. As of December 31, 2021, the Authority had no investments.

Inventory and other assets

Inventories are valued at cost, using the first-in, first-out (FIFO) method. Other assets consist primarily of payments to vendors applicable to future periods considered prepaid at year end.

Capital Assets

Capital assets reported by the Authority include land and easements, water rights, and equipment and vehicles (e.g. pipelines, roads, wells and similar items). Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at acquisition value except for those assets that have been contributed, which are recorded at estimated acquisition value at the date of contribution. The costs of water rights include acquisition and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not depreciated. All other costs, including costs incurred for protection of those rights, are expensed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Equipment and vehicles	5 - 10 years
Buildings	40 years
Irrigation project	10 years

Net Position

The financial statements utilize a net position presentation categorized as net investment in capital assets, restricted net position, and unrestricted.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net investment in capital assets reflects the portion of net position associated with capital assets, less outstanding capital asset related debt. At December 31, 2021, the net investment in capital asset balance was \$3,094,426.

Restricted net position consists of liquid assets generated from revenues that have third party debt or contractual limitations on their use. At December 31, 2021, the restricted net position balance was \$0.

Unrestricted net position represents unrestricted liquid assets.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying statement of net position as follows:

Cash and cash equivalents - unrestricted	\$ 147,926
Total cash and cash equivalents	<u>\$ 147,926</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	\$ 147,926
Total cash deposits	<u>\$ 147,926</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the Authority's cash deposits had a bank balance of \$174,750. At December 31, 2021, the Authority had \$0 reported as investments.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

	Balances December, 31 2020	Additions	Deletions	Balances December, 31 2021
Capital Assets, not being depreciated				
Land and easements	\$ 917,600	\$ -	\$ -	\$ 917,600
Water rights	695,421	-	-	695,421
Total capital assets, not being depreciated	<u>1,613,021</u>	<u>-</u>	<u>-</u>	<u>1,613,021</u>
Capital Assets, being depreciated				
SIEP Netafirm irrigation project	279,493	-	-	279,493
SIEP building	1,015,994	-	-	1,015,994
Greenhouse building	260,953	-	-	260,953
Equipment and vehicles	779,882	35,000	-	814,882
Total capital assets, being depreciated	<u>2,336,322</u>	<u>35,000</u>	<u>-</u>	<u>2,371,322</u>
Less accumulated depreciation	<u>737,806</u>	<u>152,111</u>	<u>-</u>	<u>889,917</u>
Total capital assets, net	<u>\$ 3,211,537</u>	<u>\$ (117,111)</u>	<u>\$ -</u>	<u>\$ 3,094,426</u>

NOTE 5 – RELATED PARTIES

The members of the Board of the Authority are employees, owners or associated with United Milliken Reservoir Enterprise, LLC, 70 Ranch LLC, and Kersey Ag Company, LLC (collectively, “Related Parties”). The Authority has entered into agreements with the Related Parties and the members of the Board may have conflicts of interest in dealing with the Authority.

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS

Platte River Water Development Authority Establishing Contract

The Establishing Contract is intended to affect the development of water resources, systems, and facilities, in whole or in part, by United, South Beebe, and the Authority and to establish a cooperative process among the parties for the financing, design, construction, acquisition, operation, maintenance, and use of such resources, systems, and facilities.

NOTE 7 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the Authority may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 7 – RISK MANAGEMENT (CONTINUED)

The Authority has elected to participate in the Colorado Special Districts Property and Liability Pool (the “Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Authority pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the Authority may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 – TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The Authority’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

## SUPPLEMENTAL INFORMATION



PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUNDS AVAILABLE – BUDGET AND ACTUAL – BUDGETARY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Intergovernmental revenues	\$ 1,700,000	\$ 702,349	\$ (997,651)
Agriculture sales	100,000	122,048	22,048
Contributed revenue	-	245,378	245,378
Miscellaneous	5,000	-	(5,000)
Total revenues	<u>1,805,000</u>	<u>1,069,775</u>	<u>(735,225)</u>
<u>Expenditures</u>			
<u>General</u>			
Audit	4,500	8,400	(3,900)
Agriculture supplies	-	40,000	(40,000)
District management and accounting	35,000	18,109	16,891
Director's fees	-	1,200	(1,200)
Dues and subscriptions	6,000	2,666	3,334
Equipment rental	-	2,416	(2,416)
Insurance	20,000	11,681	8,319
Legal	10,000	26,240	(16,240)
Miscellaneous	5,000	2,267	2,733
Repairs and maintenance	200,000	84,995	115,005
SIEP soil and water testing	150,000	58,004	91,996
SIEP supplies and services	150,000	49,481	100,519
Operation and support services	550,000	270,882	279,118
Uniform rentals	-	5,399	(5,399)
Utilities	15,000	14,759	241
Water assessment	11,000	-	11,000
<u>Capital outlay</u>			
Equipment	250,000	35,000	215,000
Greenhouse project	250,000	-	250,000
Total expenditures	<u>1,656,500</u>	<u>631,499</u>	<u>1,025,001</u>
Net change in fund balances	148,500	438,276	289,776
Fund balances - beginning	70,716	(75,824)	(146,540)
Fund balances - ending	<u>\$ 219,216</u>	<u>\$ 362,452</u>	<u>\$ 143,236</u>

These financial statements should be read only in connection with the  
accompanying notes to the financial statements.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT  
OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues (budgetary basis)	<u>\$ 1,069,775</u>
Total revenues per statement of revenues, expenses, and change in net position	<u>1,069,775</u>
Expenditures (budgetary basis)	631,499
Depreciation	152,111
Capital outlay	<u>(35,000)</u>
Total expenses per statement of revenues, expenses, and change in net position	<u>748,610</u>
Change in net position	<u><u>\$ 321,165</u></u>

These financial statements should be read only in connection with the  
accompanying notes to the financial statements.