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PLATTE RIVER WATER DEVELOPMENT AUTHORITY
Weld County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2016



RECEIVED

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Platte River Water Development Authority (Authority) as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that governmental 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 30, 2017

BASIC FINANCIAL STATEMENTS

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
December 31, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 7,558,400
Accrued interest receivable	280,849
Due from other governments	11,397
Prepays	<u>11,349</u>
Total current assets	<u>7,861,995</u>

NONCURRENT ASSETS

Note receivable	<u>8,500,000</u>
Capital assets not being depreciated	10,668,189
Capital assets, net of accumulated depreciation	<u>1,517,941</u>
Total capital assets, net	<u>12,186,130</u>
 Total assets	 <u>28,548,125</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	<u>804,603</u>
Total current liabilities	<u>804,603</u>
 Total liabilities	 <u>804,603</u>

NET POSITION

Net investment in capital assets	12,186,130
Unrestricted	<u>15,557,392</u>
Total net position	<u><u>\$ 27,743,522</u></u>

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

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
Year Ended December 31, 2016

REVENUES	
Water lease	\$ 11,397
Total revenues	<u>11,397</u>
 GENERAL AND ADMINISTRATIVE EXPENSES	
Audit	4,100
Depreciation	110,839
District management and accounting	48,867
Dues and subscriptions	1,238
Engineering and consulting	101,412
Insurance	5,719
Legal	84,185
Miscellaneous	1,611
Repairs and maintenance	78,108
Seed and supplies	11,881
Support services	241,986
Water storage	255,000
Utilities	4,976
Total expenditures	<u>949,922</u>
 LOSS FROM OPERATIONS	 <u>(938,525)</u>
 NONOPERATING REVENUES	
Intergovernmental agreement revenues	10,124,501
Interest	255,000
Miscellaneous	15,037
Total nonoperating revenues	<u>10,394,538</u>
 CHANGE IN NET POSITION	 9,456,013
 NET POSITION - BEGINNING OF YEAR	 <u>18,287,509</u>
 NET POSITION - END OF YEAR	 <u>\$ 27,743,522</u>

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

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Payments for general, administrative and operating expenses	\$ (484,483)
Net cash used in operating activities	<u>(484,483)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Other miscellaneous receipts	15,037
Net cash provided by financing activities	<u>15,037</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

IGA revenue received - Sand Hills Metropolitan District and South Beebe Draw Metropolitan District	10,124,501
Purchase of capital assets	(2,264,875)
Repayment of payable to Sand Hills	(933,877)
Net cash provided by noncapital financing activities	<u>6,925,749</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 6,456,303

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 1,102,097

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 7,558,400

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

Loss from operations	\$ (938,525)
Adjustments to reconcile loss from operations to net cash flows used in operating activities:	
Depreciation expense	110,839
Effect of changes in operating assets and liabilities:	
Due from other governments	(11,397)
Prepays	(11,349)
Accounts payable	365,949
Net cash used in operating activities	<u><u>\$ (484,483)</u></u>

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

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 – DEFINITION OF REPORTING ENTITY

Platte River Water Development Authority (the Authority or PRWDA), 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. Under the terms of the Amended Contract, United, Sand Hills and South Beebe (collectively, the Districts) each shall appoint a director and such appointee may be a director of each district, or may be an engineer, water attorney, manager, accountant or other consultant of each district. An additional two directors are appointed by joint resolution of the Districts. Each director appointed by joint resolution may be a director of any of the Districts or may be an engineer, water attorney, manager, accountant or other consultant of any of the Districts.

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.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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. 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:

Basis of Accounting

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.

Operating Revenues and Expenses

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 this definition are reported as non-operating revenues and expenses or capital contributions.

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. Beginning funds available has been restated to exclude noncurrent note receivable.

Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Capital

The Authority receives contributions of capital assets from various sources. Capital assets are recorded at the appraised value or the estimated fair value of the asset when contributed.

Capital Assets

Capital assets reported by the Authority include land and easements, water rights, equipment and vehicles and construction in progress (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 historical cost except for those assets that have been contributed, which are recorded at estimated fair market 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 amortized. 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	5-20 years
Buildings	40 years

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016 are classified in the accompanying Statement of Net Position as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 7,558,400
Total cash and investments	<u>\$ 7,558,400</u>

Cash and investments as of December 31, 2016 consist of the following:

Cash deposits	<u>\$ 7,558,400</u>
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PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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, 2016, the Authority's cash deposits had a bank balance of \$7,558,460 and a carrying balance of \$7,558,400.

Investments

The Authority has not adopted a formal investment policy, however, the Authority follows state statutes regarding investments.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments 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 and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At December 31, 2016, the Authority had no investments.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	<u>Balance at 12/31/2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance at 12/31/2016</u>
Capital assets not being depreciated:				
Land/easements	\$ 3,706,191	\$ 547,538	\$ -	\$ 4,253,729
Water rights	695,421	-	-	695,421
Construction in process	4,978,433	1,247,815	(507,209)	5,719,039
Total capital assets not being depreciated	<u>9,380,045</u>	<u>1,795,353</u>	<u>(507,209)</u>	<u>10,668,189</u>
Capital assets being depreciated:				
70 Ranch house	-	-	37,225	37,225
SIEP Netafim irrigation project	-	-	279,493	279,493
SIEP building	-	825,503	190,491	1,015,994
Equipment and vehicles	328,748	25,886	-	354,634
Total capital assets being depreciated	<u>328,748</u>	<u>851,389</u>	<u>507,209</u>	<u>1,687,346</u>
Less accumulated depreciation	<u>58,566</u>	<u>110,839</u>	<u>-</u>	<u>169,405</u>
Capital assets, net	<u>\$ 9,650,227</u>	<u>\$ 2,535,903</u>	<u>\$ -</u>	<u>\$ 12,186,130</u>

NOTE 5 – LONG TERM RECEIVABLE

Promissory Note

On November 24, 2015, the Authority received \$8,500,000 from United and subsequently loaned the entire amount to United Milliken Reservoir Enterprise, L.L.C. (United Milliken), a related party (Note 6). The promissory note bears interest at the rate of three percent (3%) simple interest per annum. Accrued interest is payable on the first anniversary of the date of the note and on each anniversary thereafter on the unpaid principal balance as of that date. The full principal sum remaining due and all accrued and unpaid interest is due and payable in full on the maturity date of November 24, 2045. The note is secured by a deed of trust that grants certain real estate in Weld County, Colorado owned by United Milliken to the public trustee of Weld County, and together with certain provisions as described in the deed of trust, provides for the power of sale of such property for the benefit of the Authority in the event of default under the note. No payments were received in 2016.

NOTE 6 – RELATED PARTY TRANSACTIONS

The members of the Board of Directors of the Authority are employees, owners or associated with United Milliken and 70 Ranch, L.L.C. (70 Ranch). The Authority has entered into agreements with United Milliken and 70 Ranch and the members of the Board may have conflicts of interest in dealing with the Authority.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 – RELATED PARTY TRANSACTIONS (CONTINUED)

The members of the Board of Directors of the Authority are employees, owners or associated with United Milliken and 70 Ranch, L.L.C. (70 Ranch). The Authority has entered into agreements with United Milliken and 70 Ranch and the members of the Board may have conflicts of interest in dealing with the Authority.

During 2016, the Authority incurred \$279,768 for construction support services which were paid to a vendor associated with the Developer, which includes \$61,177 of accounts payable to the vendor as of December 31, 2016.

Long Term Water Storage Lease Agreement

On November 24, 2015, the Authority entered into a long-term water storage lease agreement (Milliken Water Lease) with United Milliken for the right to store up to a maximum of 2,500 acre feet of water in their reservoir located in Weld County (Milliken Reservoir). The Milliken Water Lease expires on October 31, 2115 and provides for a renewal option of two additional periods of 99 years each. Base rent is \$255,000 per lease year, adjusted based on the quantity of water actually stored. Payments are due annually on or before November 10 of each year, except for the initial year when the payment was due March 31, 2016. The initial payment of \$255,000 is payable to United Milliken at December 31, 2016.

In conjunction with the Milliken Water Lease, on November 24, 2015, the Authority entered into an Operating and Maintenance Agreement with United Milliken that sets forth the term and conditions upon which the Milliken Reservoir is to be operated and maintained and describes the pro rata sharing of usage of the Milliken Reservoir. The Authority is responsible for the operation, maintenance, repair and replacement of the Milliken Reservoir. Each user of the Milliken Reservoir is responsible to reimburse the Authority for its pro rata share of such costs based on the terms and conditions set forth in the Operating and Maintenance Agreement.

Water Lease Agreement

In February 2016, the Authority and United, acting by and through the United 70 Ranch water activity enterprise, entered into a water lease agreement (United Water Lease) for approximately 1,500 acre feet of water in the Milliken Reservoir. The United Water Lease expires on January 31, 2115 and provides for a renewal option for two additional periods of 30 years each. Base rent for the first year is determined based on the amount of acre feet delivered into and released from the Milliken Reservoir and will be mutually determined for each subsequent year.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS

Funding and Construction Agreement

On July 28, 2015, the Authority entered into a Funding and Construction Agreement with the 70 Ranch water activity enterprises of United, South Beebe and Sand Hills for a reservoir located in Weld County (70 Ranch Reservoir). Under the terms of the Funding and Construction Agreement, the Authority is the owner of the 70 Ranch Reservoir and is responsible for the design, bid, construction and installation of the 70 Ranch Reservoir. 70 Ranch owns the real property on which the 70 Ranch Reservoir is being built and has provided a perpetual easement to the Authority for the 70 Ranch Reservoir. The Authority has the responsibility to allocate the capacity of the 70 Ranch Reservoir (estimated to be 5,500 acre-feet of storage) between all of the customers and service users.

Funding for the project is to be provided by the Districts. The maximum construction contribution amount to be provided by Sand Hills and South Beebe from tax revenues received is \$16,500,000. United is obligated to advance funds for construction in excess of Sand Hills and South Beebe contributions in an amount sufficient to fully fund the construction costs. The Authority may require other users of the 70 Ranch Reservoir to contribute to the construction costs and will reimburse the Districts according to their pro rata contributions to the construction costs.

The 70 Ranch Reservoir is being constructed in two phases. Phase I began construction in April 2015 and as of the date of the Funding and Construction Agreement, phase I was substantially complete. It is estimated that phase II construction will be completed on or about December 2017. For the year ended December 31, 2016, the Authority received \$556,977 from Sand Hills and \$9,567,524 from South Beebe in accordance with this agreement.

Operating and Maintenance Agreement

On November 24, 2015, the Authority and United entered into an agreement whereby United has the right to use, and is responsible for the operation, maintenance and repair of the 70 Ranch Reservoir (O&M Agreement). The cost of operations, maintenance and repair is to be shared among all users based on their pro rata share of usage of the 70 Ranch Reservoir, as defined in the O&M Agreement.

The Authority retains the exclusive right to increase the size of the 70 Ranch Reservoir and related improvements at its sole expense and for its sole use. The Authority also has the right to construct, at its sole expense, one or more additional reservoirs, diversion structures, pipelines and other related improvements, and to grant easements, rights of way, leases or licenses in the area over which the 70 Ranch Reservoir is located. Such future improvements may be incorporated into the 70 Ranch Reservoir, and if incorporated, shall also be operated and maintained by United. Other users may use such improvements with written consent of the Authority. The Authority is required to ensure the continued diversion, storage and release of user's water according to terms defined in the O&M Agreement.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

After the initial construction of the 70 Ranch Reservoir, United shall be responsible for constructing or installing any necessary improvements. Future construction may include construction of diversion, delivery, additional storage and release infrastructure. Except for improvements constructed for United's sole use, each user shall be responsible for its pro rata share of the cost of any such improvements.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, 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. The Authority is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2016. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability and boiler and machinery coverage to its members.

The Authority pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 9 - 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 that 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 a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

The Authority's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

NOTE 10 - SUBSEQUENT EVENT

On September 6, 2017, United and South Beebe created Weld Adams Water Development Authority (WAWDA), a water resource authority. WAWDA was created for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services. To allow for the continued execution and satisfaction of certain contract and other obligations of PRWDA that benefit United and South Beebe, PRWDA and WAWDA entered into an intergovernmental agreement under which various ownership, contractual and budgeted obligations of PRWDA were assigned and delegated to WAWDA.

Some of the more significant assets, contracts and obligations assigned and contributed by PRWDA to WAWDA include:

- 1) all real property and easements except for any and all real property, water rights and easements in connection with the Subsurface Irrigation Efficiency Project (SIEP),
- 2) promissory note and related deed of trust from United Milliken Reservoir Enterprise, L.L.C. in the principal amount of \$8,500,000,
- 3) any and all water rights owned or leased by PRWDA,
- 4) funding and construction agreements for 70 Ranch Reservoir,
- 5) initial cash payment of \$400,000,
- 6) water lease storage, filling and grading agreement and operating and maintenance agreements, and
- 7) all capital construction projects currently in process.

The assignments and delegations were made upon a determination of the establishing entities that WAWDA was a more appropriate entity to hold and administer those assets and contracts.

This information is an integral part of the accompanying financial statements

SUPPLEMENTAL INFORMATION

PLATTE RIVER WATER DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2016

	<u>Budget Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Water lease	\$ -	\$ 11,397	\$ 11,397
Intergovernmental agreement revenues	8,125,760	10,124,501	1,998,741
Interest	1,000	255,000	254,000
Miscellaneous	-	15,037	15,037
Total revenues	<u>8,126,760</u>	<u>10,405,935</u>	<u>2,279,175</u>
EXPENDITURES			
Audit	-	4,100	(4,100)
District management and accounting	30,000	48,867	(18,867)
Dues and subscriptions	1,250	1,238	12
Engineering and consulting	-	101,412	(101,412)
Fuel	15,000	-	15,000
Insurance	5,000	5,719	(719)
Legal	20,000	84,185	(64,185)
Miscellaneous	4,000	1,611	2,389
Repairs and maintenance	40,000	78,108	(38,108)
Seed and supplies	15,000	11,881	3,119
Support services	150,000	241,986	(91,986)
Water storage lease	-	255,000	(255,000)
Utilities	15,000	4,976	10,024
<u>Capital outlay</u>			
Engineering and consulting	200,000	171,632	28,368
Equipment	-	25,886	(25,886)
Land/easement	-	547,538	(547,538)
SIEP building	-	825,503	(825,503)
Water project - Phase 2	3,000,000	1,076,183	1,923,817
Water project - Phase 3	2,250,000	-	2,250,000
Contingency	3,200,000	-	3,200,000
Total expenditures	<u>8,945,250</u>	<u>3,485,825</u>	<u>5,459,425</u>
NET CHANGE IN FUND BALANCE	(818,490)	6,920,110	7,738,600
FUNDS AVAILABLE - BEGINNING OF YEAR, RESTATED	<u>980,210</u>	<u>137,282</u>	<u>(842,928)</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 161,720</u>	<u>\$ 7,057,392</u>	<u>\$ 6,895,672</u>
		Current assets	\$ 7,861,995
		Current liabilities	(804,603)
			<u>\$ 7,057,392</u>

**PLATTE RIVER WATER DEVELOPMENT AUTHORITY
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year Ended December 31, 2016**

Revenues (budgetary basis)	\$ 10,405,935
Total revenues per Statement of Revenues, Expenses and Change in Fund Net Position	10,405,935
Expenditures (budgetary basis)	3,485,825
Depreciation	110,839
Capital outlay	(2,646,742)
Total expenses per Statement of Revenues, Expenses and Change in Fund Net Position	949,922
Change in net position	\$ 9,456,013