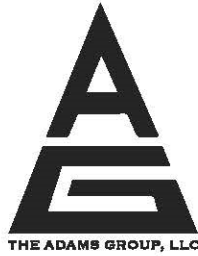


FRONT RANGE INFRASTRUCTURE AUTHORITY
Weld County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Front Range Infrastructure Authority
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Front Range Infrastructure Authority (the Authority) as of and for the year ended December 31, 2022, 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 respective financial position of the governmental activities and the major fund of the Front Range Infrastructure Authority, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison schedule for the General Fund, for the year 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 Auditors' 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 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 Authority'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.

Auditors' 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 auditors' 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 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 judgment, 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 opinions on the basic financial statements are not affected by this missing information.

The Adorno Group, LLC

Denver, Colorado
March 27, 2023

BASIC FINANCIAL STATEMENTS

FRONT RANGE INFRASTRUCTURE AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 27,946
Prepaid items	2,608
Total Assets	<u>30,554</u>
 <u>Liabilities</u>	
Accounts payable	2,834
Accrued liabilities	1,507
Total Liabilities	<u>4,341</u>
 <u>Net Position</u>	
Restricted	
Emergencies	30,000
Unrestricted	<u>(3,787)</u>
Total Net Position	<u>\$ 26,213</u>

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

FRONT RANGE INFRASTRUCTURE AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
General government	\$ 974,370	\$ -	\$ -	\$ -	\$ (974,370)
Total Governmental Activities	\$ 974,370	\$ -	\$ -	\$ -	(974,370)

GENERAL REVENUES:

Intergovernmental revenues	1,000,000
Other revenue	583
Total General revenues	1,000,583
Change in net position	26,213
Net Position, Beginning	-
Net Position, Ending	\$ 26,213

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

FRONT RANGE INFRASTRUCTURE AUTHORITY
GOVERNMENTAL FUND – BALANCE SHEET
DECEMBER 31, 2022

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 27,946
Prepaid items	2,608
Total Assets	\$ 30,554
 <u>Liabilities and fund balance</u>	
Liabilities:	
Accounts payable	\$ 2,834
Accrued liabilities	1,507
Total Liabilities	4,341
 Fund balance:	
Nonspendable	
Prepaid items	2,608
Restricted	
Emergencies	30,000
Unassigned	(6,395)
Total Fund Balance	26,213
Total Liabilities and Fund Balance	\$ 30,554
Total fund balance, governmental funds:	\$ 26,213
Total net position of governmental activities	\$ 26,213

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

FRONT RANGE INFRASTRUCTURE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>
<u>Revenues</u>	
Intergovernmental revenues	\$ 1,000,000
Other revenue	583
Total revenues	1,000,583
 <u>Expenditures</u>	
Current:	
Accounting	8,761
Intergovernmental expenses	950,000
Directors' fees	1,507
Dues and licenses	1,114
Insurance and bonds	1,286
Legal services	11,702
Total expenditures	974,370
Net change in fund balances	26,213
Fund balances - beginning	-
Fund balances - ending	\$ 26,213
Net change in fund balance - total governmental funds:	\$ 26,213
Change in net position of governmental activities	\$ 26,213

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

FRONT RANGE INFRASTRUCTURE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental revenues	\$ 1,000,000	\$ 1,000,000	\$ -
Other revenue	-	583	583
Total revenues	<u>1,000,000</u>	<u>1,000,583</u>	<u>583</u>
<u>Expenditures</u>			
Current:			
Accounting	8,000	8,761	(761)
Intergovernmental expenses	950,000	950,000	-
Directors' fees	-	1,507	(1,507)
Dues and licenses	500	1,114	(614)
Insurance and bonds	2,000	1,286	714
Legal services	9,500	11,702	(2,202)
Emergency reserve	30,000	-	30,000
Total expenditures	<u>1,000,000</u>	<u>974,370</u>	<u>25,630</u>
Net change in fund balances	-	26,213	26,213
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 26,213</u>	<u>\$ 26,213</u>

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

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – DEFINITION OF REPORTING ENTITY

Front Range Infrastructure Authority (Authority), an infrastructure authority, was established on November 17, 2020 in accordance with the provisions of Colorado Revised Statutes §29-1-203.5, *et seq.* The Authority was formed pursuant to an establishing contract by and between the Platte River Metropolitan District (Platte River) and Real Weld Metropolitan District (Real Weld), each a quasi-municipal corporation and political subdivision of the State of Colorado. The purposes of the Authority is to finance, design, construct, acquire, operate, maintain, own, and use public improvements to serve recreational functions, services, facilities and program within Weld County, or in other areas of northern Colorado as approved by the Weld County Board of County Commissioners . The Authority is a political subdivision and public corporation of the State of Colorado separate from the parties to the establishing contract.

Under the terms of the establishing contract and the first amended and restated establishing contract dated March 1, 2022, Platte River and Real Weld (collectively, the Districts) each shall appoint a director and each appointee shall appoint one additional director. One additional director shall be appointed by a majority vote of those directors of the Board in attendance at the meeting where the appointment is made. The director appointed by the Board may be a director of the Districts, an engineer, attorney, manager, accountant, or other consultant of Platte River and Real Weld or an individual with expertise in the area of infrastructure development in Colorado.

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.

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.

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority. Governmental activities are normally supported by intergovernmental revenues.

The statement of net position reports all financial and capital resources of the Authority. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of December 31, 2022, the Authority had no sources of revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental fund:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government.

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. The budget includes each fund on its basis of accounting unless otherwise indicated.

Assets, Liabilities, and Fund Balance / Net Position

Cash Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. At December 31, 2022, the value of investments reported by the Authority was \$0.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Accrued Payroll

Accrued payroll as of December 31, 2022 represents payments owed to Directors as of the end of the fiscal year.

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances – Governmental Fund

The Authority's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact. The Authority has recorded nonspendable fund balance of \$2,608 in the General Fund related to prepaid items for payments made prior to December 31, 2022.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation. The restricted fund balance in the General Fund in the amount of \$30,000 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 8).

Committed fund balance – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level of action to remove or change the constraint. The Authority had no items reported as committed as of December 31, 2022.

Assigned fund balance – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority's Board of Directors or by an official or body to which the Authority Board of Directors delegates the authority. The Authority had no items reported as assigned as of December 31, 2022.

Unassigned fund balance – amounts that are available for any purpose. At December 31, 2022, the Authority had a deficit unassigned fund balance of \$6,395.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority's Board of Directors has provided otherwise in its commitment or assignment actions.

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Authority can report up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. As of December 31, 2022, the Authority had no capital assets and therefore, no net investment in capital assets reported.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Authority.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority will use the most restrictive net position first.

Current Year GASB Pronouncement

For the year ended December 31, 2022, the Authority adopted the provisions of GASB Statement No. 87, *Leases*, which is effective for financial statement periods beginning after June 15, 2021. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. For the year ended December 31, 2022, the implementation of the new standard had no material impact on the Authority.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022, are classified in the accompanying statement of net position as follows:

Deposits with financial institutions	\$ 27,946
Total cash deposits	<u>\$ 27,946</u>

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2022, the Authority's cash deposits had a bank balance of \$27,946.

NOTE 4 – NET POSITION

The Authority's net position consists of two components – restricted and unrestricted.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The Authority's restricted net position at December 31, 2022, consists of \$30,000 for emergency reserves.

As of December 31, 2022, the Authority had an unrestricted deficit of \$3,787.

NOTE 5 – RELATED PARTIES

Members of the Board of Directors of the Authority are also members of the Board of Directors for the Platte River Metropolitan District, Real Weld Metropolitan District, and/or the Bromley Companies, and/or Bromley Park Industrial Land Company, LLC, and/or RAL Holdings, LLC, (referred to herein as the Affiliates) and may have conflicts of interest in dealing with the Authority. Specific details of transactions with the Affiliates regarding organization, advances, and payments are described elsewhere in these notes.

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 – INTERGOVERNMENTAL REVENUES

During the year ended December 31, 2022, the Authority received \$1,000,000 from the Platte River Metropolitan District. \$950,000 was subsequently passed through the Authority to Real Weld Metropolitan District

NOTE 7 – 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). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members.

The Authority pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation 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 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, except Enterprises.

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 Authority's eligible electors 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).

Pursuant to existing law, it has determined that entities such as the Authority are not "districts" within the meaning of TABOR. At the Member District Elections, each Member District's approved election questions authorize such Member District to retain excess revenues which may otherwise be required by TABOR to be refunded to taxpayers.

FRONT RANGE INFRASTRUCTURE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

In addition, as required by TABOR, each Member District’s obligations under the Establishment Agreement were approved by the voters of the applicable Member District at the applicable Member District Election.

TABOR is complex and subject to interpretation. Many of the provisions will require judicial interpretation. TABOR also could have an impact on the amount of Intergovernmental Revenue’s the Member Districts transfer to the Authority.