

WELD ADAMS WATER DEVELOPMENT AUTHORITY

Weld and Adams Counties, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Weld Adams Water Development Authority
Weld and Adams Counties, Colorado

Opinions

We have audited the accompanying financial statements of the Weld Adams Water Development Authority (the Authority) as of and for the year ended December 31, 2024, 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 Authority, as of December 31, 2024, and the respective changes in financial position and cash flows thereof 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 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

Greenwood Village, Colorado
March 28, 2025

BASIC FINANCIAL STATEMENTS

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents - Unrestricted	\$ 2,596,313
Accounts Receivable	99,055
Prepaid insurance	20,672
Total Current Assets	2,716,040

NONCURRENT ASSETS

Capital Assets:	
Capital Assets Not Being Depreciated	30,264,763
Capital Assets Net of Depreciation	8,486,044
Total Capital Assets	38,750,807
Total Noncurrent Assets	38,750,807
Total Assets	\$ 41,466,847

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 24,580
Total Current Liabilities	24,580

NET POSITION

Net Investment in Capital Assets	38,750,807
Unrestricted	2,691,460
Total Net Position	41,442,267
Total Liabilities and Net Position	\$ 41,466,847

See accompanying Notes to Basic Financial Statements.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024**

OPERATING REVENUES	
Reimbursed Expenses	\$ 1,001
Miscellaneous Revenue	4,862
Lease Revenue	99,055
Total Operating Revenues	104,918
OPERATING EXPENSES	
Direct Expenses:	
District management	71,599
Legal	114,735
Miscellaneous	28
Insurance	20,479
Repairs and maintenance	28,910
Small tools and supplies	374
Water usage expense	61,479
Depreciation expense	377,549
Administration and General Expenses:	
Accounting	42,626
Auditing	9,500
Accounting consulting	17,745
Directors' fees	1,830
Dues and membership	1,238
Total Operating Expenses	748,092
OPERATING LOSS	(643,174)
NONOPERATING REVENUES AND EXPENSES	
Intergovernmental Revenues	1,700,000
Intergovernmental Expenses	(11,204)
Interest income	86,415
Total Nonoperating Revenues and Expenses	1,775,211
CHANGE IN NET POSITION	1,132,037
Total Net Position - Beginning of Year	40,310,230
TOTAL NET POSITION - END OF YEAR	\$ 41,442,267

See accompanying Notes to Basic Financial Statements.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Miscellaneous Cash Receipts	\$ 186,062
Payments to Suppliers	<u>(163,577)</u>
Net Cash Provided by Operating Activities	22,485

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Interest Received	<u>113,422</u>
Net Cash Provided by Noncapital Financing Activities	113,422

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental Cash Receipts	<u>1,700,000</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,700,000</u>

INCREASE IN CASH AND CASH EQUIVALENTS

1,835,907

Cash and Cash Equivalents - Beginning of Year

760,406

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,596,313

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Loss	\$ (643,174)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	377,549
(Increase) Decrease in:	
Accounts Receivable	81,144
Prepaid Expense	213,954
Increase (Decrease) in:	
Accounts Payable	<u>(6,988)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 22,485</u></u>

See accompanying Notes to Basic Financial Statements.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

Weld Adams Water Development Authority (the Authority or WAWDA), was created under an establishing contract, as amended, between South Beebe Draw Metropolitan District, United Water & Sanitation District, and Platte River Metropolitan District pursuant to the provisions of Section 29-1-204.2, C.R.S. to cooperate or contract with one another to establish a water resource development authority. 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 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.

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

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.

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.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the definition of operating revenues and expenses, including contributed revenue and intergovernmental revenue, are reported as non-operating revenues and expenses.

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 and other financing uses 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.

Cash Equivalents

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

Capital Assets

Capital assets reported by the Authority include land and easements, water rights, land improvements (e.g. pipelines, roads, wells, and similar items), buildings, equipment and vehicles, and reservoir improvements. 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:

Reservoir Improvements	15 to 30 Years
Buildings	30 to 40 Years
Equipment	5 to 15 Years

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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 acquisition value or estimated acquisition value of the asset when contributed. During the year ended December 31, 2024, no capital contributions were received by the Authority.

Long-Term Obligations

In the proprietary fund statements, long-term obligations are reported as liabilities when new debt is issued. Premium and discounts are deferred and amortized over the life of the debt using the effective interest rate method. Debt issuance costs are recorded as an expense in the period they are incurred.

Net Position

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

Net Investment in Capital Assets – reflects the portion of net position associated with capital assets, less outstanding capital asset related debt.

Restricted Net Position – considered restricted if their use is contained to a particular purpose. Restrictions imposed by external organizations.

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 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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying statement of net position as follows:

Statement of Net Position:

Cash and Investments	\$ 2,596,313
Total Cash and Investments	<u>\$ 2,596,313</u>

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2024, consist of the following:

Deposits with Financial Institutions	\$ 570,219
Investments	<u>2,026,094</u>
Total Cash and Investments	<u>\$ 2,596,313</u>

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 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, 2024, the Authority's cash deposits had a bank balance and carrying balance of \$570,219.

Investments

The Authority has adopted a formal investment policy which follows state statutes regarding investments.

The Authority generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 2,026,094
		<u>\$ 2,026,094</u>

COLOTRUST

The Authority invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the Authority records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 5,446,129	\$ -	\$ -	\$ 5,446,129
Land Improvements	16,318,634	-	-	16,318,634
Water Storage	-	8,500,000	-	8,500,000
Total Capital Assets, Not Being Depreciated	21,764,763	8,500,000	-	30,264,763
Capital Assets, Being Depreciated:				
Equipment	98,219	-	-	98,219
Reservoir Improvements	8,200,000	-	-	8,200,000
Buildings	2,413,022	-	-	2,413,022
Total Capital Assets, Being Depreciated	10,711,241	-	-	10,711,241
Less Accumulated Depreciation for:				
Equipment	96,447	1,772	-	98,219
Reservoir Improvements	1,462,222	313,334	-	1,775,556
Buildings	288,979	62,443	-	351,422
Total Accumulated Depreciation	1,847,648	377,549	-	2,225,197
Total Capital Assets, Being Depreciated, Net	8,863,593	(377,549)	-	8,486,044
Business-Type Activities Capital Assets, Net	<u>\$ 30,628,356</u>	<u>\$ 8,122,451</u>	<u>\$ -</u>	<u>\$ 38,750,807</u>

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM RECEIVABLE

Promissory Note

On November 24, 2015, Platte River Water Development Authority (PRWDA) received \$8,500,000 from United Water and Sanitation District and subsequently loaned the entire amount to United Milliken Reservoir Enterprise, L.L.C. (United Milliken), a related party (see Note 7). The note was transferred to the Authority effective September 26, 2017.

The promissory note bears interest at the rate of three percent (3%) simple interest per annum. Accrued interest on the note 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.

On March 28, 2024, United Milliken Reservoir Enterprise conveyed 2,500 acre-feet of storage capacity in a portion of Milliken Reservoir to the Authority by way of a Special Warranty Deed. Pursuant to the Deed of Trust issued in connection with the Promissory Note, the conveyance of 2,500 acre-feet of storage was an "In-Lieu Storage Payment" that satisfied in full the outstanding note receivable in the amount of \$8,500,000. Upon the conveyance of the storage capacity to the Authority, the Authority released the deed of trust and cancelled the promissory note as paid in full.

NOTE 6 NET POSITION

The Authority has net position consisting of two components - net investment in capital assets and unrestricted.

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024 the Authority had net investment in capital assets calculated as follows:

	Business- Type Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 38,750,807
Net Investment in Capital Assets	\$ 38,750,807

The unrestricted component of net position is the net amount of the assets, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 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.

Long-Term Water Storage Agreement

On November 24, 2015, PRWDA 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 was transferred to the Authority effective September 26, 2017.

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 year, adjusted based on the quantity of water actually stored. Payments are due annually on or before November 10 of each year. Upon recordation of the March 28, 2024 Special Warranty Deed conveying the 2,500 acre-feet of storage capacity from United Milliken to the Authority, the Authority's obligation to make annual payments for the Base Rent were terminated

In conjunction with the Milliken Water Lease, on November 24, 2015, PRWDA entered into an operating and maintenance agreement with United Milliken that set forth the term and conditions upon which the Milliken Reservoir was to be operated and maintained and describes the pro rata sharing of usage of the Milliken Reservoir. The operating and maintenance agreement was transferred to the Authority effective September 26, 2017. 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 Storage Lease Agreement

In February 2016, PRWDA and United Water and Sanitation District, acting by and through the United 70 Ranch Water Activity Enterprise, entered into a water agreement (United Water Agreement)) under which United leased approximately 1,500-acre feet of water in the Milliken Reservoir from PRWDA. The United Water Agreement was transferred to the Authority effective September 26, 2017. The United Water Agreement expires on January 31, 2115 and provides for a renewal option for two additional periods of 30 years each. The Base Rent paid to the Authority for the storage is determined based on the amount of acre feet delivered into and released from the Milliken Reservoir by United and is mutually determined each year.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

The Authority is the owner of the 70 Ranch Reservoir. 70 Ranch owns the real property on which the 70 Ranch Reservoir was built on 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. On November 24, 2015, PRWDA and United Water and Sanitation entered into an agreement whereby United had the right to use, and was responsible for the operation, maintenance, and repair of the 70 Ranch Reservoir (O&M Agreement). The O&M Agreement was transferred to the Authority effective September 26, 2017.

Funding for the 70 Ranch Reservoir was provided by the Districts. 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.

Operating and Maintenance 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.

United is responsible for constructing or installing any additional 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.

Consolidated Infrastructure Agreement

On November 28, 2018, the Authority, United Water and Sanitation, ECCV and Arapahoe County Water and Wastewater Authority (ACWWA) entered into a Consolidated Infrastructure Agreement (CIA).

The Authority and United own or have contractual rights in certain real, equitable and personal property interests, a portion of which interests have or will be conveyed to ECCV and ACWWA.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Consolidated Infrastructure Agreement (Continued)

The purpose of the CIA is to identify the rights and obligations of each party to the CIA related to the water diversion, delivery, and storage system (Infrastructure) as described in the CIA. Additional Infrastructure may be included in the CIA by written agreement. The CIA outlines the conditions, restrictions, reservations, and obligations for the purpose of furthering a plan for the use of the Infrastructure and its operation, maintenance, repair and replacement.

The Authority and United will administer, operate, and maintain all Infrastructure in accordance with the terms and conditions of the CIA unless upon written agreement the obligation for certain Infrastructure is assigned to another party. The Authority or United will be reimbursed for its prorata share of such costs as outlined in the CIA.

NOTE 9 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. Settled claims have not exceeded this 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.

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or "TABOR").

In general, TABOR restricts the ability of the state and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR applies to the state and most local governments, but does not apply to "enterprises," defined as government owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined. TABOR also does not apply to local governments or other entities which are not within the definition of a "district" in TABOR.

Pursuant to existing case law, it has been determined that entities such as the Authority are not "districts" within the meaning of TABOR and therefore TABOR is inapplicable to the Authority. 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. 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.

SUPPLEMENTARY INFORMATION

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 2,700,000	\$ 1,700,000	\$ (1,000,000)
Lease Revenue	255,000	99,055	(155,945)
Miscellaneous Revenue	5,000	4,862	(138)
Interest Income	5,000	86,415	81,415
Reimbursed Expenses	2,500	1,001	(1,499)
Total Revenues	2,967,500	1,891,333	(1,076,167)
EXPENDITURES			
Administration and General:			
Accounting	72,000	42,626	29,374
Accounting Consulting	65,000	17,745	47,255
Auditing	10,500	9,500	1,000
Repairs And Maintenance	80,000	28,910	51,090
Dues And Membership	1,500	1,238	262
Directors' Fees	2,500	1,830	670
Insurance	35,000	20,479	14,521
Legal	350,000	114,735	235,265
District Management	140,000	71,599	68,401
Miscellaneous	10,500	28	10,472
Surveys And Locates	5,000	-	5,000
Utilities	2,500	-	2,500
Banking Fees	500	-	500
Small Tools And Supplies	-	374	(374)
Water Usage Expense	255,000	61,479	193,521
Intergovernmental Expenses	-	11,204	(11,204)
Capital Expenditures/Outlay:			
Capital Outlay	2,500,000	-	2,500,000
Total Expenditures	3,530,000	381,747	3,148,253
NET CHANGE IN FUND BALANCE	(562,500)	1,509,586	2,072,086
Fund Balance - Beginning of Year	1,707,664	1,181,874	(525,790)
FUND BALANCE - END OF YEAR	\$ 1,145,164	\$ 2,691,460	\$ 1,546,296

**WELD ADAMS WATER DEVELOPMENT AUTHORITY
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024**

	<u>Actual</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES) (BUDGETARY BASIS)	\$ 1,509,586
Deduct:	
Depreciation	(377,549)
CHANGE IN NET POSITION	1,132,037
Total Net Position - Beginning of Year	40,310,230
TOTAL NET POSITION - END OF YEAR	\$ 41,442,267