

**LA PLATA WEST WATER AUTHORITY**

ANNUAL FINANCIAL REPORT

**DECEMBER 31, 2020 AND 2019**





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## Independent Auditor's Report

Members of the Board of Directors  
La Plata West Water Authority

### Opinion

We have audited the accompanying financial statements of the business-type activities of La Plata West Water Authority as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of La Plata West Water Authority, as of December 31, 2020, 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.

### Prior Period Financial Statements

The financial statements of La Plata West Water Authority as of December 31, 2019 were audited by other auditors whose report dated September 29, 2020 expressed an unmodified opinion on those statements

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of La Plata West Water Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 La Plata West Water Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 La Plata West Water 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 La Plata West Water Authority's ability to continue as a going concern for a reasonable period of time.

### **Other-Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

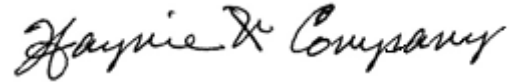
#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise La Plata West Water Authority's financial statements as a whole. The budgetary comparison schedule and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July 22, 2021, on our consideration of La Plata West Water Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering La Plata West Water Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado  
July 22, 2021

## **La Plata West Water Authority Management's Discussion and Analysis**

As management of the La Plata West Water Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2020, with comparative information presented for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Authority.

The Authority is an independent political subdivision operating under the statutes governing water authorities of the State of Colorado that was formed under an Establishment Agreement dated November 30, 2007. It began operations in January 2008.

The Authority intends to continue a long history of work to develop a domestic water system in rural southwest La Plata County. The proposed water system may also serve the Southern Ute Indian Tribe and the Ute Mountain Ute Tribe.

### **Water Intake Structure**

In July, 2009, the Authority completed construction of a water intake structure at Lake Nighthorse which was funded by grants of \$1,100,000 from the State of Colorado, \$69,000 from the Southwestern Water Conservation District, \$3,000,000 from the Southern Ute Indian Tribe (SUIT) and \$1,500,000 from the Ute Mountain Ute Tribe (UMUT).

The Authority entered into an agreement with the Ute Tribes during 2013 that specifies ownership of the intake structure is to be proportional to the funding provided by the entities in prior years for the construction of the intake structure. As a result, the intake structure is owned 52.9% by the SUIT, 26.5% by the UMUT, and 20.6% by the Authority. The costs incurred by the Ute Tribes of \$4,341,802 for the construction had previously been recorded as a capital asset and contribution income by the Authority, and a prior period adjustment as of December 31, 2013 had been recorded to remove this amount from capital assets and net position on the Authority's financial statements.

### **Remaining Phases of the Water System**

During 2013 and 2014, The Authority, the Ute Tribes and Lake Durango Water Authority (LDWA) entered into agreements whereby the Authority will supervise the construction of raw water pipelines between the intake structure and Lake Durango. The pipelines will provide access for the Authority and LDWA to water for domestic use with the portion of the pipelines being funded by the Ute Tribes providing for long-term capacity for Tribal use. The Ute Tribes and LDWA committed \$2,000,000 and \$2,800,000, respectively, toward this project. Construction of the pipelines began late fall of 2016 with an expected completion date of October 2018.

The Authority began in November 2018 Phase 1, the pipeline construction for the domestic water system for rural southwest La Plata County. The remaining phases will take place over the next several years. LPWWA has received funding from U.S.D.A. Rural Development. The project was completed in September 2020.

## La Plata West Water Authority Management's Discussion and Analysis

### Overview of the Financial Statements

The financial statements of the Authority are presented as a special purpose government engaged only in business-type activities – providing domestic water services to certain areas of La Plata County.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases and decreases in Net Position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall position of the Authority.

The *Statement of Revenues, Expenses, and Changes in Net Position* reports the changes that have occurred during the year to the Authority's Net Position. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* reports the Authority's cash flows from operating, noncapital financing, capital, and investing activities.

### FINANCIAL SUMMARY AND ANALYSIS

These financial statements distinguish functions of the Authority that will be principally supported by charges for services, grant resources, and other fees. The functions of the Authority include effective and economical operation of the Authority's services within the jurisdictional boundaries of the Authority. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Current assets	\$ 426,520	\$ 977,303
Non-current assets	<u>9,390,044</u>	<u>8,654,626</u>
<i>Total assets</i>	<u>9,816,564</u>	<u>9,631,929</u>
<b>Liabilities</b>		
Current liabilities	271,351	814,283
Long-term liabilities	<u>3,039,810</u>	<u>3,090,493</u>
<i>Total liabilities</i>	<u>3,311,161</u>	<u>3,904,776</u>
<b>Net Position</b>		
Net investment in capital assets	6,270,589	5,559,687
Unrestricted	<u>234,814</u>	<u>167,466</u>
<i>Total net position</i>	<u>\$ 6,505,403</u>	<u>\$ 5,727,153</u>

The largest portion of the Authority's Net Position is the net investment in capital assets.

## La Plata West Water Authority Management's Discussion and Analysis

	2020	2019
<b>Revenue</b>		
Operating revenues	\$ 80,274	\$ -
Non-operating revenues	<u>989,967</u>	<u>238,375</u>
<i>Total Revenue</i>	<u>1,070,241</u>	<u>238,275</u>
<b>Expenses</b>		
Operating expenses	245,937	49,313
Non-operating expenses	<u>48,054</u>	<u>3,405</u>
<i>Total Expenses</i>	<u>293,991</u>	<u>52,718</u>
<b>Capital Contributions</b>	<u>2,000</u>	<u>115,500</u>
<i>Change in Net Position</i>	778,250	301,057
<b>Net Position</b> -beginning of year	<u>5,727,153</u>	<u>5,426,096</u>
<b>Net Position</b> – end of year	<u>\$ 6,505,403</u>	<u>\$ 5,727,153</u>

### Revenues

The Authority has two major revenue sources: (1) water sales and (2) grants and contributions. Fees include Monthly Water Subscriptions. The Authority charges for domestic water used by the customers within its jurisdiction.

### Expenses

The Authority's major expenses consist of professional fees, depreciation, and repairs and pipeline operation and maintenance costs.

The overall financial position of the Authority has increased.

### Capital Assets and Long-Term Debt

2016 marked the year LPWWA began supervising the construction of raw water pipelines between the intake structure and Lake Durango. The construction was met with some delays, including wildlife migration, Eagle nesting and rock blasting. LPWWA receive a \$500,000 grant to up-size an 8" pipeline segment to a 16" pipeline that will improve the capacity for our domestic project in the near term. This project was substantially completed July 17, 2019 with all the pipeline installed, road and an Intake Structure building completed. A few outstanding construction repairs were completed in 2020 after a Memorandum of Agreement was completed by the Bureau of Reclamation and SHIPO. Early in 2017 LPWWA submitted the Preliminary Engineering Report (PER) Pipeline for Phase 1, the Environmental Assessment (EA) and Cultural Study to USDA. A majority of the work we did in 2017 was to acquire easements from land owners, hire an attorney to develop required bond for our construction loan, find a bank or other institution to cover the construction loan and to develop a Right of Way map that corresponded to the easements. On March 30th 2017 we received our "Letter of Conditions" that we reviewed and accepted. We were to have concluded those conditions by August 30th but required an extension to December 30th, 2017 which was granted.



## **La Plata West Water Authority Management's Discussion and Analysis**

The final acceptance for the LOC with Amendments to the March 30th, 2018 LOC was September 27, 2018. We broke ground with our new contractor for Phase 1 of the rural domestic water delivery system on November 5th, 2018. We restructured the basis of the construction project which now includes two separate contractors; one for the distribution pipeline and a second contract with a different contractor for the Water Storage Tank. This actual helped reduce the project costs, albeit the first bids were well over anticipated cost.

The final funding and budget from USDA includes:

Applicant:	\$1,162,000
Loan #01:	\$2,754,000
Grant #02:	\$ 510,000
Grant #03:	<u>\$ 700,000</u>
	\$5,126,000

Our local bank; TBK Bank financed our 'Construction Loan' as the interim funding source. The first monies to be expended are the Applicant Contributions, then the construction loan of \$2,754,000. Costs needed for the project above that amount will come out of the grant funds. During December of 2019, the construction loan was spent, and USDA paid off the construction loan with TBK Bank as per the loan specifications. This fact concludes that Federal Funds in excess of \$750,000 qualified LPWWA for a Single Audit in 2019. Expenditure of grant funds in 2020 qualified LPWWA for a Single Audit in 2020.

### **Future Operations**

The Authority expects that it will take several years to construct all remaining phases of the domestic water system. Funding for operating expenses will come from the Base Rate Fee, water usage fee, small grants, and contributions. We look to the future for a water treatment plant. The Board of Directors is actively preparing and researching a possible 'water dock station' to help serve the community, if it is determined feasible and noncompetitive to selling taps, our main objective.

### **BUDGETARY HIGHLIGHTS**

The Authority prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay, in addition to operations and non-operating revenue and contributions.

- 2020 operating revenue was lower than budgeted primarily due to delays in pipeline completion.
- 2020 pipeline operating expense were lower than budgeted due to the same delays in pipeline completion.

# **La Plata West Water Authority Management's Discussion and Analysis**

## **REQUESTS FOR INFORMATION**

This financial report is designed to give its readers a general overview of the Authority's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to: Mardi Gebhardt, Board President, La Plata West Water Authority, 555 County Road 122, Hesperus, CO 81326.

## **Basic Financial Statements**

# La Plata West Water Authority

## Statement of Net Position December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 355,445	\$ 713,143
Receivables		
Customers	69,857	61,790
Grants	-	153,605
Unbilled project costs	-	48,765
Prepaid expense	1,218	-
Total Current Assets	<u>426,520</u>	<u>977,303</u>
<b>Non-Current Assets:</b>		
Restricted cash - water tap deposits	182,828	184,650
Restricted cash - project funds held for others	108,476	156,289
Water intake and distribution system, net	9,098,740	8,313,687
Net Capital Assets	<u>9,390,044</u>	<u>8,654,626</u>
Total Assets	<u>\$ 9,816,564</u>	<u>\$ 9,631,929</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 33,352	\$ 619,861
Retainage payables	158,354	158,354
Grant revenue received in advance	-	6,775
Accrued interest on note payable	73,145	29,293
Notes payable - current portion	53,636	-
Total Current Liabilities	<u>318,487</u>	<u>814,283</u>
<b>Long-term Liabilities:</b>		
Cash held for others, project funds	109,347	156,515
Water tap deposits	176,463	179,978
Loan payable	2,706,864	2,754,000
Total Long-term Liabilities	<u>2,992,674</u>	<u>3,090,493</u>
<b>Net Position</b>		
Net investment in capital assets	6,270,589	5,559,687
Unrestricted	234,814	167,466
Total Net Position	<u>6,505,403</u>	<u>5,727,153</u>
Total Liabilities and Net Position	<u>\$ 9,816,564</u>	<u>\$ 9,631,929</u>

**La Plata West Water Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenue:</b>		
Raw water pipeline usage	\$ 80,274	\$ -
Total Operating Revenue	<u>80,274</u>	<u>-</u>
<b>Operating Expenses:</b>		
Professional fees	86,864	40,100
Insurance expense	24,097	1,806
Computer and internet expense	4,200	1,695
Operations and maintenance for raw water pipeline	24,193	2,390
Pipeline other operating expenses	27,420	1,008
Depreciation expense	53,494	-
Other expenses	<u>25,669</u>	<u>2,314</u>
Total Operating Expenses	<u>245,937</u>	<u>49,313</u>
Operating Income (Loss)	<u>(165,663)</u>	<u>(49,313)</u>
<b>Non-operating Revenue and Expenses:</b>		
Grants and contribution income	965,922	216,330
Interest income	7,062	1,507
Interest (expense)	(47,588)	(3,405)
Operating expense reimbursements	16,983	929
Other income (expense)	<u>(466)</u>	<u>19,509</u>
Net Non-operating Revenues and Expenses	<u>941,913</u>	<u>234,870</u>
<b>Income Before Capital Contributions</b>	776,250	185,557
<b>Capital Contributions</b>	2,000	115,500
<b>Change in Net Position</b>	778,250	301,057
<b>Net Position —beginning of year</b>	<u>5,727,153</u>	<u>5,426,096</u>
<b>Net Position —end of year</b>	<u>\$ 6,505,403</u>	<u>\$ 5,727,153</u>

The accompanying notes are an integral part of these statements.

**La Plata West Water Authority**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 274,577	\$ -
Cash paid to suppliers for goods and services	<u>(763,654)</u>	<u>(45,991)</u>
Net Cash From Operating Activities	<u>(489,077)</u>	<u>(45,991)</u>
Cash Flows from Capital and Related Financing Activities:		
Grants and contributions received	895,147	254,369
Project funds disbursed on behalf of others	(47,168)	(12,116)
Water tap subscriptions	-	72,229
Purchase of capital assets	(838,546)	(3,619,184)
Proceeds from debt issuance	72,500	2,754,000
Interest paid on capital debt	(3,736)	(3,752)
Other	<u>(3,515)</u>	<u>17,009</u>
Net Cash From Capital and Related Financing Activities	<u>74,682</u>	<u>(537,445)</u>
Cash Flows from Investing Activities:		
Interest income received	<u>7,062</u>	<u>1,507</u>
Net Cash From Investing Activities	<u>7,062</u>	<u>1,507</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(407,333)</b>	<b>(581,929)</b>
Cash and Cash Equivalents—beginning of year	<u>1,054,082</u>	<u>1,636,011</u>
Cash and Cash Equivalents—end of year	<u><u>\$ 646,749</u></u>	<u><u>\$1,054,082</u></u>
<b>Reconciliation of Net Operating Income to</b>		
<b>Net Cash From Operating Activities:</b>		
Operating income (loss)	\$ (165,663)	\$ (49,313)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	53,494	-
Changes in assets and liabilities:		
Accounts receivable	194,303	-
Reimbursement of operating expenses	16,517	929
Prepaid expenses	(1,218)	-
Accounts payable	<u>(586,510)</u>	<u>2,393</u>
Total Adjustments	<u>(323,414)</u>	<u>3,322</u>
<b>Net Cash From Operating Activities</b>	<u><u>\$ (489,077)</u></u>	<u><u>\$ (45,991)</u></u>

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

# La Plata West Water Authority

## Notes to Basic Financial Statements

### December 31, 2020 and 2019

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#### 1. Organization

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##### **Organization**

The La Plata West Water Authority (the “Authority”) was formed under an Establishment Agreement dated November 30, 2007 by the Animas La Plata Conservancy District and the La Plata Water Conservancy District. The Authority is an independent political subdivision operating under the statutes governing water authorities of the State of Colorado and has its own governing board members, a majority of which are appointed by the contracting parties to the Establishment Agreement.

The mission of the Authority is to continue a long history of work to develop a domestic water system in rural southwest La Plata County. The proposed water system may also serve the Southern Ute Indian Tribe, the Ute Mountain Ute Tribe, and northern San Juan County in New Mexico. In July of 2009, the Authority completed construction of the raw water intake structure at Lake Nighthorse Reservoir and that is the first phase of construction of the system.

##### **Reporting Entity**

The financial statements include only the Authority, as there are no component units required to be included in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

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#### 2. Significant Accounting Policies

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##### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Authority uses one fund to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. The District's fund is classified as an enterprise fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**2. Summary of Significant Accounting Policies (continued)**

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capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and the unrestricted resources as they are needed.

The District reports all activity in one enterprise fund which is a proprietary fund type.

**Cash and 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.

**Deposits and Investments**

Colorado law authorizes the Authority to invest in obligations of the United States, State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions, and local government investment pools. House bill 1056 expanded the list of investments that are legal for local governments.

**Accounts Receivable**

Accounts receivable consist of amounts due from various customers from water sales, tap sales, and acquisition fees. They are stated net of an allowance for doubtful accounts. As of December 31, 2020, management believes all accounts receivable are fully collectible; therefore, no allowance for doubtful accounts has been recorded.

**Grants**

Grant revenue consists of funding provided to the Authority by various governmental agencies to assist the Authority in providing domestic water services. Grant revenue is recorded when amounts become known and due to the Authority. Grant receivables are recorded when the capital project costs are incurred prior to the receipt of funds.

**Capital Assets**

Capital assets include assets with an estimated useful life of more than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives 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 useful lives of 40 to 60 years for the water intake and pipeline systems.

**Net Position**

The Authority's Net Position is classified as follows:



**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**2. Summary of Significant Accounting Policies (continued)**

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Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

Restricted Net Position – Restricted expendable net position includes resources in which the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from general Authority revenues. The resources are used to conduct the Authority's operations.

Use of Restricted/Unrestricted Net Position – When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted net position first.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Budgets**

The Authority adheres to the following procedures in establishing its annual budget:

1. In accordance with State statutes, prior to October 15, the Treasurer submits to the Board of Directors a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means to finance them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The state statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for budgetary purposes is at the fund level.
2. Public hearings are conducted by the Board to obtain public comments.
3. The Treasurer is required to present a monthly report to the Board of Directors explaining any variance from the approved budget.
4. Prior to December 31, the budget is legally enacted through passage of a resolution.
5. State statutes require the adoption of a summary budget for proprietary funds
6. Appropriations lapse at the end of each calendar year.
7. The Authority may authorize supplemental appropriations during the year.

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**2. Summary of Significant Accounting Policies (continued)**

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Budgetary Basis of Accounting

While the Authority reports net position, results of operations and changes in net position on the basis of accounting principles generally accepted in the United State of America (U.S. GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements.

The Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual (Budgetary Basis) presented as

supplemental information is presented on the budgetary basis to provide meaningful comparison of actual results with the budget.

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**3. Cash and Investments**

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Custodial Credit Risk – Deposits

The Colorado Public Deposit Protection Act (PDPA) governs the Authority’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposit insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking is 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, 2020 and 2019, the Authority had carrying balances and bank balances as follows:

	Carrying Balance	Bank Balance
<b>2020</b>		
Cash and equivalents	\$ 355,445	\$ 355,507
Restricted cash	291,304	290,204
<b>2019</b>		
Cash and equivalents	\$ 713,143	\$ 277,754
Restricted cash	340,939	12,125

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**3. Cash and Investments (continued)**

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The Authority maintains cash balances at local financial institutions which are insured by the FDIC up to \$250,000 per institution. At year-end \$500,000 of the Authority's bank balance was covered by FDIC insurance and the remaining bank balance was covered by the PDPA.

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**4. Capital Assets**

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A summary of changes in capital assets for 2020 follows:

	<b>Balance December 31, 2019</b>	<b>Additions/ (Deletions)</b>	<b>Adjustments/ Transfers</b>	<b>Balance December 31, 2020</b>
Capital assets, not being depreciated:				
Access Road Design	\$ 57,696	\$ -	\$ -	\$ 57,696
Pipeline Construction in progress	<u>7,187,224</u>	<u>-</u>	<u>(7,187,224)</u>	<u>-</u>
<i>Total capital assets, not being depreciated</i>	<u>7,244,920</u>	<u>-</u>	<u>(7,187,224)</u>	<u>57,696</u>
Capital assets, being depreciated:				
Water Intake Structure	1,068,767	-	-	1,068,767
Pipeline	<u>-</u>	<u>8,025,771</u>	<u>-</u>	<u>8,025,771</u>
<i>Total capital assets, being depreciated</i>	<u>1,068,767</u>	<u>8,025,771</u>	<u>-</u>	<u>9,094,538</u>
Less accumulated depreciation:	<u>-</u>	<u>(53,494)</u>	<u>-</u>	<u>(53,494)</u>
<i>Total capital assets, being depreciated, net</i>	<u>1,068,767</u>	<u>7,972,277</u>	<u>-</u>	<u>9,041,044</u>
<i>Capital assets, net</i>	<u>\$ 8,313,687</u>	<u>\$ 7,972,277</u>	<u>\$ (7,187,224)</u>	<u>\$ 9,098,740</u>

Depreciation expense for the year ended December 31, 2020 was \$53,494.

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**4. Capital Assets (continued)**

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A summary of changes in capital assets for 2019 follows:

	<b>Balance December 31, 2018</b>	<b>Additions/ (Deletions)</b>	<b>Adjustments/ Transfers</b>	<b>Balance December 31, 2019</b>
Capital assets, not being depreciated:				
Access Road Design	\$ 57,696	\$ -	\$ -	\$ 57,696
Water Intake Structure	1,068,767	-	-	1,068,767
Pipeline Construction in progress	3,719,849	3,467,375	-	7,187,224
<i>Total capital assets, not being depreciated</i>	4,846,312	3,467,375	-	8,313,687

There was no depreciation expense for the year ended December 31, 2019.

The 3.3 acres of land on which the water intake structure is located is owned by the United States of America. On October 21, 2008, the Authority entered into a license agreement with the United States of America by and through the Bureau of Reclamation that provides for use of this land for twenty-five years. The agreement may be renewed for consideration based on a reappraisal at the time by the United States of America. The cost of the agreement was \$42,411. This amount is included in the cost of the water intake structure.

In July of 2009, the raw water intake structure was completed but was not placed into service until September 2020, when the water system became operational.

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**5. Long-Term Liabilities**

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During 2019, the Authority received a loan from the United States Department of Agriculture (USDA) to assist in the funding of the pipeline segment known as Phase I to deliver potable water to users. The project was completed in September 2020. The loan is secured by the revenues of the Authority and bears interest at 2.375% per annum. An interest only payment was due on December 6, 2020. Monthly payments of \$9,336 commence on January 6, 2021 and continue until December 6, 2057.

Events of default under the USDA agreement include: (a) nonpayment of principal; (b) nonpayment of interest; (c) incapability to perform; (d) default in the punctual performance of the covenants under the agreement for 60 days after written notice. In the event of default, non-compliance would be addressed under the provisions of 7 CFR 1782 and other applicable regulations, statutes and policies.

The Authority holds a \$100,000 Line of Credit with TBK Bank, SSB dated July 29, 2020. The loan accrues interest at a variable rate based on changes in an independent index which is the prime rate of interest. The loan matures on July 28, 2021 at which time all outstanding

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

**5. Long-Term Liabilities (continued)**

principal and interest are due. At December 31, 2020 the loan had a balance of \$6,500. The unused line of credit at December 31, 2020 totaled \$93,500.

Events of default under the line of credit include; (a) nonpayment of principal; (b) defaults of other obligations with borrower; (c) defaults or legal proceedings related to other borrowings that may affect the Authority's ability to repay the line of credit; and (d) false statements. In the event of default, the interest rate will be increased to 18% per annum, but in no event will exceed the maximum interest rate limitations under applicable law.

The following is a summary of notes payable activity for the years ended December 31, 2020 and 2019.

	<b>Balance at December 31, 2019</b>	<b>Additions</b>	<b>Payment</b>	<b>Balance at December 31, 2020</b>	<b>Due Within One Year</b>
Notes payable:					
USDA	\$ 2,754,000	\$ -	\$ -	\$ 2,754,000	\$ 47,136
TBK Bank	-	6,500	-	6,500	-
Total notes payable	<u>\$ 2,754,000</u>	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 2,760,500</u>	<u>\$ 47,136</u>

	<b>Balance at December 31, 2018</b>	<b>Additions</b>	<b>Payment</b>	<b>Balance at December 31, 2019</b>	<b>Due Within One Year</b>
Notes payable:					
USDA loan payable	\$ -	\$ 2,754,000	\$ -	\$ 2,754,000	\$ -
Total notes payable	<u>\$ -</u>	<u>\$ 2,754,000</u>	<u>\$ -</u>	<u>\$ 2,754,000</u>	<u>\$ -</u>

Future payments on the USDA loan are as follows:

<b>Year ended December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 47,136	\$ 64,896	\$ 112,032
2022	48,266	63,766	112,032
2023	49,426	62,606	112,032
2024	50,614	61,418	112,032
2025	51,829	60,203	112,032
Thereafter	<u>2,506,729</u>	<u>1,072,511</u>	<u>3,579,240</u>
	<u>\$ 2,754,000</u>	<u>\$ 1,385,400</u>	<u>\$ 4,139,400</u>

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**6. Risk Management**

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The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. During 2020, the Authority maintained commercial insurance for these risks of loss.

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**7. Tax, Spending and Debt Limitations**

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In November 1992, voters passed an amendment to the Constitution of the State of Colorado, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment does not apply to the Authority because it does not have the power to levy taxes or hold elections. This determination has been confirmed by opinions of general and bond counsel for the Authority which have been accepted by the state agencies making loans to the Authority.

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**8. Other Information**

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***Ute Tribe Agreements:***

The Authority has entered into agreements dated September 18, 2008, October 14, 2008, August 13, 2013, and September 9, 2014 with the Southern Ute Indian Tribe (SUIT) and the Ute Mountain Ute Tribe (UMUT). These agreements specify construction funding and ownership of the intake structure at Lake Nighthorse Reservoir. The ownership of the intake structure is proportional to the funding provided by the three entities. The intake structure is owned 52.9% by the SUIT, 26.5% by the UMUT, and 20.6% by the Authority. The carrying amount of the intake structure in the Authority's financial statements reflects the portion of the costs borne by the Authority. The Authority's costs were funded primarily through grant funding received from the Colorado Water Conservation Board. Construction of a pipeline segment known as the 210 Pipeline which will run from the intake structure to the intersection of County Road 210 commenced in 2016. The Authority funded \$1,500,000 and the SUIT and the UMUT each contributed \$1,000,000 of the costs of this pipeline. This segment is owned by the Authority, the SUIT, and the UMUT in the same percentages as the intake structure.

***Lake Durango Water Authority Agreement:***

The Authority has entered into an agreement dated March 4, 2014 with the Lake Durango Water Authority (LDWA). The agreement indicates that grant funding will be obtained by LDWA to fund the Authority's portion of the costs related to the 210 Pipeline referenced in the Ute Tribe Agreements section above. Pursuant to the agreement, LDWA will also provide funding for the construction of the pipeline segment known as the 125 Pipeline which will run from County Road 210 cross country to County Road 125. The 125 Pipeline will be owned by the Authority unless the SUIT and / or the UMUT elect to participate in the funding and ownership of construction of this pipeline. The agreement also provides that LDWA will provide funding for the construction of the pipeline segment known as the Lake Durango

**La Plata West Water Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019 (continued)**

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**8. Other Information (continued)**

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Pipeline. This pipeline runs from County Road 125 to Lake Durango. This pipeline segment will be owned by LDWA.

As provided in the agreement, the Authority and LDWA will assign a portion of the capacity of the water transported through the lines that they own to the other party. LDWA will also allocate 23 Acre Feet of storage capacity in Lake Durango to the Authority.

***Water Tap Deposits:***

The Authority has obtained water tap commitments from property owners in the anticipated service area to demonstrate community commitment. A tap commitment deposit of \$500 per tap was required from each property owner. Deposits received are reflected as restricted cash and water tap commitment deposits on the accompanying Statement of Net Position. The tap commitment agreement with the property owners indicates that the deposits will be refunded if the system is determined not to be financially feasible or the location of a water tap is determined not to be in the service area. Interest earned on the deposits is available to fund the Authority's operating expenses.

***Water Tap Subscriptions:***

The Authority has obtained water tap subscriptions from property owners in the anticipated service area of the first phase. These funds are for the purpose of users purchasing their water tap in the system. During 2018, the Authority received funding approval to move forward with this phase of the project. The funds received through these subscriptions will be used for the Authority's required contribution to the system. As feasibility has been determined, these amounts are no longer shown as restricted cash at December 31, 2018. Previous to obtaining funding approval, these deposits were reflected as restricted in the financial statements

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**9. Risks and Uncertainties**

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On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the Authority. Other financial impacts could occur, though such potential impact is unknown at this time.

## **Supplementary Information**



**La Plata West Water Authority**  
**Statement of Revenue, Expenditures and Changes in Funds Available**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenue</b>				
Raw water pipeline usage	\$ 358,087	\$ 358,087	\$ 80,274	\$ (277,813)
Total Operating Revenue	\$ 358,087	\$ 358,087	\$ 80,274	\$ (277,813)
<b>Operating Expenses:</b>				
Professional fees	\$ 104,350	\$ 104,350	\$ 86,864	\$ 17,486
Insurance expense	18,000	18,000	24,097	(6,097)
Computer and internet expense	-	-	4,200	(4,200)
Operations and maintenance for raw water pipeline	43,751	43,751	24,193	19,558
Pipeline other operating expenses	88,746	88,746	27,420	61,326
Capital outlay	2,127,784	2,127,784	838,547	1,289,237
Other expenses	14,880	14,880	25,669	(10,789)
Total Expenses	\$ 2,397,511	\$ 2,397,511	\$ 1,030,990	\$ 1,366,521
Total Operating Income	(2,039,424)	(2,039,424)	(950,716)	1,088,708
<b>Non-operating Revenue and Expenses:</b>				
Grants and contribution income	1,886,116	1,886,116	965,922	(920,194)
Interest income	-	-	7,062	7,062
Interest (expense)	(88,360)	(88,360)	(47,588)	40,772
Operating expense reimbursements	73,078	73,078	16,983	(56,095)
Other income (expense)	-	-	(466)	(466)
Total Non-operating Revenues (Expenses)	1,870,834	1,870,834	941,913	(928,921)
<b>Income (Loss) Before Capital Contributions</b>	(168,590)	(168,590)	(8,803)	159,787
<b>Capital Contributions</b>	-	-	2,000	2,000
Change in Net Position, Budgetary Basis	(168,590)	(168,590)	(6,803)	161,787
<b>Net Position - beginning of the year</b>	388,259	388,259	5,727,153	5,338,894
<b>Net Position - end of the year, budgetary basis</b>	\$ 219,669	\$ 219,669	\$ 5,720,350	\$ 4,893,334
<b>Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):</b>				
Capital outlay			838,547	
Depreciation expense			(53,494)	
Net Income (GAAP Basis)			\$ 778,250	

**La Plata West Water Authority**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**


Federal Agency/Pass-through Entity/Cluster/Program	CFDA Number	Grant or Identifying Number	Amount
<i>U.S. Department of Agriculture</i>			
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 852,019
<i>Total U.S. Department of Agriculture</i>			\$ 852,019
Total Expenditures of Federal Awards			<u>\$ 852,019</u>


**Notes to the Schedule**


1. This schedule includes the federal awards activity of La Plata West Water Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. La Plata West Water Authority has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.
3. Of the federal expenditures presented in this schedule, the Agency provided no federal awards to sub-recipients.



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
La Plata West Water Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of La Plata West Water Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise La Plata West Water Authority’s basic financial statements, and have issued our report thereon dated July 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered La Plata West Water Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Plata West Water Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of La Plata West Water Authority’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

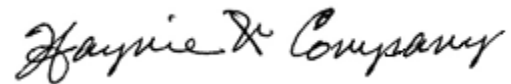
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether La Plata West Water Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Haynie & Company".


Littleton, Colorado

July 22, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
La Plata West Water Authority

**Report on Compliance for Each Major Federal Program**

We have audited La Plata West Water Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of La Plata West Water Authority's major federal programs for the year ended December 31, 2020. La Plata West Water Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of La Plata West Water Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about La Plata West Water Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of La Plata West Water Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, La Plata West Water Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

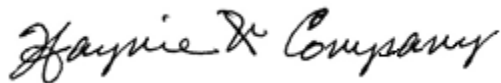
## Report on Internal Control over Compliance

Management of La Plata West Water Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the La Plata West Water Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of La Plata West Water Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, CO  
July 22, 2021

# La Plata West Water Authority

## Supplemental Information

### Schedule of Findings and Questioned Costs for the Year Ended December 31, 2020

#### 1. Summary of Auditor's Results

Type of report issued on the financial statements:	<b>Unmodified</b>
Material weaknesses in financial reporting internal control noted:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	<b>None</b>
Material noncompliance noted:	<b>None</b>
Material weaknesses in internal control over major programs:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:	<b>None</b>
Type of report issued on compliance for major programs:	<b>Unmodified</b>
Audit findings required to be reported:	<b>None</b>
The following programs are considered to be major:	
<b>Water and Waste Disposal Systems for Rural Communities — CFDA 10.760</b>	
Dollar threshold used to distinguish Type A and Type B programs:	<b>\$750,000</b>
Risk type qualification:	<b>Not low-risk</b>

#### 2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

#### 3. Findings and questioned costs for Federal Awards

None

#### **4. Summary Schedule of Prior Audit Findings**

##### **Finding 2019-001**

*Statement of Condition:* The financial statements prepared by the Authority did not include all costs of construction activity received during the period, but that were paid for subsequent to the audit period

*Recommendation:* All expenditures are to be recorded in the future based on date of service to correctly account for construction costs and other expenditures.

*Current Status:* Processes were revised, and expenditures are being recorded based on the date of service to correctly account for construction costs and other expenditures.