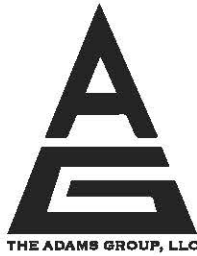


**BOXELDER BASIN
REGIONAL STORMWATER AUTHORITY
FINANCIAL STATEMENTS
December 31, 2019**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Boxelder Basin Regional Stormwater Authority
Fort Collins, Wellington, and Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Boxelder Basin Regional Stormwater Authority (the Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Boxelder Basin Regional Stormwater Authority, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii through vi and 11 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 the Authority's basic financial statements. The individual major fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual major fund schedules are the responsibility of management and were derived from and relate 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 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

June 10, 2020
Denver, Colorado

The Adams Group, LLC

BASIC FINANCIAL STATEMENTS

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets					
Cash and cash equivalents	\$ 1,048,339	\$ 0	\$ 0	\$ 0	\$ 1,048,339
Restricted cash	0	0	230,012	0	230,012
Receivables					
Service fees	1,215,897	19,818	0	0	1,235,715
Prepaid expenses	1,372	0	0	0	1,372
Due from other funds	11,008	0	0	(11,008)	0
Capital assets, not being depreciated	0	0	0	3,291,151	3,291,151
Capital assets net of accumulated depreciation	0	0	0	11,012,623	11,012,623
Total assets	<u>\$ 2,276,616</u>	<u>\$ 19,818</u>	<u>\$ 230,012</u>	<u>14,292,766</u>	<u>16,819,212</u>
Liabilities and Fund Balance/Net Assets					
Liabilities					
Accounts payable	\$ 7,943	\$ 8,810	\$ 0	0	16,753
Due to other funds	0	11,008	0	(11,008)	0
Accrued interest payable	0	0	0	98,379	98,379
Noncurrent Liabilities:					
Due within one year	0	0	0	555,163	555,163
Due in more than one year	0	0	0	8,802,527	8,802,527
Total liabilities	<u>7,943</u>	<u>19,818</u>	<u>0</u>	<u>9,445,061</u>	<u>9,472,822</u>
Deferred Inflows of Resources					
Unearned revenue-fees	<u>1,193,651</u>	<u>0</u>	<u>0</u>	<u>(1,193,651)</u>	<u>0</u>
Total deferred inflows of resources	<u>1,193,651</u>	<u>0</u>	<u>0</u>	<u>(1,193,651)</u>	<u>0</u>
Fund Balance					
Fund balance:					
Nonspendable	1,372	0	0	(1,372)	0
Restricted	<u>1,073,650</u>	<u>0</u>	<u>230,012</u>	<u>(1,303,662)</u>	<u>0</u>
Total fund balance	<u>1,075,022</u>	<u>0</u>	<u>230,012</u>	<u>(1,305,034)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,276,616</u>	<u>\$ 19,818</u>	<u>\$ 230,012</u>		
Net Position					
Net investment in Capital Assets				6,546,084	6,546,084
Restricted				1,303,662	1,303,662
Unrestricted				<u>(503,356)</u>	<u>(503,356)</u>
Total net position				<u>\$ 7,346,390</u>	<u>\$ 7,346,390</u>

The accompanying notes are an integral part of these financial statements

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:					
Fees					
Service	\$ 992,360	\$ 0	\$ 0	\$ (52,176)	\$ 940,184
System development	251,400	0	0	(30,912)	220,488
Participation by the Tinnath Development Authority	43,094	33,036	210,842	0	286,972
Interest income	27,226	0	0	0	27,226
Other	32,095	0	0	0	32,095
Total revenues	<u>1,346,175</u>	<u>33,036</u>	<u>210,842</u>	<u>(83,088)</u>	<u>1,506,965</u>
Expenditures/expenses:					
Current:					
District management and administration	69,902	0	0	0	69,902
Service billing	32,095	0	0	0	32,095
Insurance	2,744	0	0	0	2,744
Office expense	911	0	0	0	911
Wetland monitoring	37,035	0	0	0	37,035
Drainage monitoring	16,995	0	0	0	16,995
Website	300	0	0	0	300
Professional fees	25,635	0	0	0	25,635
Other project costs	1,000	0	0	0	1,000
Surface water costs	0	0	0	900,000	900,000
Debt Service					
Principal	0	0	540,429	(540,429)	0
Interest	0	0	226,276	5,897	232,173
Depreciation	0	0	0	236,826	236,826
Capital outlay					
Engineering, construction and right of way	0	132,143	0	(132,143)	0
Total expenditures/expenses	<u>186,617</u>	<u>132,143</u>	<u>766,705</u>	<u>470,151</u>	<u>1,555,616</u>
Excess of revenues over (under) expenditures	1,159,558	(99,107)	(555,863)	(553,239)	(48,651)
Other financing sources/uses					
Transfers-internal activities	(731,640)	99,107	632,533	0	0
Total other financing sources	<u>(731,640)</u>	<u>99,107</u>	<u>632,533</u>	<u>0</u>	<u>0</u>
Excess of revenues and other financing sources over expenditures and other financing uses	427,918	0	76,670	(504,588)	0
Changes in net assets	0	0	0	(48,651)	(48,651)
Fund balance/net position, January 1, 2019	<u>647,104</u>	<u>0</u>	<u>153,342</u>	<u>0</u>	<u>7,395,041</u>
Fund balance/net position, December 31, 2019	<u>\$ 1,075,022</u>	<u>\$ 0</u>	<u>\$ 230,012</u>	<u>\$ 0</u>	<u>\$ 7,346,390</u>

The accompanying notes are an integral part of these financial statements

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boxelder Basin Regional Stormwater Authority (Authority) was created in accordance with Colorado Revised Statute 29-1-203 through an intergovernmental agreement between Larimer County (County), the City of Fort Collins (City) and the Town of Wellington (Town). The Timnath Development Authority (TDA) has also contributed funds and agreed to participate in certain projects of the Authority. During 2017, a new intergovernmental agreement was signed. The agreement calls for the Authority to accumulate operations and maintenance funds for the Coal Creek/Clark Reservoir, in the amount of \$1,000,000 and for the East Side Detention Facility, in the amount of \$1,200,000. Once the Authority has paid the CWCB debt, funded the operations and maintenance funds, the Authority will cease operations. As part of this termination the Authority will transfer the Coal Creek Agreement and the East Side Detention Facility capital assets to the County along with the operating and maintenance funds. Finally, the agreement also sets caps on amounts that participants will pay of certain debt service, reserve funds and operating costs. Upon termination Equalization Payments will be made to members to reconcile amounts paid to the cap amounts in the agreement. As a result, the even though the Authority has positive General Fund equity, a member may or may not have any right to that equity.

The Authority is governed by a five-member board of directors (Board). One director is appointed by the County, the City and Town. Two members represent the public at large and are each selected by the City and the County, and the Town and the County.

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

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Authority and organizations for which the Authority is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. In addition, any legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides financial benefits to, or imposes financial burdens on the Authority.

Based upon the application of these criteria, the Authority does not report additional organizations within its reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities 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.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Interfund activity has been eliminated from the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities.

The governmental funds columns on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Authority considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Service fees and system development fees are considered to be available only when received. Member governments generally remit the prior year fees in the following year. Interest associated with the current year is considered to be susceptible to accrual and so has been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Authority.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

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

In the fund financial statements, the Authority reports the following major governmental funds.

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

The *Debt Service Fund* is used to account for financial resources accumulated and payments made for principal and interest on long-term debt.

Assets, Liabilities and Net Position/Fund Balances

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2019, the Authority considers all accounts receivable to be collectible.

Capital assets – Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Authority maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is provided over the estimated useful lives using the straight-line method. Most projects are depreciated over 50 years.

Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, *unearned revenue*, is reported for fees levied in the current year but collected or remitted to the Authority in the next fiscal period.

Long-Term Debt – In the statement of net position column on the governmental fund balance sheet/statement of net position long-term debt and other long-term obligations are reported as liabilities.

The governmental funds column on the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities recognize debt transactions as revenues and expenditures during the current year. The face amount of debt issued is reported as other financing sources.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The amounts to ultimately be collected from long-term receivables is a significant estimate. In addition, the final cost of the Surface Water Augmentation Program, more fully described in Note 5, is a significant estimate. Actual results may differ from these estimates.

Budgets

In accordance with the State Budget Law, the Authority's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditure level and lapses at year end. The Authority's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise noted.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits (Continued)

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2019, the carrying amount of the Authority's deposits was \$76,495 and bank balances of the Authority's deposits were \$95,118. All of the bank balances were covered by FDIC insurance.

Investments

The Authority is required to comply with State statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk. The Authority has no investment policy but follows State statutes which allow the following investments.

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

The Authority invests funds in COLOTRUST. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments, which are also subject to the provisions of the Colorado Revised States (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 to better) and bank deposits (collateralized through PDPA). The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. 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 pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00. This fund is rated AAAM by the Standard and Poor's Corporation. The Authority has interest rate risk related only to the investment in COLOTRUST. At December 31, 2019, COLOTRUST Plus +'s portfolio had a weighted average maturity of 47 days to reset and 69 days to maturity. At December 31, 2019, the Authority has invested \$1,201,856 in COLOTRUST. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

Fair Value Hierarchy. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

None of the Authorities investments require reporting under the fair value hierarchy defined in Governmental Accounting Standards Board Statement Number 72 *Fair Value Measurement and Application*.

The Authority has restricted cash related to the three Colorado Water Conservation Board (CWCB) loans which are described in Note 5. At December 31, 2019, \$230,012 was restricted for debt service reserves.

NOTE 3 - INTERFUND TRANSACTIONS

The Authority reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. At December 31, 2019, the Capital Projects Fund owed the General Fund and the Debt Service Fund \$6,443 and \$4,565. Amounts are expected to be repaid in the next fiscal year.

The transfer from the General Fund to the Capital Projects Fund, totaling \$99,107, is to fund capital costs not paid with service fee revenue. The General Fund also transferred funds of \$632,533 to the Debt Service Fund to make the debt service payments on the bonds.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Primary Government				
Capital assets not being depreciated:				
Construction in progress	\$ 107,547	\$ 132,143	\$ 0	\$ 239,690
Land and Easements	3,051,461	0	0	3,051,461
Total capital assets not being depreciated	<u>3,159,008</u>	<u>132,143</u>	<u>0</u>	<u>3,291,151</u>
Capital assets being depreciated:				
Drainage Improvements	11,841,191	0	0	11,841,191
Less accumulated depreciation for:				
Drainage Improvements	(591,742)	(236,826)	0	(828,568)
Total capital assets being depreciated, net	<u>11,249,449</u>	<u>(236,826)</u>	<u>0</u>	<u>11,012,623</u>
Capital assets, net	<u>\$ 14,408,457</u>	<u>\$ (104,683)</u>	<u>\$ 0</u>	<u>\$ 14,303,774</u>

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the governmental activities for the year ended December 31, 2019:

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019	Due Within One Year
Governmental Activities:					
CWCB					
Note payable-LWCCS	\$ 785,395	\$ 0	\$ 51,075	\$ 734,320	\$ 52,481
Note payable-ESDF	6,744,149	0	438,589	6,305,560	450,650
Note payable-CR52	768,575	0	50,765	717,810	52,032
Surface water augmentation	700,000	900,000	0	1,600,000	0
Total	<u>\$ 8,998,119</u>	<u>\$ 900,000</u>	<u>\$ 540,429</u>	<u>\$ 9,357,690</u>	<u>\$ 555,163</u>

CWCB

On June 17, 2014, the Authority entered into three loans with the Colorado Water Conservation Board (CWCB). During 2017 the Authority renegotiated the loan terms and interest only payments were due for 2017 without an increase in the term of the loan.

The first loan is for \$1,010,000 requiring annual payments of \$83,082 which includes principal and interest at a rate of 2.5%. This loan is for the Larimer-Weld Canal (LWCCS). At the completion of the project the loan was reduced to \$835,105. The renegotiated annual debt service payments are \$72,674.

The second loan is for \$7,171,000 requiring renegotiated annual payments of \$624,054 which includes principal and interest at a rate of 2.75%. This loan is for the East Side Detention Facility Project (ESDF).

The final loan is for \$818,100 requiring renegotiated annual payments of \$69,977 which includes principal and interest at a rate of 2.75%. This loan is for County Road 52 Improvements (CR52).

All loans are for a term of 15 years. These loans will require a reserve fund of 1/10th of the annual payments to be funded each year for 10 years. That fund is required to be funded with the first annual payment, which occurred in 2017. In addition, essentially all revenues of the Authority are pledged to this debt.

Annual debt service requirements at December 31, 2019 are as follows.

Year	Principal	Interest	Total
2020	\$ 555,163	\$ 211,542	\$ 766,705
2021	570,300	196,405	766,705
2022	585,850	180,855	766,705
2023	601,824	164,881	766,705
2024	618,234	148,471	766,705
2025-2029	3,353,430	480,095	3,833,525
2030-2031	1,472,889	60,521	1,533,410
Total	<u>\$ 7,757,690</u>	<u>\$ 1,442,770</u>	<u>\$ 9,200,460</u>

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Surface Water Augmentation Program - Based on Open Water Surveys at ESDF, the Authority has determined, in order to be in compliance with State of Colorado regulatory authorities, it will be required to make certain improvements to Area 2 of the facility. The Authority has exceeded the deadline imposed by the State of Colorado to complete the improvements. In 2018, the Board opted to make the changes and the Authority estimated the cost of the project would be \$700,000. In 2019, the Authority revised the estimated cost of the project to \$1,600,000, to be expended over the next two years. During this time, the Authority will continue to purchase water at an estimated cost of \$32,000 per year.

NOTE 6 - NET POSITION

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Authority legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

NOTE 7 - FUND BALANCE

The Authority has adopted GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Based on that statement fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2019, the Authority restricted \$1,69,085 for equalization payments to member entities at the conclusion of the Authority's operations and \$234,577 for debt service.

Committed – Amounts that can be used only for specific purposes determined by a formal action of Authority's Board. The Board is the highest-level of decision-making body for the Authority. Commitments may be established, modified, or rescinded only through intergovernmental agreements, ordinances or resolutions approved by the Board or its members. At December 31, 2019, the Authority has no committed fund balances.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2019, the Authority has no assigned fund balances.

Unassigned – All other spendable amounts.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - FUND BALANCE (CONTINUED)

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

NOTE 8 - RELATED PARTY TRANSACTIONS

The member governments collected and remitted service and system development fees to the Authority. For the year ended December 31, 2019, the County, the City, and Town remitted revenues totaling \$341,427, \$385,845 and \$516,488, respectively, to the Authority. Fund receivables of \$347,092, \$424,741 and \$389,723, respectively, are due from the County, the City and the Town. These amounts represent the amount billed by the member governments, anticipated to be remitted to the Authority during 2020.

In accordance with the intergovernmental agreement discussed in Note 1, members of the board are elected by their respective member entities and are property owners within those entities. Members of the board may have a conflict of interest working for the Authority.

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For these risks of loss, the Authority carries commercial insurance. There were no claims which exceeded insurance coverage for each of the past three years.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment") which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. Due to the nature of its formation, the Authority does not believe it is subject to the provisions of this amendment.

REQUIRED SUPPLEMENTARY INFORMATION

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fees			
Service	\$ 898,355	\$ 992,360	\$ 94,005
Participation by the Timnath Development Authority	133,635	43,094	(90,541)
System development	129,196	251,400	122,204
Interest income	10,000	27,226	17,226
Other	32,095	32,095	0
Total revenues	1,203,281	1,346,175	142,894
Expenditures/expenses:			
Current:			
District management and administration	65,090	69,902	(4,812)
Service Billing	32,095	32,095	0
Insurance	3,100	2,744	356
Office expense	3,000	911	2,089
Wetland monitoring	74,620	37,035	37,585
Drainage management	0	16,995	(16,995)
Professional fees	13,000	25,635	(12,635)
Website	300	300	0
Site repairs	1,000	1,000	0
Contingency	5,000	0	5,000
Total expenditures/expenses	197,205	186,617	10,588
Excess of revenues over expenditures	1,006,076	1,159,558	153,482
Other financing sources/uses			
Transfers-internal activities	(1,194,328)	(731,640)	462,688
Excess of revenues and other financing sources over expenditures and other financing uses	\$ (188,252)	427,918	\$ 616,170
Fund balance, January 1, 2019		647,104	
Fund balance, December 31, 2019		\$ 1,075,022	

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fees			
Participation by the Timnath Development Authority	\$ 87,500	\$ 33,036	\$ (54,464)
Total revenues	<u>87,500</u>	<u>33,036</u>	<u>(54,464)</u>
 Expenditures/expenses:			
Capital outlay			
Engineering, construction and right of way	350,000	132,143	217,857
Total expenditures/expenses	<u>350,000</u>	<u>132,143</u>	<u>217,857</u>
 Excess of revenues over (under) expenditures	(262,500)	(99,107)	163,393
 Other financing sources/uses			
Transfers-internal activities	262,500	99,107	(163,393)
Total other financing sources	<u>262,500</u>	<u>99,107</u>	<u>(163,393)</u>
 Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 0</u>	0	<u>\$ 0</u>
 Fund balance, January 1, 2019		<u>0</u>	
 Fund balance, December 31, 2019		<u>\$ 0</u>	

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fees			
Participation by the Timnath Development Authority	\$ 324,370	\$ 210,842	\$ (113,528)
Total revenues	324,370	210,842	(113,528)
Expenditures/expenses:			
Current:			
Principal Expense	953,251	540,429	412,822
Interest Expense- ESDF	185,464	185,464	0
Interest Expense- LCWCCS	19,214	19,214	0
Interest Expense- CR52	21,598	21,598	0
Total expenditures/expenses	1,179,527	766,705	412,822
Excess of revenues under expenditures	(855,157)	(555,863)	299,294
Other financing sources/uses			
Transfers-internal activities	931,828	632,533	(299,295)
Total other financing sources	931,828	632,533	(299,295)
Excess of revenues and other financing sources over expenditures and other financing uses	\$ 76,671	76,670	\$ (1)
Fund balance, January 1, 2019		153,342	
Fund balance, December 31, 2019		\$ 230,012	