

BEEBE DRAW FARMS AUTHORITY

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

## C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Infrastructure Fund	16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Amenities Fund	17

## Independent Auditor's Report

Board of Directors  
Beebe Draw Farms Authority  
Weld County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Beebe Draw Farms Authority (the "District") 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.

### **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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Beebe Draw Farms Authority as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Wipfli LLP  
Lakewood, Colorado

July 28, 2021

**Beebe Draw Farms Authority**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2020

	<u>General</u>	<u>Capital Infrastructure</u>	<u>Amenities</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash	\$ 32,353	\$ -	\$ -	\$ 32,353	\$ -	\$ 32,353
Cash - restricted	12,316	5,990,534	959,961	6,962,811	-	6,962,811
Due from District No. 1	239,323	71,042	31,995	342,360	-	342,360
Due from District No. 2	380,188	228,107	65,137	673,432	-	673,432
Tap fee receivable	-	144,000	-	144,000	-	144,000
Prepaid expenses	24,233	-	-	24,233	-	24,233
Capital assets not being depreciated	-	-	-	-	4,378,449	4,378,449
Capital assets, net of accumulated depreciation	-	-	-	-	5,516,342	5,516,342
<b>Total Assets</b>	<b><u>\$ 688,413</u></b>	<b><u>\$ 6,433,683</u></b>	<b><u>\$ 1,057,093</u></b>	<b><u>\$ 8,179,189</u></b>	<b><u>9,894,791</u></b>	<b><u>18,073,980</u></b>
<b>LIABILITIES</b>						
Accounts payable	<u>\$ 100,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,790</u>	<u>-</u>	<u>100,790</u>
<b>Total Liabilities</b>	<b><u>100,790</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>100,790</u></b>	<b><u>-</u></b>	<b><u>100,790</u></b>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	24,233	-	-	24,233	(24,233)	-
Restricted:						
Emergencies	12,316	-	-	12,316	(12,316)	-
Capital infrastructure	-	6,433,683	-	6,433,683	(6,433,683)	-
Amenities	-	-	1,057,093	1,057,093	(1,057,093)	-
Assigned:						
Repair and replacement reserve	260,878	-	-	260,878	(260,878)	-
Discretionary Fund	129,209	-	-	129,209	(129,209)	-
O&M Reserve Fund	350,000	-	-	350,000	(350,000)	-
Unassigned	<u>(189,013)</u>	<u>-</u>	<u>-</u>	<u>(189,013)</u>	<u>189,013</u>	<u>-</u>
<b>Total Fund Balances</b>	<b><u>587,623</u></b>	<b><u>6,433,683</u></b>	<b><u>1,057,093</u></b>	<b><u>8,078,399</u></b>	<b><u>(8,078,399)</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 688,413</u></b>	<b><u>\$ 6,433,683</u></b>	<b><u>\$ 1,057,093</u></b>	<b><u>\$ 8,179,189</u></b>		
Net Position:						
Net investment in capital assets					9,894,791	9,894,791
Restricted for:						
Emergencies					12,316	12,316
Capital infrastructure					6,433,683	6,433,683
Amenities					1,057,093	1,057,093
Unrestricted					<u>575,307</u>	<u>575,307</u>
<b>Total Net Position</b>					<b><u>\$ 17,973,190</u></b>	<b><u>\$ 17,973,190</u></b>

The notes to the financial statements are an integral part of these statements.

## Beebe Draw Farms Authority

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2020

	<u>General</u>	<u>Capital Infrastructure</u>	<u>Amenities</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
<b>General and Administration</b>						
Accounting and audit	\$ 40,885	\$ -	\$ -	\$ 40,885	\$ -	\$ 40,885
Depreciation	-	-	-	-	280,385	280,385
Directors fees	1,200	-	-	1,200	-	1,200
Payroll taxes	6,166	-	-	6,166	-	6,166
Miscellaneous	4,432	-	-	4,432	-	4,432
Insurance and bonds	(25,825)	-	-	(25,825)	-	(25,825)
Legal FRICO	81,190	-	-	81,190	-	81,190
Legal	46,241	11,776	-	58,017	-	58,017
Management	55,167	-	-	55,167	-	55,167
Property management	45,572	-	-	45,572	-	45,572
Physical facilities	40,736	-	-	40,736	-	40,736
Aquatic facilities	29,721	-	-	29,721	-	29,721
Parks and open space	16,629	-	-	16,629	-	16,629
Roads trails and ditches	34,698	-	-	34,698	-	34,698
Other	75,329	-	-	75,329	(66,084)	9,245
Capital replacement and reserve	41,655	-	-	41,655	-	41,655
Infrastructure	-	67,575	-	67,575	(67,575)	-
Engineering and Planning	-	20,272	-	20,272	-	20,272
<b>Total Expenditures</b>	<u>493,796</u>	<u>99,623</u>	<u>-</u>	<u>593,419</u>	<u>146,726</u>	<u>740,145</u>
<b>GENERAL REVENUES</b>						
Transfer from District No. 1	178,346	20,919	28,044	227,309	-	227,309
Transfer from District No. 2	208,583	145,135	45,608	399,326	-	399,326
Transfer from District No. 2 - Cap Pledge 2051	-	8,427	3,097	11,524	-	11,524
Transfer from District No. 2 - Cap Pledge 2055	-	5,315	1,132	6,447	-	6,447
Developer rent	1,626	-	-	1,626	-	1,626
Rv Parking fees	150	-	-	150	-	150
Interest income	1,380	10,932	3,363	15,675	-	15,675
Right of way revenue	-	1,611	403	2,014	-	2,014
Water Tap fees	-	432,000	-	432,000	-	432,000
Other income	1,878	-	-	1,878	-	1,878
<b>Total General Revenues</b>	<u>391,963</u>	<u>624,339</u>	<u>81,647</u>	<u>1,097,949</u>	<u>-</u>	<u>1,097,949</u>
<b>NET CHANGES IN FUND BALANCES</b>	(101,833)	524,716	81,647	504,530	(504,530)	
<b>CHANGE IN NET POSITION</b>					357,804	357,804
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR	<u>689,456</u>	<u>5,908,967</u>	<u>975,446</u>	<u>7,573,869</u>	<u>10,041,517</u>	<u>17,615,386</u>
END OF YEAR	<u>\$ 587,623</u>	<u>\$ 6,433,683</u>	<u>\$ 1,057,093</u>	<u>\$ 8,078,399</u>	<u>\$ 9,894,791</u>	<u>\$ 17,973,190</u>

The notes to the financial statements are an integral part of these statements.

**Beebe Draw Farms Authority**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND

For the Year Ended December 31, 2020

	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Transfer from District No. 1	\$ 178,059	\$ 187,577	\$ 178,346	\$ (9,231)
Transfer from District No. 2	237,805	208,980	208,583	(397)
Developer rent	1,626	1,626	1,626	-
Pool fees	7,600	-	-	-
RV Parking fees	3,000	150	150	-
Interest income	3,000	543	1,380	837
Other income	-	1,598	1,878	280
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	431,090	400,474	391,963	(8,511)
<b>EXPENDITURES</b>				
Administration				
Accounting and audit	33,000	36,000	40,885	(4,885)
Directors fees	3,300	3,000	1,200	1,800
Payroll taxes	4,965	14,000	6,166	7,834
Miscellaneous	2,000	5,000	4,432	568
Training	6,000	-	-	-
Insurance and bonds	22,000	25,922	(25,825)	51,747
Legal FRICO	-	65,000	81,190	(16,190)
Legal	27,000	35,000	46,241	(11,241)
Legal oil and gas	2,000	10,000	-	10,000
Management	33,000	22,000	55,167	(33,167)
Project management	1,000	500	-	500
Property management	60,000	50,000	45,572	4,428
Physical facilities	39,634	38,384	40,736	(2,352)
Aquatic facilities	37,000	27,055	29,721	(2,666)
Parks and open space	24,250	9,550	16,629	(7,079)
Roads trails and ditches	16,500	63,000	34,698	28,302
Other	88,000	73,100	75,329	(2,229)
Capital replacement and reserve	5,000	111,000	41,655	69,345
Capital repair & replacement contingency	25,000	2,123	-	2,123
Emergency Reserve	11,656	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	441,305	590,634	493,796	96,838
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>				
<b>EXPENDITURES</b>	(10,215)	(190,160)	(101,833)	88,327
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	<u>750,302</u>	<u>689,456</u>	<u>689,456</u>	<u>-</u>
END OF YEAR	<u>\$ 750,302</u>	<u>\$ 499,296</u>	<u>\$ 587,623</u>	<u>\$ 88,327</u>

The notes to the financial statements are an integral part of these statements.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Beebe Draw Farms Authority (“Authority”), located in Weld County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The Authority was established pursuant to C.R.S. 29-1-203. The service area of the Authority consists of the boundaries of Beebe Draw Farms Metropolitan District No. 1 (“District No. 1”) and Beebe Draw Farms Metropolitan District No. 2 (“District No. 2”), collectively the “Districts”. The purpose of the Authority is to effect the development and operations and maintenance of the public improvements for the benefit of the Districts, the residents and property owners within the Districts. The Authority is governed by a Board of Directors consisting of four members of which two members are appointed by District No. 1 and District No. 2. Each director shall serve a term of two years. The Authority’s primary source of revenue is transfers from the Districts.

As required by GAAP, these financial statements present the activities of the Authority, which is legally separate and financially independent of other state and local governments. The Authority follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The Authority is not financially accountable for any other organization. The Authority has no component units as defined by the GASB.

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the Authority. The statement of net position reports all financial and capital resources of the Authority. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the Authority is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are transfers from the Districts and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The Authority reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources not accounted for and reported in another fund.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

Capital Infrastructure Fund – The Capital Infrastructure Fund is used to account for the costs incurred by the Authority for planning, designing, constructing, financing and acquiring public improvements on the undeveloped projects.

Amenities Fund – The Amenities Fund is used to account for the costs incurred by the Authority for planning, designing, constructing, financing and acquiring public improvements or enhancement to developed projects.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, 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 Authority's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

During 2020, the District amended its General Fund budget from \$441,305 to \$590,634 mainly due to legal and capital replacement expenditures.

### Assets, Liabilities and Net Position

#### Fair Value of Financial Instruments

The Authority's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The Authority estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The Authority follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

### Estimates

The preparation of these financial statements in conformity with GAAP requires the Authority management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

In addition to liabilities, 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. The Authority has no items that qualify for reporting in this category.

### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the Authority is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Roads	35 years
Recreation Facilities	20 - 40 years
Water Distribution System	20 - 30 years
Irrigation improvements	20 years
Maintenance Facility	40 years

Depreciation expense for the year ended December 31, 2020 was \$280,385.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The Nonspendable Fund Balance of \$24,233 in the General Fund relates to prepaid expenses.

### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$12,316 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Capital Infrastructure Fund in the amount of \$6,433,683 is restricted for the payment of the costs for infrastructure capital improvements within the Authority.

The restricted fund balance in the Amenities Fund in the amount of \$1,057,093 is restricted for the payment of the costs for amenity capital improvements within the Authority.

### Committed Fund Balance

The committed fund balance is the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

### Assigned Fund Balance

Assigned fund balance includes amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority's Board of Directors or by an official or body to which the Board of Directors delegates the authority. In accordance with the Authority Establishment Agreement, The Board of Directors have assigned \$260,878, \$129,209, and \$350,000 for 2021 expenditures related to the Repair and Replacement Reserves, Discretionary Fund, and O&M Reserve Fund, respectively.

BEEBE DRAW FARMS AUTHORITY

Notes to Financial Statements  
December 31, 2020

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

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

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

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

Note 2: Cash

As of December 31, 2020, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 32,353
Cash - restricted	<u>6,962,811</u>
Total	<u>\$ 6,995,164</u>

Cash as of December 31, 2020, consist of the following:

Deposits with financial institutions	<u>\$ 6,995,164</u>
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BEEBE DRAW FARMS AUTHORITY

Notes to Financial Statements  
December 31, 2020

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The Authority follows state statutes for deposits. None of the Authority’s deposits were exposed to custodial credit risk.

Investments

As of December 31, 2020, the Authority had no investments.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 1,855,454	\$ 67,575	\$ -	\$ 1,923,029
Water Capacity	815,660	-	-	815,660
Land	1,639,760	-	-	1,639,760
Total capital assets not being depreciated	<u>4,310,874</u>	<u>67,575</u>	<u>-</u>	<u>4,378,449</u>
<u>Capital assets being depreciated</u>				
Roads	4,418,415	-	-	4,418,415
Water distribution Facilities	1,292,161	-	-	1,292,161
Offsite water facilities	300,000	-	-	300,000
Maintenance Facility Building	1,021,530	-	-	1,021,530
Recreation facilities/ equipment	2,671,102	66,084	-	2,737,186
Irrigation and landscape	143,085	-	-	143,085
Total capital assets being depreciated	9,846,293	66,084	-	9,912,377
Less accumulated depreciation	<u>(4,115,650)</u>	<u>(280,385)</u>	<u>-</u>	<u>(4,396,035)</u>
Net capital assets being depreciated	<u>5,730,643</u>	<u>(214,301)</u>	<u>-</u>	<u>5,516,342</u>
Government type assets, net	<u>\$ 10,041,517</u>	<u>\$ (146,726)</u>	<u>\$ -</u>	<u>\$ 9,894,791</u>

Depreciation expense for the year 2020 is \$280,385.

## BEEBE DRAW FARMS AUTHORITY

### Notes to Financial Statements December 31, 2020

Water system capacity is provided for 204 water taps of which 147 have been connected as of December 31, 2020, leaving 57 available to connect for future lots. Midway through 2020, changes were agreed upon between the Authority and CWCWD to offer Budget Taps (or ½ taps) which require ½ of a CBT share instead of the full taps utilizing an entire CBT share. This change requires homeowners to conserve water consumption or pay a much higher water bill. Going forward it is anticipated that the majority of home owners will opt in for the ½ Budget Tap allowing the 57 CBT shares to provide water for approximately 100 homes.

Note 4: Other Agreements

Beebe Draw Farms Authority Establishment Agreement (AEA)

Effective April 12, 2011 that certain Authority Establishment Agreement (“AEA”), as amended December 11, 2012, was entered into by and between District No. 1 and District No. 2, whereby the Authority was created. The Districts, through the Authority, will provide for financing the operations and maintenance of the existing public improvements as well as providing for financing, constructing and operating and maintaining additional public improvements. In no case shall the mill levy imposed by the Districts for debt service and operations and maintenance exceed their respective mill levy caps.

As a part of the AEA, District No. 1 has agreed to impose the District Required Mill Levy until 2018 and to transfer such revenues to the Authority for deposit into either the Infrastructure Account or the Amenities Account. For tax collection year 2011 and thereafter the Districts shall transfer all revenues from the operations and maintenance mill levy less the Districts direct operations and maintenance costs to the Authority.

Commencing in tax collection year 2011 and each year thereafter, District No. 2 shall transfer revenues from the Required O&M Mill Levy into the Authority O&M Account, less the Direct District No. 2 Administrative Costs. For tax collection year 2011 and each year thereafter, District No. 2 shall transfer 100% of all revenues from the Development Fees (if any) into the Infrastructure Account and 80% of all revenues from the District No. 2 Required Mill Levy and Specific Ownership Tax Revenues into the Authority Infrastructure Account. Also for tax collection year 2011 and each year thereafter, District No. 2 shall transfer 20% of all revenues from the District No. 2 Required Mill Levy and Specific Ownership Tax Revenues into the Authority Amenity Account. Upon consent of both District No. 1 and District No. 2, the 80%/20% split described above may be adjusted upward or downward in any given year.

District No. 2 shall be authorized to provide for the financing, design, acquisition, construction and operations and maintenance of additional public improvements the estimated costs which approximate \$26,125,508 and as adjusted for inflation approximate \$36,000,000 which would be financed through Bonds issued by District No. 2 in an amount not to exceed \$36,000,000.

## BEEBE DRAW FARMS AUTHORITY

### Notes to Financial Statements December 31, 2020

#### Right of Way Grant

On August 15, 2019, the District entered into a Pipeline Right of Way purchase agreement with DCP Operating Company, LP (Grantee) allowing the Grantee the right, privilege, and easement for the purpose of a pipeline for the transportation of oil, gas, petroleum products, water, and other products deemed necessary by the Grantee at the cost of \$30 per linear foot and \$1,000 per bore pit. As of December 31, 2020, the District has collected \$2,014 on behalf of this agreement.

#### Capital Pledge Agreement

District No. 1 and District No. 2 have an Amended and Restated Consolidated Service Plan for Beebe Draw Farms Metropolitan District No. 1 and Beebe Draw Farms Metropolitan District No. 2 approved by the Weld County Board of County Commissioners on March 16, 2011 (“Amended and Restated Service Plan”). Pursuant to the Amended and Restated Service Plan, and subject to the conditions of the Amended and Restated Service Plan, on June 14, 2011, District No. 1 entered into an Initial District No. 1 Capital Pledge Agreement with the Authority and with the support of District No. 2 (the “Initial District No. 1 Capital Pledge Agreement”), and District No. 2 entered into an Initial District No. 2 Capital Pledge Agreement with the Authority (the “Initial District No. 2 Capital Pledge Agreement” and collectively with the Initial District No. 1 Capital Pledge Agreement, the “Original Capital Pledge Agreements”).

The Original Capital Pledge Agreements are debt instruments with a principal amount of \$1,500,000 on behalf of District No. 1 and \$26,125,508 on behalf of District No. 2 plus an interest rate of fifteen percent (15%). The mill levy for payment of this obligation is capped at forty (40) mills for District No. 1 and fifty (50) mills for District No. 2, minus the 1998 Bond Mill Levy for each year and less the Operating and Maintenance Mill Levy for each year, to be imposed for collection beginning in 2012 and ending in tax collection year 2018 for District No. 1 and tax collection year 2051 for District No. 2. The total debt repayment will be the lesser of the \$1,500,000 for District No. 1 (“District No. 1 Payment Obligation”) and the lesser of the \$26,125,508 for District No. 2 (“District No. 2 Payment Obligation”), plus 15% interest accrued per annum or the total revenue that flows from the imposition of the forty (40) or fifty (50) mills, minus the 1998 Bond Mill Levy and the Operating and Maintenance Mill Levy, over the term of the mill levy imposition.

On December 20, 2012, with the support of District No. 2, District No. 1 and the Authority entered into that certain First Amendment to District No. 1 Capital Pledge Agreement (“First Amended Capital Pledge Agreement”), wherein the Authority consented to the issuance of District No. 1’s 2012 Bonds and waived any limitations set forth in the Original Capital Pledge Agreement to the extent necessary for District No. 1 to issue its 2012 Bonds.

## BEEBE DRAW FARMS AUTHORITY

### Notes to Financial Statements December 31, 2020

As contemplated in the AEA, on August 4, 2016, District No. 2 and the Authority entered into that certain District No. 2 Capital Pledge Agreement (First Exclusion) (“First Exclusion Capital Pledge Agreement”) for the purpose of refunding in full District No. 2’s Payment Obligation under the District No. 2 Initial Capital Pledge Agreement and continuing to provide for the funding of Actual Capital Costs (as defined in the First Exclusion Capital Pledge Agreement) through the imposition by District No. 2 of an ad valorem property tax mill levy of fifty (50) mills, minus the 1998 Bond Mill Levy and the Operating and Maintenance Mill Levy, over the term of the mill levy imposition.

The principal portion of the Payment Obligation represented by the First Exclusion Capital Pledge Agreement bears an interest rate that is lower than the rate of interest borne by the Principal Portion of the Payment Obligation represented by the District No. 2 Initial Capital Pledge Agreement, and as a result, no additional electoral authorization was required with respect to the First Exclusion Capital Pledge Agreement.

#### Developer Fee and Water Tap Fee Agreement

On December 8, 1998, District No. 1 entered into a Developer Fee and Water Tap Fee Agreement with the Developer pursuant to which the Developer shall pay certain fees to District No. 2 (as assignee of District No. 1) on or before the date of transfer or sale of a lot.

On December 5, 2000, this agreement was amended (collectively with the December 8, 1998 Agreement, the “Developer and Water Tap Fee Agreement”) pursuant to which the Developer agreed to prepay up to \$627,500 in fees at the rate of \$16,000 per lot, to District No. 2 (as assignee of District No. 1) by December 31, 2001 or, if later, within 10 days of a written demand by the District to the Developer for such funds as needed to make all required construction payments for improvements to Milton Lake.

In November 2016, the Board of Directors determined to eliminate the developer fee at this time provided that any previous payments received be retained by the District, and assigned to the Authority.

Pursuant to the AEA, all fees collected pursuant to this agreement for tax year 2011 and each year thereafter, shall be collected by District No. 2, 100% of which shall be transferred into the Authority’s Capital Infrastructure Account. Pursuant to the AEA, fees collected from this agreement are not subject to the 80/20 split further described in the AEA. Total amount of property taxes collected by District No. 2 under this agreement was \$17,608 during 2020.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

### Note 5: Related Parties

The primary developer of real property within the service area of the Authority is R.E.I. Limited Liability Company (“Developer”), successor in interest to Beebe Draw Farms, Ltd. Certain members of the Board are associated with the Developer. The Developer rents office space on a year-by-year basis. Total amount of office rent collected in 2020 was \$1,626.

### Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

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

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

On November 3, 2015, a majority of the Authority’s electors authorized the Authority to collect and spend or retain in a reserve all currently levied taxes and fees of the Authority without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

# BEEBE DRAW FARMS AUTHORITY

## Notes to Financial Statements December 31, 2020

### Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the Authority may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Authority has elected to participate in the Colorado Special Authority Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Authority pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the Authority may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

### Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;

SUPPLEMENTAL INFORMATION

## Beebe Draw Farms Authority

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL INFRASTRUCTURE FUND  
For the Year Ended December 31, 2020

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Transfer from District No. 1	\$ 20,886	\$ 20,919	\$ 33
Transfer from District No. 2	129,320	145,135	15,815
Transfer from District No. 2 - Cap Pledge 2051	8,576	8,427	(149)
Transfer from District No. 2 - Cap Pledge 2055	5,299	5,315	16
Water Tap fees	450,000	432,000	(18,000)
Interest income	40,000	10,932	(29,068)
Right of way revenue	-	1,611	1,611
Total Revenues	654,081	624,339	(29,742)
<b>EXPENDITURES</b>			
Engineering and Planning	100,000	20,272	79,728
Infrastructure	250,000	67,575	182,425
Legal	75,000	11,776	63,224
Contingency	1,000,000	-	1,000,000
Total Expenditures	1,425,000	99,623	1,325,377
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(770,919)	524,716	1,295,635
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	5,371,276	5,908,967	537,691
END OF YEAR	\$ 4,600,357	\$ 6,433,683	\$ 1,833,326

The notes to the financial statements are an integral part of these statements.

**Beebe Draw Farms Authority**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
AMENITIES FUND

For the Year Ended December 31, 2020

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES</b>			
Transfer from District No. 1	\$ 27,999	\$ 28,044	\$ 45
Transfer from District No. 2	32,330	45,608	13,278
Transfer from District No. 2 - Cap Pledge 2051	2,144	3,097	953
Transfer from District No. 2 - Cap Pledge 2055	1,325	1,132	(193)
Right of way revenue	-	403	403
Interest income	<u>10,000</u>	<u>3,363</u>	<u>(6,637)</u>
Total Revenues	<u>73,798</u>	<u>81,647</u>	<u>7,849</u>
<b>EXPENDITURES</b>			
Fitness center	80,000	-	80,000
ATV/gun range	80,000	-	80,000
Trail along Beebe Draw Parkway	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>210,000</u>	<u>-</u>	<u>210,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(136,202)	81,647	217,849
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>994,723</u>	<u>975,446</u>	<u>(19,277)</u>
END OF YEAR	<u>\$ 858,521</u>	<u>\$ 1,057,093</u>	<u>\$ 198,572</u>

The notes to the financial statements are an integral part of these statements.