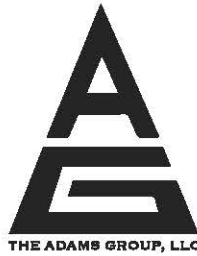


**BOXELDER BASIN
REGIONAL STORMWATER AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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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, each major fund, and the aggregate remaining fund information of the Boxelder Basin Regional Stormwater Authority (the Authority), as of and for the year ended December 31, 2020, 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, each major fund, and the aggregate remaining fund information of the Boxelder Basin Regional Stormwater Authority, as of December 31, 2020, 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.

Emphasis of Matter

For the year ended December 31, 2020, the Authority recorded a prior period adjustment to the surface water augmentation accrual. As a result, the surface water augmentation accrual was overstated in 2019. See Note 11 for additional information. Our opinions are not modified with respect to this matter.

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 15 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 fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual 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.

The Adams Group, LLC

August 27, 2021
Denver, Colorado

BASIC FINANCIAL STATEMENTS

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,454,280
Restricted cash	306,682
Service fees receivable	1,662,950
Prepaid expenses	1,372
Capital assets, not being depreciated	3,369,367
Capital assets, net of accumulated depreciation	10,775,799
Total assets	17,570,450
 Liabilities and Fund Balance/Net Position	
Liabilities	
Accounts payable	24,918
Accrued interest payable	96,640
Noncurrent Liabilities:	
Due within one year	570,300
Due in more than one year	6,632,227
Total liabilities	7,324,085
 Net Position	
Net investment in capital assets	6,845,999
Restricted	1,800,919
Unrestricted	1,599,447
Total net position	\$ 10,246,365

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
General Government	\$ 625,775	\$ 1,108,050	\$ 170,401	\$ 604,222	\$ 1,256,898
General Revenues:					
					9,717
					33,360
					43,077
					1,299,975
					8,946,390
					\$ 10,246,365

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,450,597	\$ 0	\$ 3,683	\$ 1,454,280
Restricted cash	0	306,682	0	306,682
Service and development fees receivable	1,652,092	0	10,858	1,662,950
Prepaid expenses	1,372	0	0	1,372
Total assets	<u>\$ 3,104,061</u>	<u>\$ 306,682</u>	<u>\$ 14,541</u>	<u>\$ 3,425,284</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 10,377	\$ 0	\$ 14,541	\$ 24,918
Total liabilities	<u>10,377</u>	<u>0</u>	<u>14,541</u>	<u>24,918</u>
Deferred Inflows of Resources				
Unavailable service and development fees	1,598,075	0	0	1,598,075
Total deferred inflows of resources	<u>1,598,075</u>	<u>0</u>	<u>0</u>	<u>1,598,075</u>
Fund Balance				
Nonspendable	1,372	0	0	1,372
Restricted	1,494,237	306,682	0	1,800,919
Total fund balance	<u>1,495,609</u>	<u>306,682</u>	<u>0</u>	<u>1,802,291</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,104,061</u>	<u>\$ 306,682</u>	<u>\$ 14,541</u>	<u>\$ 3,425,284</u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance of Governmental Funds		\$ 1,802,291
Accounts receivables are not available to pay for current period expenditures and, therefore are reported as unavailable resources in the funds.		1,598,075
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets	15,210,558	
Accumulated depreciation	<u>(1,065,392)</u>	
		14,145,166
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(7,202,527)	
Accrued interest payable	<u>(96,640)</u>	
		<u>(7,299,167)</u>
Net Position of Governmental Activities		<u><u>\$10,246,365</u></u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund	Nonmajor Fund	Total
Revenues:				
Fee revenue	\$ 1,077,451	\$ 0	\$ 0	\$ 1,077,451
System development fees	129,913	0	0	129,913
Interest and other income	9,717	0	0	9,717
Participation by TDA	40,488	210,843	19,554	270,885
Reimbursement income	33,360	0	0	33,360
Total revenues	<u>1,290,929</u>	<u>210,843</u>	<u>19,554</u>	<u>1,521,326</u>
Expenditures:				
Current:				
Audit	8,200	0	0	8,200
Insurance	2,744	0	0	2,744
Legal	27,431	0	0	27,431
Management and accounting	53,730	0	0	53,730
Fee billing	33,429	0	0	33,429
Office & other	601	0	0	601
Public outreach	300	0	0	300
Coal Creek (Clark Reservoir) Maint. Agreement-	1,000	0	0	1,000
ESDF facility maintenance	51,713	0	0	51,713
Contingency	0	0	0	0
Debt Service:				
Loan payment - ESDF	0	624,053	0	624,053
Loan payment - LWCCS	0	72,675	0	72,675
Loan payment - CR52	0	69,977	0	69,977
Capital outlay:				
Construction	0	0	78,216	78,216
Total expenditures	<u>179,148</u>	<u>766,705</u>	<u>78,216</u>	<u>1,024,069</u>
Excess of revenues over (under) expenditures	1,111,781	(555,862)	(58,662)	497,257
Other financing sources/(uses)				
Transfers-internal activities	(691,194)	632,532	58,662	0
Total other financing sources	<u>(691,194)</u>	<u>632,532</u>	<u>58,662</u>	<u>0</u>
Change in fund balance	420,587	76,670	0	497,257
Fund balance, beginning of year	<u>1,075,022</u>	<u>230,012</u>	<u>0</u>	<u>1,305,034</u>
Fund balance, end of year	<u>\$ 1,495,609</u>	<u>\$ 306,682</u>	<u>\$ 0</u>	<u>\$ 1,802,291</u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Governmental Fund		\$ 497,257
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount represents the change in deferred accounts receivable.		404,424
Debt service for principal payments are reported as expenditures in the governmental funds but not reported as expenses in the statement of activities.		555,163
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Capital outlay	78,216	
Depreciation expense	(236,824)	
Change in accrued interest	1,739	
	(156,869)	
Change in Net Position of Governmental Activities		\$ 1,299,975

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 (the 2017 Agreement) was signed. The 2017 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 Colorado Water Conservation Board (CWCB) debt and 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 2017 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 2017 Agreement. As a result, even though the Authority has positive General Fund balance, it is presented as restricted.

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 and the 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. Interfund activity has been eliminated from the statement of net position and the statement of activities.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The governmental funds balance sheet and the statement of governmental revenues, expenditures, and changes in funds balance 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.

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

In the funds financial statements, the Authority reports the following nonmajor governmental 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.

Assets, Liabilities, Deferred Inflows of Resources, 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, 2020, 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 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
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances (Continued)

All capital assets are capitalized at 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.

Deferred Inflows of Resources – The statement of net position and the governmental funds balance sheet 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 or fund balance that applies to a future period(s) and therefore is not recognized as an inflow of resources (revenue) until that time. Accordingly, the item, unavailable 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, long-term debt and other long-term obligations are reported as liabilities.

The statement of governmental funds revenues, expenditures, and changes in fund balance recognizes 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
DECEMBER 31, 2020

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, 2020, the carrying amount of the Authority's deposits was \$150,640 and bank balances of the Authority's deposits were \$161,823. 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, certain U.S. government agency securities of the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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, 2020, COLOTRUST Plus+ had a weighted average maturity of 51 days to reset and 80 days to maturity. At December 31, 2020, COLOTRUST Prime had a weighted average maturity of 13 days to rest and 92 days to maturity. At December 31, 2020, the Authority has invested \$1,294,980 in COLOTRUST Plus+ and invested \$315,342 in COLOTRUST Prime. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

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 investments are carried at net asset value.

The Authority has restricted cash related to the three Colorado Water Conservation Board (CWCB) loans which are described in Note 5. At December 31, 2020, \$306,682 was restricted for debt service reserves.

NOTE 3 - INTERFUND TRANSACTIONS

The transfer from the General Fund to the Capital Projects Fund, totaling \$58,662, is to fund capital costs not paid with service fee revenue. The General Fund also transferred funds of \$632,532 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, 2020 is summarized as follows:

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
Primary Government				
Capital assets not being depreciated:				
Construction in progress	\$ 239,690	\$ 78,216	\$ 0	\$ 317,906
Land and Easements	3,051,461	0	0	3,051,461
Total capital assets not being depreciated	<u>3,291,151</u>	<u>78,216</u>	<u>0</u>	<u>3,369,367</u>
Capital assets being depreciated:				
Drainage Improvements	11,841,191	0	0	11,841,191
Less accumulated depreciation for:				
Drainage Improvements	(828,568)	(236,824)	0	(1,065,392)
Total capital assets being depreciated, net	<u>11,012,623</u>	<u>(236,824)</u>	<u>0</u>	<u>10,775,799</u>
Capital assets, net	<u>\$ 14,303,774</u>	<u>\$ (158,608)</u>	<u>\$ 0</u>	<u>\$ 14,145,166</u>

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020:

	<u>Balance</u> <u>12/31/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
CWCB					
Note payable-LWCCS	\$ 734,320	\$ 0	\$ 52,481	\$ 681,839	\$ 53,924
Note payable-ESDF	6,305,560	0	450,650	5,854,910	463,043
Note payable-CR52	717,810	0	52,032	665,778	53,333
Total	<u>\$ 7,757,690</u>	<u>\$ 0</u>	<u>\$ 555,163</u>	<u>\$ 7,202,527</u>	<u>\$ 570,300</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 had an original amount of \$1,010,000 requiring annual payments of \$72,674 which includes principal and interest at a rate of 2.75%. This loan is for the Larimer-Weld Canal (LWCCS). At the completion of the project the loan was reduced to \$835,105.

The second loan had an original amount of \$7,171,000 requiring 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 had an original amount of \$818,100 requiring annual payments of \$69,977 which includes principal and interest at a rate of 2.50%. 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, 2020 are as follows.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	635,092	131,613	766,705
2026 - 2030	3,444,875	388,650	3,833,525
2031	746,352	20,354	766,706
Total	<u>\$ 7,202,527</u>	<u>\$ 1,231,229</u>	<u>\$ 8,433,756</u>

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, the Authority restricted \$1,494,237 for equalization payments to member entities at the conclusion of the Authority's operations and \$306,682 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, 2020, 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, 2020, the Authority has no assigned fund balances.

Unassigned – All other spendable amounts.

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.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, the County, the City, and Town remitted revenues totaling \$392,900, \$424,741 and \$389,723, respectively, to the Authority. Fund receivables of \$351,211, \$441,818 and \$773,959, 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 2021.

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.

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

Surface Water Augmentation Program

Based on open water surveys at the East Side Detention Facility, the Authority has determined it will be required to make certain improvements to the facility. The Authority estimated cost of the project to be \$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.

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.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2020, the Authority determined a prior period adjustment was necessary to adjust the surface water augmentation accrual reported during the prior year for governmental activities. The prior period adjustment reduced the accrual. See the table below for impact:

Net position as previously reported	\$ 7,346,390
Restatement	1,600,000
Net position 12/31/2019, restated	<u><u>\$ 8,946,390</u></u>

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fee revenue	\$ 1,029,060	\$ 1,077,451	\$ 48,391
System development fees	129,196	129,913	717
Interest and other income	30,000	9,717	(20,283)
Participation by TDA	49,368	40,488	(8,880)
Reimbursement income	33,360	33,360	0
Total revenues	<u>1,270,984</u>	<u>1,290,929</u>	<u>19,945</u>
Expenditures:			
Current:			
Audit	8,250	8,200	50
Insurance	3,100	2,744	356
Legal	25,000	27,431	(2,431)
Management and accounting	74,160	53,730	20,430
Fee billing	33,360	33,429	(69)
Office & other	1,500	601	899
Public outreach	300	300	0
Coal Creek (Clark Reservoir)			
Maint. Agreement-North Poudre	1,000	1,000	0
ESDF facility maintenance	82,620	51,713	30,907
Contingency	5,000	0	5,000
Total expenditures	<u>234,290</u>	<u>179,148</u>	<u>55,142</u>
Excess of revenues over expenditures	1,036,694	1,111,781	75,087
Other financing sources/(uses)			
Transfer to Debt Service Fund	(632,533)	(632,532)	1
Transfer to Capital Projects fund	(1,306,272)	(58,662)	1,247,610
Total other financing sources/uses	<u>(1,938,805)</u>	<u>(691,194)</u>	<u>1,247,611</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ (902,111)</u>	420,587	<u>\$ 1,322,698</u>
Fund balance, beginning of year		<u>1,075,022</u>	
Fund balance, end of year		<u>\$ 1,495,609</u>	

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Participation by TDA	\$ 210,844	\$ 210,843	\$ (1)
Total revenues	<u>210,844</u>	<u>210,843</u>	<u>(1)</u>
Expenditures:			
Debt service:			
Loan payment - ESDF	624,053	624,053	0
Loan payment - LWCCS	72,675	72,675	0
Loan payment - CR52	69,977	69,977	0
Total expenditures	<u>766,705</u>	<u>766,705</u>	<u>0</u>
Excess of revenues under expenditures	(555,861)	(555,862)	(1)
Other financing sources/(uses)			
Transfers in from General Fund	632,533	632,532	(1)
Total other financing sources	<u>632,533</u>	<u>632,532</u>	<u>(1)</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 76,672</u>	76,670	<u>\$ (2)</u>
Fund balance, beginning of year		<u>230,012</u>	
Fund balance, end of year		<u>\$ 306,682</u>	

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Participation by TDA (ESDF & LWCCS)	\$ 635,779	\$ 19,554	\$ (616,225)
Total revenues	<u>635,779</u>	<u>19,554</u>	<u>(616,225)</u>
Expenditures:			
Capital outlay:			
Construction	1,942,051	78,216	1,863,835
Total expenditures	<u>1,942,051</u>	<u>78,216</u>	<u>1,863,835</u>
Excess of revenues over (under) expenditures	(1,306,272)	(58,662)	1,247,610
Other financing sources/(uses)			
Transfers in from General Fund	1,306,272	58,662	(1,247,610)
Total other financing sources	<u>1,306,272</u>	<u>58,662</u>	<u>(1,247,610)</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 0</u>	0	<u>\$ 0</u>
Fund balance, beginning of year		<u>0</u>	
Fund balance, end of year		<u>\$ 0</u>	