URBAN DRAINAGE & FLOOD CONTROL DISTRICT

Protecting People, Property, and our Environment.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended December 31, 2021

Prepared By:

MHFD

MILE HIGH FLOOD DISTRICT

Denver, CO

Annual Comprehensive Financial Report

For the Year Ended December 31, 2021

Urban Drainage & Flood Control District, Colorado

Prepared by the Finance Department

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BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

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Bud Starker, Mayor, City of Wheat Ridge.....Chairperson Pro Tem

Stephanie Piko, Mayor, City of Centennial.....Treasurer

Nancy Sharpe, Commissioner, Arapahoe County.....Secretary

Dave Sellards, Engineer-Retired.....Member-at-Large

MEMBERS

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Francoise Bergan, Mayor Pro Tem, City of Aurora

Guyleen Castriotta, Mayor Pro Tem, City/County Broomfield

Jolon Clark, Council Member, City & County of Denver

Stacie Gilmore, Council Member, City & County of Denver

Mark Hunter, Engineer-Retired

Matt Jones, Commissioner Boulder County

Junie Joseph, Mayor Pro Tem, City of Boulder

Paul Kashmann, Council Member City and County of Denver

Tracy Kraft-Tharp, Commissioner, Jefferson County

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Nancy McNally, Mayor, City of Westminster

Murphy Robinson, Deputy Mayor, City & County of Denver

Ashley Stolzmann, Mayor, City of Louisville

Lora Thomas, Commissioner, Douglas County

Jerry Valdez, Mayor, City of Littleton

Marc Williams, Mayor, City of Arvada

DISTRICT STAFF

Ken MacKenzie, Executive Director

David Bennetts, Manager, Government Relations

Barbara Chongtoua, Manager, Development Services

Amelia Deleon, Director of Human Resources

Laura Kroeger, Director of Engineering Services

Chad Kudym, Director of IT

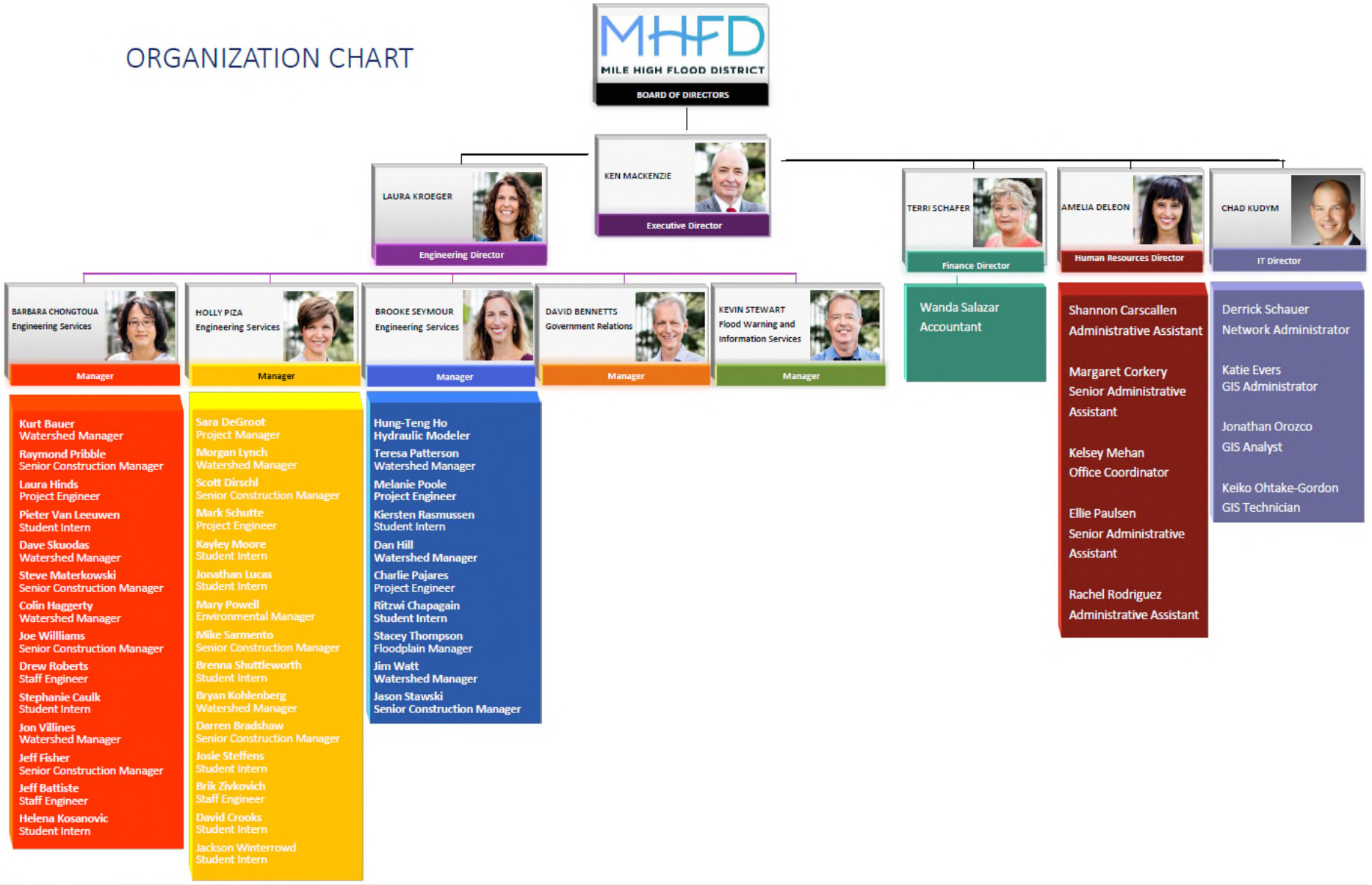
Holly Piza, Manager, Engineering Services

Terri Schafer, Director of Finance

Kevin Stewart, Manager, Information Services & Flood Warning

Brooke Seymour, Manager, Engineering Services

ORGANIZATION CHART



MHFD
MILE HIGH FLOOD DISTRICT

2480 W. 26th Ave Suite 156-B | Denver, CO 80211
TEL 303 455 6277 | FAX 303 455 7880

www.mhfd.org

April 07, 2022

Board of Directors
Urban Drainage and Flood Control District
d/b/a/ Mile High Flood District

INTRODUCTION

GENERAL

The Annual Comprehensive Financial Report (ACFR) of Urban Drainage and Flood Control District, d/b/a Mile High Flood District (District) for the year ended December 31, 2021 is submitted herewith. The report was prepared by staff of the District's Accounting Division. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe that the data presented are accurate in all material aspects; that the report is presented in a manner designed to fairly describe the results of operations of the District; that the report fairly presents the financial position of the District for the year then ended; and that all disclosures necessary to enable the reader to gain a maximum understanding of the District's financial activities have been included.

In the accompanying financial statements, the District has included all funds that are controlled by the District's Board of Directors in conformance with those standards set by the Governmental Accounting Standards Board (GASB). Control is determined on the basis of budget adoption, appropriating authority, funding, and approval by the District's Board of Directors. The reporting entity and funds are described in detail in Note 1 to the financial statements. The District is not a component unit of the State of Colorado, nor is it financially accountable for any other governmental entities.

In general terms, the District's operations may be described as: constructing and maintaining drainage and flood mitigation infrastructure; managing, and restoring urban streams; master planning of stream and watershed improvements; quantifying and delineating flood risk; providing early flood warning; managing and preserving floodplains and floodways; promulgating criteria and standards; performing research to advance the practice; maintaining and refining computational hydrologic and hydraulic models, and otherwise serving the residents of the 35 municipalities and those portions of the seven counties in the District's 1,608 square mile boundary in the Denver–Aurora–Lakewood metropolitan statistical area.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to

complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITION AND OUTLOOK

The District's principle revenue source is an ad valorem tax, levied against the assessed value of real property within the District boundary. In spite of the COVID-19 global pandemic that continued into 2021, a major influx of new residents into the Denver-Aurora-Lakewood metropolitan statistical area continued, outstripped housing availability and driving real estate prices even higher. In the 2021 reassessment cycle, residential property values in this statistical area are expected to continue to increase 5-15% over 2020 to a median value of $440,000-$480,000. It remains to be seen what will happen to commercial property values in the wake of the COVID-19 pandemic of 2020 and 2021. These may drop significantly with many businesses closing or in bankruptcy and other employers learning that with large portions of the workforce functioning remotely, office space needs are much lower than previously thought. The impact of these changes may not be fully realized in 2021, however. The Denver market continues to be attractive to businesses relocating from other states however, and it is hoped that this trend will offset the impact of those businesses closed in 2021.

TABOR AMENDMENT

In November of 1992, the voters of Colorado passed Article X, Section 20 of the Colorado Constitution known as the Taxpayer's Bill of Rights (TABOR) which is designed to restrain the growth of government. In 2018, Ballot item 7G was passed by the voters of the District, removing the District's TABOR revenue and spending restrictions. Additional information and explanations as to how this amendment affects the District can be found in the MD&A and in Note 9.

SIGNIFICANT ACTIVITIES

The District's activities fall under four major program areas: Watershed Services; Stream Services; Operations and Development Services, and Flood Warning and Information Services.

None of the District's activities or services were adversely impacted by the COVID-19 pandemic as staff were given the tools and resources to work from the relative safety of their homes from March 17, 2020 through the end of 2021.

Watershed Services

In 2021, the District was involved in 28 master planning studies, in nearly all of which the District served as the lead contracting agency. Four of these studies were completed in 2021. Each effort included at least one other local governmental entity.

The District has worked with the Federal Emergency Management Agency (FEMA) as a Cooperating Technical Partner since 2001. In this partnership, FEMA provides the District with grants and the District provides technical reviews for requests for Flood Insurance Rate Map (FIRM) changes. The project continued through 2021 and is expected to do so for the

foreseeable future. The District assisted several local governments in obtaining FIRM changes brought about by the construction of the flood control projects discussed above. Twenty four Flood Hazard Area Delineation studies were in progress and one was completed in 2021. Approximately 56,000 flood hazard information brochures were mailed to properties in or near high hazard zones. The District continued to provide plan review and construction observation services for projects that impact stream corridors under the Maintenance Eligibility Program (MEP). Projects constructed with non-District funds (typically land development projects) that are approved through the MEP may receive future stream management or maintenance assistance as described below. Routine assistance was provided to local governments on a wide range of floodplain management issues.

Stream Services

Capital improvement projects include designing and constructing master planned improvements. The year 2021 saw the start of 21, the completion of 6, and the continuation of 47 projects. The design phases were conducted under District management in cooperation with other public agencies. The construction projects were either managed by the local sponsor or the District. The funds for the construction projects, in most cases, were managed by the District.

A critical part of the District's operations is its stream management or maintenance activity. The District helped 34 local governments in 2021 by providing stream management assistance on major drainageways within their jurisdiction. Through ten separate contracts, stream management services were performed over 360 different drainageway sites totaling more than 298 miles of stream length and 550 acres of floodplain. These stream management activities included vegetation management, debris removal, tree removal, and small repairs. One hundred seventy six agreements or amendments for stream management restoration services were issued during 2021 to address localized maintenance needs across the District. All stream management maintenance activities were contracted to the private sector.

In 2021, the District continued stream management and restoration activities along the South Platte River, a reach of approximately 41 miles from Chatfield Reservoir to the Adams/Weld County line. Stream management activities included trash and debris removal from the channel, mowing and tree/shrub pruning along trails, noxious weed and invasive plant control, and revegetation. Channel restorative activities included bank restoration, grade control construction and rehabilitation, revegetation, utility crossing buttress construction, and trail repairs. All design and construction activities were contracted to private sector vendors. Seven new projects were started along the river, four projects were completed, and three existing projects continued.

In 2017, the District established a Development Services Enterprise in order to contract with land developers, collect voluntary fees from same, and to then hire vendors to design and construct master-planned stream improvement projects necessitated by the land development activities. These projects are called Fee-In-Lieu Improvements (FILI) because the developer's fees are in lieu of the developer completing the required stream improvement work, and the District contracting the design and construction instead of providing maintenance eligibility reviews as a referral agency to the local governments we serve. The District is managing 23 FILI projects in 2021 with five projects completed.

Operations and Development Services

As part of the activities of the Operations and Development Program, the District continues to coordinate the combined efforts by the three largest cities within the District to comply with and renew their National Pollutant Discharge Elimination System Phase I stormwater discharge permits and to participate and assist all Phase II municipalities as they continue to comply with the terms of their stormwater discharge permits. Much of the latter is done through active participation in the Colorado Stormwater Council and by engaging in discussions with the Colorado Department of Public Health and Environment. In support of stormwater quality efforts, the District continued to monitor several structural best management practice facilities for performance, reliability, and maintenance needs, and to report our findings to the scientific and regulated communities.

Also, activities to upgrade technical standards, the District Urban Storm Drainage Criteria Manual, specifications, and related support tools continued during 2021. The District also continued to upgrade its technical software, including the District's own suite of hydrologic and hydraulic computational models. Other operations and development activities continued in 2021 included upgrading and maintaining the District's new website; producing an annual report; providing public outreach and education; improving data and records management; and developing GIS capabilities and electronic work flow processes.

Flood Warning and Information Services

In 2005, the District created the Flood Warning and Information Services program in response to growing technology-driven support needs. The automated flood detection network, known as the ALERT system, continued to improve and expand in 2021. Flood emergency and response procedures are annually reviewed, updated and practiced with local governments. Meteorological and hydrological forecast services involving direct notifications to local jurisdictions concerning potential and imminent flood threats were improved, and new related technologies were developed. IT support needs remain a high priority for the District's network and server operations as electronic information and processing demands continue to increase. System security, virus protection, Internet services, system backups, disaster recovery, equipment upgrades, programming, software licensing and maintenance, data and voice communications, and general IT oversight are among the FW/IS program responsibilities. The District also continued its long-running activities with the United States Geological Survey to collect rainfall and runoff data throughout the Denver metropolitan area.

PROSPECTS FOR THE FUTURE

The combination of the favorable outcome of Ballot Item 7G in 2018, and the 40% increase in assessed values of real property within the District from 2016 to 2021 has resulted in the District's tax revenues increasing 126% over that same time period, from $29.4 million in 2016, to $67.8 million in 2021. Years of decreased construction funding and deferred maintenance under the TABOR restrictions are now replaced with accelerated work, with the District now able to fund more projects with the communities we serve, and at a higher level. In order to manage the (FILI) program, which in 2021 alone is budgeted at $47 million in developer fees, and also in order to manage the dramatic increase in our core work brought on by the passing of Ballot Item 7G, the District hired an additional five new employees in 2021 and plans to hire at

least two or more in 2022, bringing the number of employees to 48. In 2021, the District contributed to the purchase of two properties totaling $401,427 from the recently-expanded property acquisition fund reserve and plans to expend up to $2 million annually moving forward. Also in 2021, the District created a fund reserve in the general fund, to increase by 3% of tax revenues annually and for the purpose of purchasing a new base of operations prior to May 2026 when our current lease expires at the Diamond Hill office complex; our home for the past 47 years.

The four major program areas of the District are all fully funded for 2021. Work programs and budgets for the programs have been approved by the District's Board of Directors.

FINANCIAL INFORMATION

INTERNAL CONTROL

In developing and evaluating the District's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide District management with reasonable (but not absolute) assurance regarding: a) the safeguarding of assets against loss from unauthorized use or disposition; and b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the District's assets. The concept of reasonable assurance recognizes that: a) the cost of a control should not exceed the benefits likely to be derived; and b) the evaluation of cost and benefits requires estimates and judgments by management.

We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

FISCAL CONTROL

Annually, appropriations are established to record the current year's fiscal requirements for the District. Portions of these appropriations are set aside as purchase orders and/or contracts. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose.

To facilitate this determination, the District's accounting records are delineated by category as shown in the financial statements. Budgetary control (that is, the level at which expenses cannot exceed the appropriated amount) is maintained at the category level within an individual fund. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Variances with the budget are reported to the District's management on a monthly basis.

DEBT ADMINISTRATION
The District is in a very enviable position of having no debt, and therefore no debt issues outstanding.

OTHER INFORMATION

CERTIFICATE OF ACHIEVEMENT
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Urban Drainage and Flood Control District for its annual comprehensive financial report for the fiscal year ended December 31, 2020.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT
The District is required to have an annual audit of the books of accounts, financial records and transactions conducted by a firm of independent certified public accountants. The accounting firm of Eide Bailly, LLP was selected by the District's Audit and Finance Committee and approved by the Board of Directors. The independent auditor's report of Eide Bailly, LLP has been included in this report.

ACKNOWLEDGMENTS

In submitting this 2021 Annual Comprehensive Financial Report, we express our sincere appreciation to the District accounting staff and management team that participated in the preparation of this report.

Respectfully Submitted,

Laura A. Kroeger
Executive Director

Terri Schafer, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Urban Drainage and Flood Control
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Urban Drainage and Flood Control District
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Urban Drainage and Flood Control District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule for the Development Services fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the Development Services fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ende Bailly LLP

Denver, Colorado
April 7, 2022

The management of Urban Drainage and Flood Control District, Denver, Colorado offers this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021 as a supplement to the District's basic financial statements.

Financial Highlights

The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $35,258,238 (net position). Of this amount, $1,678,483 represents the District's investment in capital assets, and $25,270,111 is restricted for emergencies, construction, maintenance, South Platte River and floodplain preservation projects. Unrestricted net position at December 31, 2021 was $8,309,644.

The District's total net position increased by $3,261,973.

As of year-end, the District's Governmental Activities reported a combined ending fund balance of $34,413,772, an increase of $2,817,029 in comparison to the prior year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other required supplementary information to supplement the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's basic financial statements a broad overview of the District's finances, in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities. The government-wide financial statements can be found on pages 21 and 22.

The statement of net position presents information on all of the District's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., earned but unused compensated absences).

Fund Financial Statements

A fund is a grouping of related accounts that is used by management to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances or spendable resources available at year-end. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five different governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Construction Special Revenue Fund, Maintenance Special Revenue Fund, South Platte River Special Revenue Fund, and Federal Grants Special Revenue Fund.

The District adopts an annual appropriated budget for the General Fund and major Special Revenue Funds, except as described in the notes to the basic financial statements. A budgetary comparison schedule for the General Fund and each major Special Revenue Fund is included in the required supplementary information.

The basic governmental fund financial statements can be found on pages 23 through 26 of this report.

Proprietary funds are used to account for business-type activities that are similar to the private sector and in which fees are charged for goods and services. The District reports one proprietary fund, an enterprise fund. The District created the Development Services Enterprise Fund in 2017 to account for voluntary fees collected from land developers for the District's participation in design and construction of regional drainage and flood control improvements.

The District adopts an annual appropriated budget for the Development Services Enterprise Fund. A budgetary comparison schedule for this fund is included in the supplementary information. The basic proprietary fund financial statements can be found on pages 27 through 29 of this report

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District has one fiduciary fund, the Project Custodial Fund. The basic fiduciary fund financial statements can be found on pages 30 and 31 in the basic financial statements in 2021.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 32 through 45 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by $35,258,238 at the close of the most recent fiscal year.

By far the largest portion of the District's current assets represent cash and investments of $36,718,246 and property taxes receivable of $69,003,315. Current liabilities include primarily accounts payable. Deferred inflows of resources include unearned revenue of $69,003,315 related to the property tax receivable recorded at year-end.

Statement of Net Position

	2021		2020	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
ASSETS				
Current Assets	$ 105,357,594	$ 874,820	$ 97,770,534	$ 399,522
Net Capital Assets	1,678,483	-	1,728,477	-
Total Assets	107,036,077	874,820	99,499,011	399,522
LIABILITIES				
Current Liabilities	2,401,521	30,354	2,875,592	-
Long-Term Liabilities	1,217,469	-	1,175,680	-
Total Liabilities	3,618,990	30,354	4,051,272	-
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	69,003,315	-	63,850,996	-
Total Deferred Inflows of Resources	69,003,315	-	63,850,996	-
NET POSITION				
Investment in Capital Assets	1,678,483	-	1,728,477	-
Restricted	25,270,111	-	31,356,731	-
Unrestricted	7,465,178	844,466	(1,488,465)	399,522
Total Net Position	$ 34,413,772	$ 844,466	$ 31,596,743	$ 399,522

Governmental activities increased the District's net position by $2,817,029, which represents an 9% increase in net position. The increase in net position was due primarily to the increased millage rate (from .997 in 2020 to 1.000 in 2021) approved by the voters and by the continuing increase in assessed valuation of property

Business-type activities increased the District's net position by $444,944. The increase in net position was primarily due to the administrative fees collected on Fee-in-Lieu projects funded by developers. This was new in 2020 and continues to grow as a result of all the development in the metro area.

Changes in Net Position

	2021		2020	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
REVENUE				
Program Revenue:				
Operating Grants and Contributions	$ 550,856	$ -	$ 650,786	$ -
Charges for Services		14,643,607	-	10,984,379
General Revenue:				
Taxes	67,697,817	-	66,209,433	-
Investment Earnings (Loss)	(28,483)	(540)	342,280	-
Other	168,540	208,603	6,500	400,622
Total Revenues	68,388,730	14,851,670	67,208,999	11,385,001
EXPENSES				
General Government	9,290,030	-	11,978,408	-
Maintenance	25,802,797	-	17,425,992	-
Floodplain Preservation	738,015	-	-	-
Project Custodial Funds	29,740,859	14,406,726	23,548,124	10,985,479
Total Expenses	65,571,701	14,406,726	52,952,524	10,985,479
CHANGE IN NET POSITION	2,817,029	444,944	14,256,475	399,522
Net Position - Beginning of Year	31,596,743	399,522	17,340,268	-
NET POSITION - END OF YEAR	$ 34,413,772	$ 844,466	$ 31,596,743	$ 399,522

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $34,394,698. This represents an increase of $3,037,967 over the 2020 ending fund balance.

The General Fund is the chief operating fund of the District. The fund balance increased by $2,133,819 from the prior year.

The major Special Revenue Funds include the Construction, Maintenance and South Platte River Funds. The Construction Fund is used to account for capital costs of drainage projects. This fund balance decreased by $292,374. This decrease is a result of the District utilizing all available funds for projects.

The Maintenance Fund is used to conduct maintenance on District funded facilities and for the preservation of floodplains and floodways. This fund balance increased during the year by $1,678,782. This increase is a result of delays in projects that were planned for 2021. These funds will be included in the revised budget for 2022 that is being presented to the board for approval.

The South Platte River Fund is used to account for the maintenance and improvements to that portion of the river that lies within the District. The fund balance decreased by $482,131. This decrease is for the same reason discussed above for the Construction Fund.

Budgetary Highlights

There were differences between the original and final budgets. There was an amended budget presented and approved by the Board in April of 2021. These amendments increased expenditures to include the unspent funds carried forward from 2020. During the year, expenditures were less than budgetary estimates due to management's monitoring and control of operating expenditures.

Capital Asset Administration

The District's net investment in capital assets for its governmental activities amounts to $1,678,483. The majority of the District's capital assets represent land and non-depreciable dams in the amount of $1,428,694. Additional information on the District's capital assets can be found in Note 3 of this report.

Economic Factors and Next Year's Budget and Rates

In spite of the COVID-19 global pandemic continuing in 2021, property values within the District have continued to rise due to a boom in land development and an ongoing housing demand that continues to outstrip the available supply throughout 2021. Because the District's principle revenue source is an ad valorem tax levied against the assessed value of real property within the District boundary, the District continued to experience significant growth in property tax revenues.

In November of 1992, the voters of Colorado passed Amendment One, Article X, Section 20 of the Colorado Constitution. Known as the Tax Payers Bill of Rights, or TABOR, this amendment is designed to restrain the growth of government through spending limits and property tax revenue limits. In November of 2018, the District asked the voters to exempt the District from certain TABOR provisions.

The ballot question asked the voters to allow the District to restore its mill levy to the amount authorized by the legislature, and to be able to retain all the revenue received as a result of this increase. The voters passed this ballot measure, increasing the District's statutory millage rate from 0.820 in 2019 to the full statutory millage rate of 1.000 being restored in 2021. Other provisions of TABOR still apply, including the prohibition of further tax increases without voter approval, and the requirement to maintain and appropriately administer an emergency reserve equal to 3% or more of the District's fiscal year spending.

The 2022 budgeted revenue across the four governmental funds with budgetary control is $71,368,340, which represents an increase over the 2021 revenue of $66,244,988. This is due to the increase in the mill levy discussed above and the continuing increase in property values.

The District has appropriated funds in the 2022 budget for the purchase of a building. The location has been selected and inspections are currently underway. The closing date has been set for April 8, 2022.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Urban Drainage and Flood Control District, 2480 West 26th Avenue, Suite 156-B, Denver, Colorado 80211.

Urban Drainage and Flood Control District

Statement of Net Position

December 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 20,279,386	$ 874,010	$ 21,153,396
Investments	15,564,850	$ -	15,564,850
Property taxes	69,003,315	-	69,003,315
Specific ownership taxes	363,579	-	363,579
Intergovernmental	102,732	-	102,732
Other	3,711	-	3,711
Accrued interest	40,021	810	40,831
Total current assets	105,357,594	874,820	106,232,414
Noncurrent assets:			
Land and improvements	1,428,694	-	1,428,694
Office furniture and equipment	513,422	-	513,422
Leasehold improvements	122,324	-	122,324
Maple Grove Dam	350,000	-	350,000
Less: Accumulated depreciation	(735,957)	-	(735,957)
Total noncurrent assets	1,678,483	-	1,678,483
Total assets	107,036,077	874,820	107,910,897
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	1,949,369	30,354	1,979,723
Accrued salaries and benefits	10,212	-	10,212
Compensated absences - Current	441,940	-	441,940
Total current liabilities	2,401,521	30,354	2,431,875
Noncurrent liabilities:			
Compensated absences - LT	957,703	-	957,703
Unpaid rental expense	259,766	-	259,766
Total noncurrent liabilities	1,217,469	-	1,217,469
Total liabilities	3,618,990	30,354	3,649,344
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	69,003,315	-	69,003,315
Total deferred inflows of resources	69,003,315	-	69,003,315
Total liabilities and deferred inflows of resources	72,622,305	30,354	72,652,659
NET POSITION			
Net investment in capital assets	1,678,483	-	1,678,483
Restricted for:			
Construction	6,555,121	-	6,555,121
Emergencies	2,036,100	-	2,036,100
Maintenance	15,949,153	-	15,949,153
South Platte River	729,737	-	729,737
Unrestricted	7,465,178	844,466	8,309,644
Total net position	$ 34,413,772	$ 844,466	$ 35,258,238

Urban Drainage and Flood Control District

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 9,290,030	$ -	$ 527,020	$ -	$ (8,763,010)	$ -	$ (8,763,010)
Maintenance	25,802,797	-	-	-	(25,802,797)	-	(25,802,797)
Floodplain Preservation	738,015	-	-	-	(738,015)	-	(738,015)
Project custodial fund	29,740,859	-	23,836	-	(29,717,023)	-	(29,717,023)
Total governmental activities	65,571,701	-	550,856	-	(65,020,845)	-	(65,020,845)
Business-type activites:							
Development services Enterprise	14,406,726	14,643,607	-	-	-	236,881	236,881
Total business-type activities	14,406,726	14,643,607	-	-	-	236,881	236,881
Total primary government	$ 79,978,427	$ 14,643,607	$ 550,856	$ -	(65,020,845)	236,881	(64,783,964)
General revenues:							
Property taxes					63,318,149	-	63,318,149
Specific ownership taxes					4,379,668	-	4,379,668
Investment earnings					(28,483)	(540)	(29,023)
Other					168,540	208,603	377,143
Total general revenues					67,837,874	208,063	68,045,937
Change in net position					2,817,029	444,944	3,261,973
Net position - beginning					31,596,743	399,522	31,996,265
Net position - ending					$ 34,413,772	$ 844,466	$ 35,258,238

Urban Drainage and Flood Control District

Balance Sheet – Governmental Funds

December 31, 2021

	GENERAL	SPECIAL REV SOUTH PLATTE RIVER	SPECIAL REVENUE CONSTRUCTION	SPECIAL REVENUE MAINTENANCE	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and equivalents	$ 4,145,423	$ 614,016	$ 4,189,653	$ 11,330,173	$ 121	$ 20,279,386
Investments	3,180,674	471,548	3,216,535	8,696,001	92	15,564,850
Due from other funds	18,379	-	-	-	-	18,379
Receivables:						
Property taxes	6,986,412	6,125,605	27,945,649	27,945,649	-	69,003,315
Specific ownership taxes	297,462	32,602	16,758	16,757	-	363,579
Intergovernmental	-	-	-	-	102,732	102,732
Other	-	-	-	3,711	-	3,711
Accrued interest	6,909	1,571	9,412	22,129	-	40,021
Total assets	$ 14,635,259	$ 7,245,342	$ 35,378,007	$ 48,014,420	$ 102,945	$ 105,375,973
LIABILITIES						
Accounts payable and other liabilities	$ 195,548	$ 209,400	$ 108,237	$ 1,391,489	$ 44,695	$ 1,949,369
Accrued salaries and benefits payable	10,212	-	-	-	-	10,212
Due to other funds	-	-	-	-	18,379	18,379
Total liabilities	205,760	209,400	108,237	1,391,489	63,074	1,977,960
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	6,986,412	6,125,605	27,945,649	27,945,649	-	69,003,315
Total deferred inflows of resources	6,986,412	6,125,605	27,945,649	27,945,649	-	69,003,315
Total liabilities and deferred inflows of resources	7,192,172	6,335,005	28,053,886	29,337,138	63,074	70,981,275
FUND BALANCES						
Restricted						
Operations	4,624,587	-	-	-	-	4,624,587
Construction	-	-	6,555,121	-	-	6,555,121
Emergencies (TABOR)	318,500	180,600	769,000	768,000	-	2,036,100
Maintenance	-	-	-	15,909,282	39,871	15,949,153
South Platte River Projects	-	729,737	-	-	-	729,737
Committed:						
Floodplain Preservation	-	-	-	2,000,000	-	2,000,000
Building	2,500,000	-	-	-	-	2,500,000
Total fund balances	7,443,087	910,337	7,324,121	18,677,282	39,871	34,394,698
Total liabilities and fund balances	$ 14,635,259	$ 7,245,342	$ 35,378,007	$ 48,014,420	$ 102,945	$ 105,375,973

Fund balances of governmental funds	$ 34,394,698
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	1,678,483
Compensated absences are not uses of financial resources in governmental activities and are therefore not reported in the fund. However, compensated absences are treated as a liability in the statement of net position. This is the total of the liability as of December 31, 2021.	(1,399,643)
Unpaid rental expenses are not uses of financial resources in governmental activities and are therefore not reported in the fund. However, the reduction of lease payments is considered a deferred inflow of resources in the statement of net position.	(259,766)
Net position of governmental activities	$ 34,413,772

Urban Drainage and Flood Control District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2021

	GENERAL	SPECIAL REVENUE SOUTH PLATTE RIVER	SPECIAL REVENUE CONSTRUCTION	SPECIAL REVENUE MAINTENANCE	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	$ 10,433,212	$ 6,013,759	$ 25,625,439	$ 25,625,407	$ -	$ 67,697,817
Project participation	23,836	-	-	-	40,000	63,836
Investment earnings (loss)	(11,314)	4,056	5,873	(27,098)	-	(28,483)
Other revenue	168,540	-	-	-	-	168,540
Federal grants	-	-	-	-	487,020	487,020
Total revenues	10,614,274	6,017,815	25,631,312	25,598,309	527,020	68,388,730
EXPENDITURES						
General government	7,296,586	173,178	688,880	667,983	-	8,826,627
Maintenance	-	2,456,768		21,485,800	527,149	24,469,717
District participation						
Project custodial fund	1,183,869	3,870,000	25,234,806	1,027,729	-	31,316,404
Floodplain preservation	-	-	-	738,015	-	738,015
Total expenditures	8,480,455	6,499,946	25,923,686	23,919,527	527,149	65,350,763
Excess (deficiency) of revenues over expenditures	2,133,819	(482,131)	(292,374)	1,678,782	(129)	3,037,967
Net change in fund balances	2,133,819	(482,131)	(292,374)	1,678,782	(129)	3,037,967
Fund balances - beginning	5,309,268	1,392,468	7,616,495	16,998,500	40,000	31,356,731
Fund balances - ending	$ 7,443,087	$ 910,337	$ 7,324,121	$ 18,677,282	$ 39,871	$ 34,394,698

See Notes to Financial Statements

Net change in fund balances - total governmental funds	$ 3,037,967
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are expensed in the governmental funds and depreciated in the statement of activities:	
Capital asset additions	21,282
Depreciation expense	(71,276)
Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds:	
Change in accrued compensated absences	(207,331)
Change in unpaid rent	36,387
Change in net position of governmental activities	$ 2,817,029

	Development Services Fund
ASSETS	
Cash and cash equivalents	$ 874,010
Accrued interest receivable	810
Total assets	874,820
LIABILITIES	
Accounts payable	30,354
Total liabilities	30,354
NET POSITION	
Unrestricted	844,466
Total net position	$ 844,466

	Development Services Fund
OPERATING REVENUES	
Charges for services	$ 14,643,607
Administrative fee	208,537
Other	66
Total operating revenues	14,852,210
OPERATING EXPENSES	
Development services projects	86,613
District Participation	
Project custodial fund	14,320,113
Total operating expenses	14,406,726
Operating income	445,484
NONOPERATING REVENUES (EXPENSES	
Investment earnings (loss)	(540)
Total nonoperating expense	(540)
Change in net position	444,944
Total net position - beginning	399,522
Total net position - ending	$ 844,466

	Development Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers and users	$ 14,851,493
Cash receipts from other operations	66
Payments to suppliers	(14,376,372)
Net cash provided by operating activities	475,187
CASH FLOWS FROM INVESTING ACTIVITIES	
Net loss on investments	(540)
Net increase (decrease) in cash and cash equivalents	474,647
Cash and cash equivalents - January 1	399,363
Cash and cash equivalents - December 31	$ 874,010

Reconciliation of operating income to net cash provided by operating activities:

Operating income		$ 445,484
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in accounts receivable	$ (651)	
Increase in accounts payable	30,354	
Total adjustments		29,703
Net cash provided by operating activities		$ 475,187

ASSETS		
Cash and cash equivalents	$	103,734,116
Investments		53,997,236
Accrued interest receivable		135,153
Total assets		157,866,505
LIABILITIES		
Accounts payable		5,371,483
Retainage payable		1,837,223
Participation deposits		147,241,753
Total liabilities		154,450,459
NET POSITION		
Restricted for:		
Construction and participant refunds	$	3,416,046

ADDITIONS		
Contributions:		
Project participation	$	58,384,422
Other contributions		426,538
Total contributions		58,810,960
Investment earnings (loss):		
Interest earnings		496,559
Net (decrease) in fair market value in investments		(750,020)
Net investment earnings (loss)		(253,461)
Total additions		58,557,499
DEDUCTIONS		
Construction, maintenance and master plan costs		58,207,275
Refund of project participation		390,447
Other deductions		9,753
Total deductions		58,607,475
Net increase (decrease) in fiduciary net position		(49,976)
Net Position - beginning of the year		3,466,022
Net Position - end of the year	$	3,416,046

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Urban Drainage and Flood Control District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

The District was created pursuant to the authority conferred by the Colorado Revised Statutes and is a governmental subdivision of the State of Colorado, with those powers specifically granted and those reasonably implied therefrom and necessary to carry out the objectives and purpose of the District. The District's purpose is to coordinate, plan, construct, maintain or otherwise attempt to minimize risk to persons and property from flood hazards inherent in the area. The District's Board of Directors is appointed as stipulated by the Colorado Revised Statutes.

The District, pursuant to the provisions of the Colorado Revised Statutes is exempt from sales, income and property taxes.

The District follows GASB accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Governing Body

The board of directors is the governing body of the District. By Colorado state law, the board consists of 23 members constituted as follows: mayor or deputy mayor of the City and County of Denver as ex officio director; three Denver council members appointed by the City Council; one commissioner from each of the counties of Adams, Arapahoe, Boulder, Jefferson, and Douglas appointed by their respective board of county commissioners; one mayor from a city located in each county of Adams, Arapahoe, Boulder, and Jefferson appointed by the governor; mayor or mayor-pro tem from the City and County of Broomfield; mayor or mayor pro-tem of any City having population in excess of 100,000 as ex officio member (currently Aurora, Arvada, Boulder, Centennial, Lakewood, Thornton and Westminster); and two licensed professional engineers appointed by the board of directors.

Government-Wide and Fund Financial Statements
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements with the exception of interfund services provided and used. Governmental activities are supported by taxes and intergovernmental revenues. Business-type activities are supported by charges for service for development services.

The statement of activities demonstrates the degree to which the direct 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 customer 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 included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation
The government-wide financial statements, business type activities financial statements and the custodial fund 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual is property tax. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The South Platte River Special Revenue Fund is used to account for property tax revenue which, by statute, is to be used for the maintenance of and capital improvements on the portion of the South Platte River which lies within the District.

The Construction Special Revenue Fund is used to account for property tax revenue which, by statute, is to be used for capital costs of drainage projects. Generally, this fund accounts for the District's share of participation costs in various construction projects. The District's participation expenditures from the fund are recorded as participant deposits in the Project Custodial Fund for construction and design projects until such time when the related expenditures begins. Other participation expenditures are paid directly to other governmental entities for construction projects which are not administered by the District. Participation expenditures are recorded when the resolutions are approved by the Board of Directors and the contracts are executed by the participants.

The Maintenance Special Revenue Fund is used to account for property tax revenue which, by statute, is to be used to conduct maintenance on District-funded facilities and other major drainage ways in the District, and for the preservation of floodplains and floodways.

The District reports the following non-major governmental fund:

The Federal Grants Special Revenue Fund is used to account for financial resources received from the Federal Government.

The District reports the following proprietary fund:

Development Services Enterprise Fund is used to account for charges for services received from land developers, who require necessary projects related to regional drainage and flood control infrastructure within the District. For proprietary funds, operating revenues are for those revenues resulting from the principal activity of the fund, generally the charges for services. Non-operating revenues are all the other revenues of the proprietary fund.

Additionally, the District reports the following fiduciary fund:

The Project Custodial Fund is used to account for the design and construction of drainage facilities which will be owned by other governmental entities. The District and other governmental entities share in the cost of the construction projects and, in some cases, maintenance of these projects. The District generally is responsible for receiving and disbursing moneys for construction and design.

Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated monthly to the participating funds based upon each fund's monthly average equity balance in the total cash and investments. Investments are carried at fair value. The District defines cash and cash equivalents as highly liquid investments with a maturity of three months or less from the date of purchase.

Capital Assets
Capital assets, which include land and site improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Non-depreciable assets consist of land held for preservation, land and land improvements. Land and land improvements consist of the Englewood and Holly Dam sites. These dam sites include land costs and costs that readied these earthen dams for their use. These earthen dams are only used as overflow drainage facilities, and as such, are considered inexhaustible capital assets and, therefore, are not depreciated.

Site improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Site Improvements - Maple Grove Dam	9 - 10
Furniture, equipment, and leasehold improvement	5 - 10

Interest incurred during construction is not capitalized on capital assets.

Compensated Absences
District employees earn sick leave at a rate of 8 hours per month. Accumulated sick leave in excess of 480 hours, may be paid at one-half of cash value, or converted to vacation leave days, at the option of the employee. Any unused sick leave may be payable at cash value upon termination. Depending on their length of service, employees are entitled to 15 to 28 vacation leave days per year, of which a maximum of 300 hours can be carried forward to subsequent years. Unused vacation leave is paid to the employees upon termination.

Vacation leave and sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Property Taxes
Property taxes are levied by the District board of directors. The levy is based on assessed valuations determined by the County Assessors, generally as of January 1 of each year. The levy is normally set during October or November by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year. County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and July. Delinquent taxpayers are notified in August and tax sales of delinquent properties are held in November. The County Treasurers remit the taxes collected monthly to the District.

The District is limited by statute to a maximum mill levy of one mill, except in Boulder and Broomfield Counties, where the limit is 0.9 mills. Not more than one-tenth (0.1) of a mill shall be used for engineering and operations (General Fund), not more than four-tenths (0.4) of a mill shall be used for capital costs (Construction Special Revenue Fund), and not more than four-tenths (0.4) of a mill shall be used for maintenance and preservation of floodways and floodplains (Maintenance Special Revenue Fund). Not more than one-tenth (0.1) of a mill, except in Boulder and Broomfield Counties, shall be used for the maintenance and improvements on that portion of the South Platte River, which lies within the District (South Platte River Special Revenue Fund).

Property taxes are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The property taxes are recorded as revenue in the year they are available or collected.

Development Services Revenue

Development services revenue consists of charges for services and administrative fees. The charges for services are fees collected from developers for flood control projects within new developments. These fees are based on the cost to do a project's design and construction elements. The price is estimated by developing scopes of work with vendors who will be performing the work. The administrative fees are based on startup and closeout set costs for the District's staff to administer the work. Additionally, the fees also include a monthly set cost for management during the design phase and likewise for construction management based on the scale of the project. Development services revenue and administrative fees are recorded as revenue when they are received.

Net Position

In the government-wide financial statements, net position is categorized into three categories. The first category is net investment in capital assets, which represents net investment in property, plant, equipment and infrastructure. The second category is restricted, which represents constraints placed on the net position and are externally imposed. The third category is unrestricted net position, which consists of the remaining net position that does not meet the definition of either of the other two categories. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

For the governmental fund presentation, fund balances classified as "restricted" are balances with constraints placed on the use of resources by creditors, granters, contributors or laws or regulations of other governments. Fund balances classified as "committed" can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a resolution. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. "Assigned" fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the District's Executive Director based on the Board of Director's direction. The "non-spendable" fund balance classification includes items that are not expected to be converted to cash such as inventory and prepaid amounts. As of 2021, the District reports both restricted and committed fund balances.

It is the District's policy to use restricted amounts first, then committed, then assigned, and then unassigned, as they are needed.

Note 2 - Cash Deposits and Investments

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

	Amount
Statement of Net Position:	
Cash and cash equivalents	$ 21,153,396
Investments	15,564,850
Statement of Fiduciary Net Position:	
Cash and cash equivalents	103,734,116
Investments	53,997,236
Total Cash and Investments	$ 194,449,598

Cash and investments as of December 31, 2021 consist of the following:

	Amount
Cash deposits	$ 56,228,375
Cash on hand	81
Investments	138,221,142
Total Cash and Investments	$ 194,449,598

Cash 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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to the aggregate uninsured deposits. Of bank balances totaling $56,228,375, $613,734 was covered by FDIC and 55,614,641 was covered by PDPA.

The State Regulatory Commissions 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.

Investments

As of December 31, 2021, the District had the following investments:

	Investment Maturities		
	Less than 1 Year	1 - 5 Years	Total
Federal Home Loan Mortgage Corporation	$ -	$ 6,930,955	$ 6,930,955
Federal National Mortgage Association	-	8,876,783	8,876,783
Federal Home Loan Bank	-	35,456,413	35,456,413
Federal Farm Credit Bank	-	15,696,605	15,696,605
Commercial Paper	9,992,475	-	9,992,475
Corporate Bonds	-	7,086,607	7,086,607
CSAFE	6,850,608	-	6,850,608
COLOTRUST	47,330,696	-	47,330,696
Total investments	$ 64,173,779	$ 74,047,363	$ 138,221,142

As of December 31, 2021, the District had invested in local government investment pools which include the Colorado Local Government Liquid Asset Trust (COLOTRUST), and the Colorado Surplus Asset Fund Trust (CSAFE). The local government investment pools are investment vehicles which were established for local government entities in Colorado to pool surplus funds. Both pools are similar to money market funds, with each share valued at $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal mechanisms of the pooled funds.

The custodian's internal records identify the investments owned by each pool investor. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. As of December 31, 2021, the District had $47,330,696 invested in COLOTRUST and $6,850,608 invested in CSAFE.

Credit Risk

The District follows state statutes regarding investments.

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

- Obligations of the United States and certain U.S. government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of U.S. local government entities.
- 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.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. As of December 31, 2021, all of the District's investments had maturities of five years or less.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments are as follows:

	Fair Value	Percent of Investment Portfolio
Federal Home Loan Mortgage Corporation	$ 6,930,955	8%
Federal National Mortgage Association	8,876,783	11%
Federal Home Loan Bank	35,456,413	42%
Federal Farm Credit Banks	15,696,605	19%
Commercial Paper	9,992,475	12%
Corporate Bonds	7,086,607	8%

Fair Value

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs for an asset or liability.

The District has the following fair value measurements as of December 31, 2021:

	Total	Level 1	Level 2	Level 3
Investment by Fair Value Level:				
Federal Home Loan Mortgage Corporation	$ 6,930,955	$ -	$ 6,930,955	$ -
Federal National Mortgage Association	8,876,783	-	8,876,783	-
Federal Home Loan Bank	35,456,413	-	35,456,413	-
Federal Farm Credit Banks	15,696,605	-	15,696,605	-
Commercial Paper	9,992,475	-	9,992,475	-
Corporate Bonds	7,086,607	-	7,086,607	-
Total investments by fair value level	84,039,838	$ -	$ 84,039,838	$ -
Investments Measured at:				
CSAFE (Amortized Cost)	6,850,608			
Colotrust (Net Asset Value)	47,330,696			
Total investments	$ 138,221,142			

Note 3 - Capital Assets

A summary of changes in capital assets follows:

	Balance at January 1, 2021	Increases	Decreases	Balance at December 31, 2021
Capital assets, not being depreciated				
Englewood Dam	$ 544,474	$ -	$ -	$ 544,474
Holly Dam	635,503	-	-	635,503
Land held for preservation	248,717	-	-	248,717
Total capital assets not being depreciated	1,428,694	-	-	1,428,694
Capital assets, being depreciated				
Office furniture and equipment	492,140	21,282	-	513,422
Maple Grove Dam	350,000	-	-	350,000
Leasehold improvements	122,324	-	-	122,324
Total capital assets	964,464	21,282	-	985,746
Less accumulated depreciation				
Office furniture and equipment	269,157	71,276	-	340,433
Maple Grove Dam	350,000	-	-	350,000
Leasehold improvements	45,524	-	-	45,524
Total accumulated depreciation	664,681	71,276	-	735,957
Governmental activities capital assets, net	$ 1,728,477	$ (49,994)	$ -	$ 1,678,483

Depreciation expense was charged to the general government function for $71,276.

Note 4 - - Long Term Obligations

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Current Portion
Compensated Absences	$ 1,192,312	$ 611,449	$ 404,118	$ 1,399,643	$ 441,940

All amounts are liquidated within the General Fund.

Note 5 - Retirement Plans

Employees' Retirement Plan

The employees of the District participate in the Colorado Retirement Association Defined Contribution Plan (CRA). In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees become Plan members on the date of employment. Under this Plan, 4% of the employees' compensation is withheld and remitted to CRA, along with a payment of 6% from the District. The District's contribution was increased from 4% to 6% effective on July 1st. The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the Plan. District contributions for employees who leave employment before five years of participation are used to reduce the District's current period contribution requirement. Plan provisions and contribution requirements are established and may be amended by CRA and would have to be approved by the District's board of directors.

Both the District and participating employees made the required contribution for the year ended December 31, 2021. The District contribution amount was $244,083 and the employees contributed $193,680.

Employees' Money Purchase Plan

The District established a defined contribution money purchase plan as a replacement for social security. This Plan is also administered by CRA. Employees become Plan members on the date of employment.

For employees hired before or on March 31, 1986, the contribution requirements of the District and the employees are the same as those required under social security. For employees hired after March 31, 1986, the contribution requirements of the District and the employees are 6.2% of individual compensation. The District's contributions, plus earnings, become fully vested after 18 months of continuous employment. District contributions for employees who leave employment before 18 months are used to reduce the District's current period contribution requirement. There is no liability for benefits under the Plan beyond the District's matching payments.

Both the District and the participating employees made the required contribution of $304,694 for the year ended December 31, 2021.

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This Plan is also administered by CCOERA. Participation in the Plan is optional for all employees. The District contributed 2% of the employee's salary to the employee's 457 plan from January 1 through June 30. Effective July 1, 2021, the District moved its 2% contribution to the 401(a) plan. The District contributed $46,353 to the Plan during 2021. The Plan allows the employees to defer a portion of their salary until future years.

Note 6 - Leases

Office Facilities Lease

The District leases office facilities under an operating lease which was renewed on May 31, 2018 through May 31, 2026. The renewed lease offered the District free rent for a portion of time; therefore, the District recorded deferred rent of $259,766 at Government-Wide financial statements. Total rental expenses for the year ended December 31, 2021 was $455,510 at the fund level. The future and minimum annual rental commitments are as follows:

Years Ending December 31,	Operating Lease
2022	405,738
2023	413,447
2024	421,156
2025	467,841
2026	201,489
Total minimum lease payments	$ 1,909,671

Note 7 - Encumbrances

Outstanding encumbrances as of December 31, 2021, by fund, were as follows:

	Amount
General Fund	$ 597,731
Special Revenue Funds:	
Construction	5,215,424
Maintenance	10,877,735
South Platte River	506,214
Proprietary Fund:	
Development Services	97,299
Total	$ 17,294,403

Note 8 - Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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 9 - Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's 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 of such revenue

In November 2018, the District obtained voter approval to keep and spend all revenue it receives from current tax levies beginning in 2019 and thereafter. With this approval, the District no longer has revenue or spending limitations

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3 percent 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 District'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.

Note 10 - Commitments and Contingencies

Committed Construction

As of December 31, 2021, the District does not have any unexpended construction related to commitments other than those items related to encumbrances (Note 7).

Litigation

Although the District is subject to pending and threatened litigation, the District's Management and Attorney believe that all lawsuits and claims, which have been filed against the District, are either adequately covered by insurance or the final settlement of uninsured matters will not have a materially adverse effect on the financial position of the District.

Required Supplementary Information
December 31, 2021

Urban Drainage and Flood Control District

Urban Drainage and Flood Control District

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended December 31, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance Over (Under)
REVENUES				
Operating Taxes				
Property taxes	$ 6,649,400	$ 6,674,800	$ 6,452,027	$ (222,773)
Specific ownership taxes	3,000,000	3,750,000	3,981,185	231,185
Project participation refund (including interest)	-	-	23,836	23,836
Investment earnings	15,000	15,000	(11,314)	(26,314)
Other Revenue	48,000	25,000	168,540	143,540
Total revenues	9,712,400	10,464,800	10,614,274	149,474
EXPENDITURES				
General government				
Salaries and services	7,408,307	7,408,307	7,017,813	(390,494)
Office and operating costs	1,402,200	1,772,000	1,359,040	(412,960)
Total expenditures	8,810,507	9,180,307	8,376,853	(803,454)
Excess (deficiency) of revenues over expenditures	901,893	1,284,493	2,237,421	(952,928)
OTHER FINANCING SOURCES				
Transfers in from other funds	11,000	-	-	-
Excess of revenues over expenditures and other financing sources	$ 912,893	$ 1,284,493	2,237,421	$ (952,928)
Reconciliation to GAAP basis:				
Current year encumbrances			597,731	
Prior year encumbrances			(701,333)	
Net adjustment to GAAP basis			(103,602)	
Excess of revenue over (under) expenditures (GAAP) Basis			2,133,819	
Fund balances - beginning			5,309,268	
Fund balances - ending			$ 7,443,087	

Urban Drainage and Flood Control District

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – South Platte River Fund
Year Ended December 31, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance Over (Under)
REVENUES				
Operating				
Property taxes	$ 5,836,158	$ 5,865,200	$ 5,615,276	$ (249,924)
Specific ownership taxes	-	368,000	398,483	30,483
Investment earnings	15,000	15,000	4,056	(10,944)
Total revenues	5,851,158	6,248,200	6,017,815	(230,385)
EXPENDITURES				
General government				
Office and operating costs	132,200	80,000	74,418	(5,582)
Maintenance	2,590,000	2,850,000	2,318,161	(531,839)
District Participation				
Project trust fund	3,200,000	3,350,000	3,870,000	520,000
Total expenditures	5,922,200	6,280,000	6,262,579	(17,421)
Excess (deficiency) of revenues over expenditures	$ (71,042)	$ (31,800)	(244,764)	$ (212,964)
Reconciliation to GAAP basis:				
Current year encumbrances			506,214	
Prior year encumbrances			(743,581)	
Net adjustment to GAAP basis			(237,367)	
Excess of revenue over (under) expenditures (GAAP) Basis			(482,131)	
Fund balances - beginning			1,392,468	
Fund balances - ending			$ 910,337	

Urban Drainage and Flood Control District

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Construction Fund
Year Ended December 31, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance Over (Under)
REVENUES				
Operating				
Property taxes	$ 25,275,215	$ 25,111,000	$ 25,625,439	$ 514,439
Investment earnings	60,000	60,000	5,873	(54,127)
Total revenues	25,335,215	25,171,000	25,631,312	460,312
EXPENDITURES				
General government				
Office and operating costs	552,700	340,000	345,156	5,156
District Participation				
Project trust fund	27,795,000	27,795,000	27,698,666	(96,334)
Total expenditures	28,347,700	28,135,000	28,043,822	(91,178)
Excess (deficiency) of revenues over expenditures	$ (3,012,485)	$ (2,964,000)	(2,412,510)	$ 551,490
Reconciliation to GAAP basis:				
Current year encumbrances			5,215,424	
Prior year encumbrances			(3,095,288)	
Net adjustment to GAAP basis			2,120,136	
Excess of revenue over (under) expenditures (GAAP) Basis			(292,374)	
Fund balances - beginning			7,616,495	
Fund balances - ending			$ 7,324,121	

Urban Drainage and Flood Control District

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Maintenance Fund
Year Ended December 31, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance Over (Under)
REVENUES				
Operating				
Property taxes	$ 25,275,215	$ 25,111,000	$ 25,625,407	$ 514,407
Investment earnings (loss)	60,000	60,000	(27,098)	(87,098)
Total revenues	25,335,215	25,171,000	25,598,309	427,309
EXPENDITURES				
Current:				
General Government				
Operations and development	800,000	800,000	813,645	13,645
Office and operating costs	552,700	340,000	345,156	5,156
Special projects	2,600,000	2,900,000	1,674,245	(1,225,755)
Maintenance	21,350,000	23,013,000	21,415,375	(1,597,625)
Flood Monitoring	1,180,000	1,180,000	1,049,450	(130,550)
Flood Plain Preservation	2,000,000	2,000,000	755,837	(1,244,163)
Total expenditures	28,482,700	30,233,000	26,053,708	(4,179,292)
Excess (deficiency) of revenues over expenditures	$ (3,147,485)	$ (5,062,000)	(455,399)	$ 4,606,601
Reconciliation to GAAP basis:				
Current year encumbrances			10,877,735	
Prior year encumbrances			(8,743,554)	
Net adjustment to GAAP basis			2,134,181	
Excess of revenue over (under) expenditures (GAAP) Basis			1,678,782	
Fund balances - beginning			16,998,500	
Fund balances - ending			$ 18,677,282	

Note 1 - Budgets and Budgetary Accounting

The Colorado Revised Statutes require that fixed budgets be legally adopted for all governmental fund types, and that moneys shall not be expended in excess of the amount appropriated by resolution for a particular fund. The level of control for the budgets is at the category level within an individual fund. Categories are the consolidation of the District's sub-function budget accounts and combine to total fund expenditures.

In the fall of each year, the District's board of directors holds public hearings to approve the budgets and appropriate the funds for the following year. The District's management cannot amend the budget without approval by the District's Board of Directors. The District's board of directors can modify the budget and appropriation resolutions upon completion of notifications and publication requirements. The District, by state budget law, cannot exceed the total appropriation without Board modification during the year. Appropriations for all funds lapse at year-end.

Budgets for governmental funds are adopted on a basis which differs from generally accepted accounting principles (GAAP). Encumbrances and inter-fund transfers are included for budget purposes as expenditures. Budgetary comparisons in this report are presented on the Non-GAAP budgetary basis.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds, except as described below. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law.

The District does not adopt a formal budget for the Project Custodial Fund (formerly the Project Private Purpose Trust Fund) or the Federal Grants Special Revenue Fund because effective budgetary control is achieved through specific contract agreements. Additionally, the District and other participating governmental entities are individually responsible for budgeting and appropriating the expenditures they individually make to the Project Custodial Fund for the other participating governmental entities.

Budgeted amounts presented are as originally and subsequently adopted by the board.

Supplementary Information
December 31, 2021

Urban Drainage and Flood Control District

Urban Drainage and Flood Control District

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Development Services Fund
Year Ended December 31, 2021

	Budgeted Amounts			Variance Over
	Original	Final	Actual	(Under)
OPERATING REVENUES				
Charges for services	$ 46,000,000	$ 46,000,000	$ 14,643,607	$ (31,356,393)
Administrative Fees	800,000	800,000	208,537	(591,463)
Project participation (including related interest)	-	-	66	66
Total operating revenues	46,800,000	46,800,000	14,852,210	(31,947,790)
OPERATING EXPENSES				
Project trust fund	46,000,000	46,000,000	14,320,113	(31,679,887)
Development services Projects	1,000,000	1,000,000	160,482	(839,518)
Total operating expenses	47,000,000	47,000,000	14,480,595	(32,519,405)
Operating income (loss)	(200,000)	(200,000)	371,615	571,615
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (loss)	-	-	(540)	(540)
Transfer to Other Funds	(11,000)	-	-	-
Total nonoperating revenues (expenses)	(11,000)	-	(540)	(540)
Change in net position	$ (211,000)	$ (200,000)	371,075	$ 571,075
Reconciliation to GAAP basis:				
Current year encumbrances			97,299	
Prior year encumbrances			(23,430)	
Net adjustment to GAAP basis			73,869	
Excess if revenue over (under) expenditures (GAAP) Basis			444,944	
Total net position - beginning			399,522	
Total net position - ending			$ 844,466	

Statistical Section
December 31, 2021

Urban Drainage and Flood Control District

This part of the Urban Drainage and Flood Control District's Annual Comprehensive Financial Report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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Changes in Net Position 54
Fund Balances, Governmental Funds 55
Changes in Fund Balances, Governmental Fund 56
General Government Expenditures by Function 57
General Government Revenues by Source 58

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant sources of revenue.

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Property Tax Levies and Collections 60
Property Tax Mill Levies 61

Debt Capacity

This schedule contains information to help the reader assess the affordability of the District's current level of debt and the District's ability to issue debt in the future.

Legal Debt Margin 62

Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Demographic Statistics 63

Operating Information

These schedules contain information regarding the number of employees in various job categories and types of assets by function/department.

Full-Time Equivalent Employees by Function/Program 64
Trust Fund – Project Activity 65
Insurance in Force 66

Urban Drainage and Flood Control District

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	$ 1,510,888	$ 1,473,748	$ 1,457,228	$ 1,547,946	$ 1,534,335	$ 1,527,077	$ 1,584,204	$ 1,720,345	$ 1,728,477	$ 1,678,483
Restricted	8,296,508	6,201,657	7,333,629	6,352,378	7,088,960	9,324,833	9,976,395	15,619,923	29,868,266	25,270,111
Unrestricted	616,557	321,814	307,061	232,997	-	-	-	-	-	7,465,178
Total governmental activities net position	10,423,953	7,997,219	9,097,918	8,133,321	8,623,295	10,851,910	11,560,599	17,340,268	31,596,743	34,413,772
Business-type activities										
Unrestricted	-	-	-	-	-	-	-	-	399,522	844,466
Total business-type activities net position	-	-	-	-	-	-	-	-	399,522	844,466
Primary government										
Net investment in capital assets	1,510,888	1,473,748	1,457,228	1,547,946	1,534,335	1,527,077	1,584,204	1,720,345	1,728,477	1,678,483
Restricted	8,296,508	6,201,657	7,333,629	6,352,378	7,088,960	9,324,833	9,976,395	15,619,923	29,868,266	25,270,111
Unrestricted	616,557	321,814	307,061	232,997	-	-	-	-	399,522	8,309,644
Total primary government net position	$ 10,423,953	$ 7,997,219	$ 9,097,918	$ 8,133,321	$ 8,623,295	$ 10,851,910	$ 11,560,599	$ 17,340,268	$ 31,996,265	$ 35,258,238

Urban Drainage and Flood Control District

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government										
Operating	$ 6,180,457	$ 6,417,474	$ 6,373,779	$ 6,776,018	$ 7,227,326	$ 6,830,414	$ 10,468,512	$ 9,314,469	$ 11,978,409	$ 9,290,030
Maintenance	12,111,613	9,765,639	10,064,681	12,383,260	11,321,086	10,614,568	9,139,356	14,904,339	17,425,992	25,802,797
Floodplain Preservation	-	-	-	-	-	-	-	-	-	738,015
District project participation	13,052,178	12,025,034	9,360,279	10,710,502	10,533,602	11,122,624	11,850,473	18,059,674	23,548,124	29,740,859
Total governmental activities expenses	31,344,248	28,208,147	25,798,739	29,869,780	29,082,014	28,567,606	31,458,341	42,278,482	52,952,525	65,571,701
Business-type activities										
Development Services	-	-	-	-	-	-	90,438	1,786,506	10,985,479	14,406,726
Total business-type activities expenses	-	-	-	-	-	-	90,438	1,786,506	10,985,479	14,406,726
Total expenses	31,344,248	28,208,147	25,798,739	29,869,780	29,082,014	28,567,606	31,548,779	44,064,988	63,938,004	79,978,427
Program revenue										
Governmental activities										
Operating grants and contributions	1,117,542	705,726	416,326	844,635	695,306	240,549	476,561	545,758	650,786	550,856
Charges for services	-	-	-	-	-	185,279	-	-	-	-
Total governmental activities	1,117,542	705,726	416,326	844,635	695,306	425,828	476,561	545,758	650,786	550,856
Business-type activities										
Charges for services	-	-	-	-	-	-	90,438	1,786,506	10,984,379	14,643,607
Charges for services									400,622	208,603
Total Business-type activities	-	-	-	-	-	-	-	-	11,385,001	14,852,210
Total program revenue	1,117,542	705,726	416,326	844,635	695,306	425,828	476,561	545,758	12,035,787	15,403,066
General revenues										
Property taxes	22,068,202	23,357,342	24,610,592	25,849,392	26,896,344	27,819,596	29,162,970	43,434,353	62,087,847	63,318,149
Specific ownership taxes	1,491,141	1,614,603	1,809,128	2,049,594	1,996,046	2,388,135	2,203,745	3,403,210	4,121,586	4,379,668
Investment earnings (loss)	66,171	53,087	40,158	51,833	(14,468)	129,215	253,562	591,390	342,280	(29,023)
Other	32,428	50,655	23,234	25,419	33,677	33,447	70,192	83,440	6,500	168,540
Total general revenues	23,657,942	25,075,687	26,483,112	27,976,238	28,911,599	30,370,393	31,690,469	47,512,393	66,558,213	67,837,334
Total revenue	24,775,484	25,781,413	26,899,438	28,820,873	29,606,905	30,796,221	32,167,030	48,058,151	78,594,000	83,240,400
Change in net position										
Governmental activities	(6,568,764)	(2,426,734)	1,100,699	(1,048,907)	524,891	2,228,615	708,689	5,779,669	14,256,474	2,816,489
Business-type Activities	-	-	-	-	-	-	(90,438)	-	399,522	445,484
	$ (6,568,764)	$ (2,426,734)	$ 1,100,699	$ (1,048,907)	$ 524,891	$ 2,228,615	$ 618,251	$ 5,779,669	$ 14,655,996	$ 3,261,973

Urban Drainage and Flood Control District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	$ 118,386	$ 124,795	$ 124,795	$ 113,096	$ 29,310	$ 671,850	$ 867,014	$ 1,690,439	$ 5,309,268	$ 4,943,087
Assigned	251,430	228,111	236,376	545,693	-	-	-	-	-	-
Unassigned	748,835	503,246	449,391	72,448	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	2,500,000
Unreserved	-	-	-	-	-	-	-	-	-	
Total general fund	1,118,651	856,152	810,562	731,237	29,310	671,850	867,014	1,690,439	5,309,268	7,443,087
All other governmental funds										
Restricted	8,178,122	6,076,862	7,208,834	6,239,252	7,466,070	9,107,579	9,865,890	15,121,993	24,047,463	24,951,611
Committed	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	8,178,122	6,076,862	7,208,834	6,239,252	7,466,070	9,107,579	9,865,890	15,121,993	26,047,463	26,951,611
Total general and all other governmental funds	$ 9,296,773	$ 6,933,014	$ 8,019,396	$ 6,970,489	$ 7,495,380	$ 9,779,429	$ 10,732,904	$ 16,812,432	$ 31,356,731	$ 34,394,698

Urban Drainage and Flood Control District

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	$ 23,559,343	$ 24,971,945	$ 26,419,720	$ 27,898,986	$ 28,892,390	$ 30,207,731	$ 31,366,715	$ 46,837,563	$ 66,209,433	$ 67,697,817
Project participation										
Earned	717,402	558,516	-	-	-	-	-	-	100,000	40,000
Refunded, including related interest	-	-	141,155	429,371	341,533	33,076	6,240	25,823	42,551	23,836
Charges for services	-	-	-	-	-	185,279	-	-	-	-
Federal grants	400,140	147,210	275,171	415,264	353,773	207,473	470,321	519,935	508,235	487,020
Investment earnings (loss)	66,171	53,087	40,158	51,833	(14,468)	129,215	253,562	591,390	342,280	(28,483)
Other	32,428	50,655	23,234	25,419	33,677	33,447	70,192	83,440	6,500	168,540
Total revenues	24,775,484	25,781,413	26,899,438	28,820,873	29,606,905	30,796,221	32,167,030	48,058,151	67,208,999	68,388,730
Expenditures										
Current:										
General government										
Operating	6,119,882	6,354,499	6,388,096	6,776,018	7,227,326	6,775,127	10,223,577	9,014,612	12,085,200	8,826,627
Maintenance	12,111,613	9,765,639	10,064,681	12,383,260	11,321,086	10,614,568	9,139,356	14,904,339	17,024,566	24,469,717
District participation										
Project trust funds	13,001,845	11,539,060	9,271,092	10,554,664	10,481,786	11,122,624	11,850,473	18,059,674	23,554,934	31,316,404
Floodplain preservation	-	-	-	-	-	-	-	-	-	738,015
Contingency	50,333	485,974	89,187	155,838	51,816	-	-	-	-	-
Total expenditures	31,283,673	28,145,172	25,813,056	29,869,780	29,082,014	28,512,319	31,213,406	41,978,625	52,664,700	65,350,763
Excess revenues over (under) expenditures	(6,508,189)	(2,363,759)	1,086,382	(1,048,907)	524,891	2,283,902	953,624	6,079,526	14,544,299	3,037,967
Fund balance - Beginning	15,804,962	9,296,773	6,933,014	8,019,396	6,970,489	7,495,380	9,779,282	10,732,906	16,812,432	31,356,731
Fund balance - Ending	$ 9,296,773	$ 6,933,014	$ 8,019,396	$ 6,970,489	$ 7,495,380	$ 9,779,282	$ 10,732,906	$ 16,812,432	$ 31,356,731	$ 34,394,698

Urban Drainage and Flood Control District

General Government Expenditures by Function
Last Ten Fiscal Years

Year	General	South Platte	Construction	Maintenance	Non-major	Total
2021	$ 8,480,455	$ 6,499,946	$ 25,923,686	$ 23,919,527	$ 527,149	$ 65,350,763
2020	6,512,787	5,264,735	21,603,297	18,715,646	568,235	52,664,700
2019	4,048,627	4,292,756	16,897,030	16,220,277	519,935	41,978,625
2018	3,991,902	-	12,972,977	10,865,759	3,382,770	31,213,408
2017	3,795,419	-	11,857,440	10,424,318	2,434,995	28,512,172
2016	3,935,486	2,566,013	11,514,199	10,712,543	353,773	29,082,014
2015	3,709,884	2,872,608	11,402,613	11,469,411	415,264	29,869,780
2014	4,117,677	1,653,341	9,747,294	9,953,373	341,371	25,813,056
2013	4,172,404	2,419,568	12,203,417	9,158,354	191,429	28,145,172
2012	4,225,164	2,750,939	13,073,845	10,969,476	264,249	31,283,673

Urban Drainage and Flood Control District

General Government Revenues by Source
Last Ten Fiscal Years

Year	Taxes	Interest	Miscellaneous	Total
2021	$ 67,697,817	$ (28,483)	$ 719,396	$ 68,388,730
2020	66,209,433	342,280	657,286	67,208,999
2019	46,837,563	591,390	629,198	48,058,151
2018	31,366,715	253,562	546,753	32,167,030
2017	30,207,731	129,215	459,275	30,796,221
2016	28,892,390	(14,468)	728,983	29,606,905
2015	27,898,986	51,833	870,054	28,820,873
2014	26,419,720	40,158	439,560	26,899,438
2013	24,971,945	53,087	756,381	25,781,413
2012	23,559,343	66,171	1,149,970	24,775,484

Urban Drainage and Flood Control District

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Levy Year	Residential	Commercial	Industrial	Vacant Land	Agricultural	Natural Resources	State Assessed	Personal Property	Exempt Property	Assessed Valuation	Actual Value	Percentage of Assessed Total Estimated Actual Value	Total Direct Tax Rate (1) Boulder and Broomfield	Total Direct Tax Rate (1) All Other Counties
2021	$ 38,022,026	$ 26,871,198	$ 1,413,154	$ 1,478,345	$ 72,102	$ 152,847	$ 2,289,940	$ 4,110,051	$ 14,240,975	$ 76,088,426	$ 649,583,175	11.71%	0.900	1.000
2020	34,341,895	24,300,902	1,656,815	1,129,302	68,681	588,643	2,243,446	3,845,594	11,487,464	64,193,120	572,556,104	11.21%	0.900	1.000
2019	35,546,396	25,425,830	1,845,251	1,641,052	106,862	353,747	2,428,984	3,736,599	14,050,838	63,526,460	530,526,653	11.97%	0.900	0.997
2018	30,929,209	21,692,114	1,456,572	1,349,079	101,978	133,081	2,452,885	3,525,349	12,944,689	62,682,745	497,425,472	12.60%	0.726	0.820
2017	30,357,924	21,168,849	2,291,398	1,294,053	104,127	95,515	2,518,684	3,427,945	12,691,267	60,096,774	492,316,528	12.21%	0.500	0.557
2016	23,809,283	16,139,722	873,498	919,114	36,635	90,845	1,856,102	3,424,004	10,667,112	47,149,204	395,852,708	11.91%	0.559	0.620
2015	23,395,266	15,446,502	1,150,957	1,041,404	37,239	126,558	1,720,298	3,589,919	10,804,986	46,508,143	383,932,204	12.11%	0.553	0.611
2014	18,808,853	12,898,867	1,022,456	843,943	34,522	92,082	1,806,135	3,398,590	9,734,914	38,905,448	314,825,027	12.36%	0.632	0.700
2013	18,526,518	12,987,911	1,046,358	912,523	34,471	78,472	1,697,061	3,206,994	8,269,855	38,490,308	303,972,662	12.66%	0.608	0.672
2012	18,263,175	12,312,041	1,045,546	915,087	32,634	86,978	1,610,481	3,132,392	8,562,347	37,398,334	303,715,413	12.31%	0.559	0.657
2011	21,437,870	13,573,075	1,492,758	2,292,596	36,652	82,889	2,094,970	1,516,874	4,626,097	42,527,686	305,862,648	13.90%	0.566	0.623

SOURCE: Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas and Jefferson County Assessor offices.

NOTE: The numbers used for Jefferson County are from 2020. As of the date of this report, the 2021 numbers were not available

(1) Average of the rates from the seven contributing counties

Urban Drainage and Flood Control District

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Property Tax Collections	% of Current Property Tax Collections	Delinquent Tax Collections	Total Property Tax Collections	Ratio Total	Outstanding Delinquent Tax	Ratio Delinquent
2021	$ 63,850,997	$ 63,278,667	99.10%	$ 563,418	$ 63,842,085	99.99%	$ 572,330	0.90
2020	63,035,988	62,433,862	99.04%	(2,718)	62,431,144	99.04%	602,126	0.96
2019	43,979,215	43,533,552	98.99%	(30,639)	43,502,913	98.92%	445,663	1.01
2018	29,334,022	29,137,624	99.33%	14,287	29,151,911	99.38%	196,398	0.67
2017	27,728,896	27,660,411	99.75%	3,795	27,664,206	99.77%	68,485	0.25
2016	27,482,569	26,852,936	97.71%	20,140	26,873,076	97.78%	629,633	2.29
2015	26,165,902	25,823,109	98.69%	6,871	25,829,980	98.72%	342,793	1.31
2014	24,844,461	24,172,713	97.30%	38,052	24,210,765	97.45%	671,748	2.70
2013	23,589,351	23,524,552	99.73%	43,984	23,568,536	99.91%	64,799	0.27
2012	22,463,652	22,328,528	99.40%	59,423	22,387,951	99.13%	135,123	0.60

Urban Drainage and Flood Control District

Property Tax Mill Levies
Last Ten Fiscal Years

Fiscal Year	Counties						
	Arapahoe	Douglas	Denver	Adams	Jefferson	Boulder	Broomfield
2021	1.000	1.000	1.000	1.000	1.000	0.900	0.900
2020	1.000	1.000	1.000	1.000	1.000	0.900	0.900
2019	0.997	0.997	0.997	0.997	0.997	0.900	0.900
2018	0.820	0.820	0.820	0.820	0.820	0.726	0.726
2017	0.557	0.557	0.557	0.557	0.557	0.500	0.500
2016	0.620	0.620	0.620	0.620	0.620	0.559	0.559
2015	0.611	0.611	0.611	0.611	0.611	0.553	0.553
2014	0.700	0.700	0.700	0.700	0.700	0.632	0.632
2013	0.672	0.672	0.672	0.672	0.672	0.608	0.608
2012	0.657	0.657	0.657	0.657	0.657	0.599	0.599

Note: Taxes levied in a given year are collected in the following year

Urban Drainage and Flood Control District

Legal Debt Margin

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assessed valuations										
Assessed value	$ 69,864,122,786	$ 64,537,799,806	$ 63,661,616,285	$ 47,856,520,521	$ 47,275,182,348	$ 46,677,694,552	$ 39,052,903,688	$ 38,724,724,522	$ 36,350,970,703	$ 36,519,615,173
Legal debt margin										
Debt limitation										
3% of total assessed value	$ 2,095,923,684	$ 1,936,133,994	$ 1,909,848,489	$ 1,435,695,616	$ 1,418,255,470	$ 1,400,330,837	$ 1,171,587,111	$ 1,161,741,736	$ 1,090,529,121	$ 1,095,588,455
Debt applicable to limitation	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 2,095,923,684	$ 1,936,133,994	$ 1,909,848,489	$ 1,435,695,616	$ 1,418,255,470	$ 1,400,330,837	$ 1,171,587,111	$ 1,161,741,736	$ 1,090,529,121	$ 1,095,588,455

Fiscal Year	(3) Personal Income (thousands of $)	(1) and (4) Population	(1) and (3) Per Capita Income	(1) and (2) Unemployment Rate
2021	N/A	N/A	N/A	4.20%
2020	$ 231,256,836	3,240,895	$ 70,739	8.40%
2019	312,881,542	3,236,481	62,040	2.50%
2018	209,220,052	3,197,929	65,764	3.50%
2017	191,254,910	3,151,607	61,564	3.00%
2016	180,109,544	3,117,539	60,061	2.90%
2015	174,180,268	3,077,326	58,844	3.50%
2014	164,513,002	3,012,013	57,472	4.00%
2013	154,613,005	2,953,038	52,357	6.20%
2012	148,638,347	2,896,598	51,315	7.60%

DATA SOURCES

(1) Department of Local Affairs - State of Colorado
(2) Bureau of Labor Statistics
(3) Bureau of Economic Analysis
(4) U.S. Census Bureau
N/A Not available

Urban Drainage and Flood Control District

Full-Time Equivalent Employees by Function / Program

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	12	15	16	11	11	10	4	12	14	48
Maintenance	5	5	5	6	6	9	13	11	14	-
SPR operations	2	2	2	2	2	3	3	1	10	-
Construction	5	4	4	9	8	7	12	11		-
Student interns	11	9	9	10	10	10	10	10	10	11
Other part time	3	3	2	1	2	-	-	-	-	-
Total	38	38	38	39	39	39	42	45	48	59

DATA SOURCE:

District's payroll system

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trust Fund Projects started	13	16	14	32	25	25	30	35	32	30
Trust Fund Projects completed	8	4	1	2	27	7	4	23	9	13

DATA SOURCE:

District's Project accounting system

Type of Coverage	Name of Company	Dates From	Dates To	Coverage
Public Officials Liability	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$2,000,000
Property	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$540,218 limit on business personal property; $150,000 computer coverage limit, $2,000,000 earthquake and flood per occurrence
Automobile	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$2,000,000 liability limit on non-owned and hired autos; $50,000 physical damage on hired autos; $2,500 physical damage on non-owned autos for employee deductible reimbursement
Commercial Crime	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$50,000 employee dis-honesty; and $50,000 forgery or altercations; and $50,000 theft, disappearance and destruction; $50,000 computer fraud; $25,000 identity recovery
Business Income	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$250,000 Business income including extra expense/rental income
Inland Marine	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$60,000 Portable Equipment, Mobil Equipment and other Inland Marine Scheduled items
General Liability	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	$2,000,000 each occurrence, except for sublimits: $10,000 medical expense limit per person, $10,000 medical expense limit for any one accident.
Worker's Compensation	Colorado Special Districts Property and Liability Pool	1/1/2021	12/31/2021	Statutory

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Urban Drainage and Flood Control District
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Urban Drainage and Flood Control District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ede Bailly LLP

Denver, Colorado
April 7, 2022