

**CHERRY CREEK BASIN WATER
QUALITY AUTHORITY
Arapahoe and Douglas Counties, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cherry Creek Basin Water Quality Authority
Arapahoe and Douglas Counties, Colorado

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Cherry Creek Basin Water Quality Authority (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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, and each major fund of the Authority, as of December 31, 2022, 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). 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Authority'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.

I

Fiscal Focus Partners, LLC

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 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, 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 the management's discussion and analysis on pages IV through X 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 Authority's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Fiscal Group Partners, LLC".

Arvada, Colorado
May 10, 2023

CHERRY CREEK BASIN WATER QUALITY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cherry Creek Basin Water Quality Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2022.

Financial Highlights

- Assets exceeded liabilities and deferred inflows of resources by \$6,164,599 at the close of the fiscal year.
- As of the close of the current fiscal year, the Authority's governmental funds reported an ending net position of \$3,891,629.
- Total net position increased by \$56,009.
- Total cash and investments decreased by \$364,756 as compared to the prior year.
- Property tax revenue increased by \$227,678 as compared to the prior year.
- General government expenses increased by \$436,683 as compared to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$1,085,067.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets, liabilities and deferred inflow of resources, with the difference between the three 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 Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position 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 periods.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental 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 financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The Authority maintains two governmental funds - the general fund and the pollution abatement fund. Both funds are considered to be major funds.

The Authority adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

Proprietary funds. The Authority maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses an enterprise fund to account for its water monitoring activities of the pollution reduction facilities. These services are reported as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water monitoring operations, which is considered to be a major fund of the Authority.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority, including a budgetary comparison schedule for the Authority's Water Activity Enterprise Fund and a five-year summary of property taxes.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Net Position

	Net Position 2022		
	Governmental Activities	Business-Type Activities	Total
Current Assets	\$ 7,015,127	\$ 1,928,259	\$ 8,943,386
Capital Assets	-	350,000	350,000
Total Assets	<u>7,015,127</u>	<u>2,278,259</u>	<u>9,293,386</u>
Current Liabilities	338,813	5,289	344,102
Total Liabilities	<u>338,813</u>	<u>5,289</u>	<u>344,102</u>
Deferred Inflows of Resources	2,784,685	-	2,784,685
Total Deferred Inflows of Resources	<u>2,784,685</u>	<u>-</u>	<u>2,784,685</u>
Investment in Capital Assets	-	350,000	350,000
Restricted Net Position	2,315,105	-	2,315,105
Unrestricted Net Position	1,576,524	1,922,970	3,499,494
Total Net Position	<u>\$ 3,891,629</u>	<u>\$ 2,272,970</u>	<u>\$ 6,164,599</u>
	Net Position 2021		
	Governmental Activities	Business-Type Activities	Total
Current Assets	\$ 7,337,342	\$ 1,900,212	\$ 9,237,554
Capital Assets	-	350,000	350,000
Total Assets	<u>7,337,342</u>	<u>2,250,212</u>	<u>9,587,554</u>
Current Liabilities	818,430	-	818,430
Total Liabilities	<u>818,430</u>	<u>-</u>	<u>818,430</u>
Deferred Inflows of Resources	2,660,534	-	2,660,534
Total Deferred Inflows of Resources	<u>2,660,534</u>	<u>-</u>	<u>2,660,534</u>
Investment in Capital Assets	-	350,000	350,000
Restricted Net Position	2,520,170	-	2,520,170
Unrestricted Net Position	1,338,208	1,900,212	3,238,420
Total Net Position	<u>\$ 3,858,378</u>	<u>\$ 2,250,212</u>	<u>\$ 6,108,590</u>

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As noted earlier, net position may serve as a useful indicator for the Authority's financial position. In the Authority's case, 2022 and 2021 ended with total net position valued at \$6,164,599 and \$6,108,590, respectively, with outstanding liabilities and deferred inflows of resources of \$3,128,787 and \$3,478,964 respectively. Approximately 96% of the Authority's assets consists of cash and investments and current receivables. The remaining assets primarily represent the current value of the Authority's capital assets less accumulated depreciation.

The Authority's net position increased \$56,009 in 2022 and increased \$429,051 in 2021. As of December 31, 2022, \$2,226,105 of monies designated for pollution abatement projects were unspent.

	2022		
	Governmental Activities	Business-Type Activities	Total
Revenue			
Program Revenue:			
Charges for Services	\$ -	\$ 581,954	\$ 581,954
General Revenue:			
Property Taxes	2,644,574	-	2,644,574
Specific Ownership Taxes	210,405	-	210,405
Net Investment Income	97,560	21,285	118,845
Other Income	2,665	2,855	5,520
Total Revenue	<u>2,955,204</u>	<u>606,094</u>	<u>3,561,298</u>
Expenses			
General Government	3,283,896	-	3,283,896
Water Activities	-	221,393	221,393
Total Expenses	<u>3,283,896</u>	<u>221,393</u>	<u>3,505,289</u>
Excess Revenue Over Expenses	<u>(328,692)</u>	<u>384,701</u>	<u>56,009</u>
Transfers In (Out)	<u>361,943</u>	<u>(361,943)</u>	<u>-</u>
Change in Net Position	33,251	22,758	56,009
Net Position - Beginning	<u>3,858,378</u>	<u>2,250,212</u>	<u>6,108,590</u>
Net Position - Ending	<u>\$ 3,891,629</u>	<u>\$ 2,272,970</u>	<u>\$ 6,164,599</u>

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	2021		
	Governmental Activities	Business-Type Activities	Total
Revenue			
Program Revenue:			
Charges for Services	\$ -	\$ 658,107	\$ 658,107
General Revenue:			
Property Taxes	2,416,896	-	2,416,896
Specific Ownership Taxes	207,780	-	207,780
Net Investment Income	3,802	433	4,235
Reimbursed Expenditures	8,619	-	8,619
Total Revenue	<u>2,637,097</u>	<u>658,540</u>	<u>3,295,637</u>
Expenses			
General Government	2,847,213	-	2,847,213
Water Activities	-	19,373	19,373
Total Expenses	<u>2,847,213</u>	<u>19,373</u>	<u>2,866,586</u>
Excess Revenue Over Expenses	<u>(210,116)</u>	<u>639,167</u>	<u>429,051</u>
Transfers In (Out)	<u>395,124</u>	<u>(395,124)</u>	<u>-</u>
Change in Net Position	185,008	244,043	429,051
Net Position - Beginning	<u>3,673,370</u>	<u>2,006,169</u>	<u>5,679,539</u>
Net Position - Ending	<u>\$ 3,858,378</u>	<u>\$ 2,250,212</u>	<u>\$ 6,108,590</u>

Governmental activities. Governmental activities increased the Authority's net position by \$33,251 in 2022 and \$185,008 in 2021. Key elements of these changes in net position were as follows:

- Property taxes increased \$227,678 (9%) from 2021 to 2022. This increase was due to the increase of the Authority's assessed valuation.
- Net investment income increased \$93,758 (2,466%) from 2021 to 2022. This increase was due to an increase in interest rates.

Business-type activities. Business-type activities increased the Authority's net position by \$22,758 in 2022 and increased by \$244,043 in 2021. Key elements of these changes in net position were as follows:

- Transfers out to other funds decreased by \$33,181 (8%) from 2021 to 2022, which was due to a decrease in revenue.
- Operating revenue decreased \$76,153 (12%) and operating expenses increased \$202,020 (1,043%). The decrease in operating revenue was due to a decrease in area development and the increase in expenses is due to an increase in non-pollution abatement projects.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority'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 Authority's general fund reported an ending fund balance of \$1,665,524, of which \$1,085,067, constitutes unassigned fund balance, which is available for spending at the Authority's discretion within the parameters established for the fund.

As of the end of the current fiscal year, the Authority's pollution abatement fund reported an ending fund balance of \$2,226,105.

Proprietary Funds. The Authority's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary fund at the end of the year amounted to \$1,922,970. Other factors concerning the finances of this fund have already been addressed in the discussion of the Authority's business-type activities.

General Fund Budgetary Highlights

The difference between the final budgeted revenue of \$2,864,385 and the actual revenue of \$2,951,632 was \$87,247. Actual expenditures of \$932,337, not including transfers to other funds, were below the final budgeted expenditures of \$981,338 by \$49,001.

Capital Assets

The Authority added no capital assets during 2022.

Long-Term Debt

At the end of the current fiscal year, the Authority had no outstanding long-term obligations.

Next Year's Budgets and Rates

Government Funds. The 2023 budget reflects an increase in levied property tax revenue of \$124,151. General fund expenditures are expected to increase in 2023. The increase is due to the increase of watershed management, sampling and analysis programs, and general and administrative expenditures. Pollution Abatement fund expenditures are expected to increase in 2023 due to various reservoir and stream reclamation projects anticipated to be undertaken in 2023.

Proprietary Funds. The Authority is not expecting a significant increase in fee collections in 2023. Per the 2023 budget, expenditures are expected to decrease. The decrease is due to decreases in planning and studies/projects expenditures.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Requests for Information

This financial report is designed to provide a general overview of the Cherry Creek Basin Water Quality Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Cherry Creek Basin Water Quality Authority
c/o CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, Colorado 80111

BASIC FINANCIAL STATEMENTS

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 1,684,644	\$ 1,870,944	\$ 3,555,588
Cash and Investments - Restricted	2,518,777	-	2,518,777
Accounts Receivable	-	57,315	57,315
Receivable - County	15,125	-	15,125
Property Tax Receivable	2,784,685	-	2,784,685
Prepaid Expenses	11,896	-	11,896
Capital Assets, Not Being Depreciated	-	350,000	350,000
Total Assets	7,015,127	2,278,259	9,293,386
LIABILITIES			
Accounts Payable	338,813	5,289	344,102
Total Liabilities	338,813	5,289	344,102
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	2,784,685	-	2,784,685
Total Deferred Inflows of Resources	2,784,685	-	2,784,685
NET POSITION			
Investment in Capital Assets	-	350,000	350,000
Restricted:			
Emergencies - TABOR	89,000	-	89,000
Pollution Abatement	2,226,105	-	2,226,105
Unrestricted	1,576,524	1,922,970	3,499,494
Total Net Position	\$ 3,891,629	\$ 2,272,970	\$ 6,164,599

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 3,283,896	\$ -	\$ -	\$ -	\$ (3,283,896)	\$ -	\$ (3,283,896)
Business-Type Activities:							
Water Activities	221,393	581,954	-	-	-	360,561	360,561
Total Governmental Activities	<u>\$ 3,505,289</u>	<u>\$ 581,954</u>	<u>\$ -</u>	<u>\$ -</u>	(3,283,896)	360,561	(2,923,335)
GENERAL REVENUES							
Property Taxes					2,644,574	-	2,644,574
Specific Ownership Tax					210,405	-	210,405
Net Investment Income					97,560	21,285	118,845
Other Income					2,665	2,855	5,520
Transfers In (Out)					361,943	(361,943)	-
Total General Revenues					<u>3,317,147</u>	<u>(337,803)</u>	<u>2,979,344</u>
CHANGE IN NET POSITION					33,251	22,758	56,009
Net Position - Beginning of Year					<u>3,858,378</u>	<u>2,250,212</u>	<u>6,108,590</u>
NET POSITION - END OF YEAR					<u>\$ 3,891,629</u>	<u>\$ 2,272,970</u>	<u>\$ 6,164,599</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	Pollution Abatement Fund	Total
ASSETS			
Cash and Investments	\$ 1,684,644	\$ -	\$ 1,684,644
Cash and Investments - Restricted	89,000	2,429,777	2,518,777
Receivable - County	15,125	-	15,125
Property Tax Receivable	2,784,685	-	2,784,685
Prepaid Expenses	6,113	5,783	11,896
Total Assets	<u>\$ 4,579,567</u>	<u>\$ 2,435,560</u>	<u>\$ 7,015,127</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 129,358	\$ 209,455	\$ 338,813
Total Liabilities	129,358	209,455	338,813
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	2,784,685	-	2,784,685
Total Deferred Inflows of Resources	2,784,685	-	2,784,685
FUND BALANCES			
Nonspendable	6,113	5,783	11,896
Restricted For:			
Emergencies	89,000	-	89,000
Pollution Abatement	-	2,220,322	2,220,322
Assigned To:			
Subsequent Year's Expenditures	485,344	-	485,344
Unassigned	1,085,067	-	1,085,067
Total Fund Balance	<u>1,665,524</u>	<u>2,226,105</u>	<u>3,891,629</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,579,567</u>	<u>\$ 2,435,560</u>	<u>\$ 7,015,127</u>

There are no reconciling differences between the fund balance of the governmental fund and the net position of governmental activities.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	Pollution Abatement Fund	Total
REVENUES			
Property Taxes	\$ 2,644,574	\$ -	\$ 2,644,574
Specific Ownership Taxes	210,405	-	210,405
Net Investment Income	96,626	934	97,560
Other Income	27	2,638	2,665
Total Revenues	2,951,632	3,572	2,955,204
EXPENDITURES			
Accounting	55,161	-	55,161
Audit	7,200	-	7,200
CC Stewardship Partners	31,000	-	31,000
County Treasurer's Fees	39,694	-	39,694
District Management	-	434,311	434,311
Dues and Subscriptions	1,238	-	1,238
Personnel	541	-	541
Information & Education Coordination	2,550	-	2,550
Insurance	6,863	-	6,863
Legal	125,217	-	125,217
Office/Miscellaneous	9,451	-	9,451
PAPS - Undesignated	-	5,356	5,356
Optional Manager Support	56,894	-	56,894
Pollution Reduction Facilities	-	253,060	253,060
Reservoir	-	90,251	90,251
Stream Reclamation	-	1,568,581	1,568,581
TAC Coordination	23,410	-	23,410
WQCC Regulation Hearings	76,501	-	76,501
Website	8,643	-	8,643
Watershed Management	216,221	-	216,221
Monitoring	271,753	-	271,753
Total Expenditures	932,337	2,351,559	3,283,896
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,019,295	(2,347,987)	(328,692)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(1,770,979)	2,132,922	361,943
Total Other Financing Sources (Uses)	(1,770,979)	2,132,922	361,943
NET CHANGE IN FUND BALANCE	248,316	(215,065)	33,251
Fund Balance - Beginning of Year	1,417,208	2,441,170	3,858,378
FUND BALANCE - END OF YEAR	\$ 1,665,524	\$ 2,226,105	\$ 3,891,629

There are no reconciling differences between the change in fund balance of the governmental fund and the change in net position of governmental activities.

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 2,660,534	\$ 2,644,574	\$ (15,960)
Specific Ownership Tax	201,351	210,405	9,054
Net Investment Income	2,500	96,626	94,126
Other Revenue	-	27	27
Total Revenues	<u>2,864,385</u>	<u>2,951,632</u>	<u>87,247</u>
EXPENDITURES			
General and Administrative:			
Accounting	55,000	55,161	(161)
Audit	7,700	7,200	500
CC Stewardship Partners	30,250	31,000	(750)
County Treasurer's Fees	39,908	39,694	214
Dues and Subscriptions	5,000	1,238	3,762
Personnel	86,350	541	85,809
Information & Education Coordination	16,500	2,550	13,950
Insurance	12,000	6,863	5,137
Legal	53,000	125,217	(72,217)
Office/Miscellaneous	31,930	9,451	22,479
Optional Manager Support	30,000	56,894	(26,894)
TAC Coordination	12,000	23,410	(11,410)
WQCC Regulation Hearings	33,000	76,501	(43,501)
Website	14,300	8,643	5,657
Total General and Administrative	<u>426,938</u>	<u>444,363</u>	<u>(17,425)</u>
Watershed Management:			
Annual Report	26,000	25,689	311
Data Management	50,000	46,659	3,341
General Watershed Management	153,400	139,841	13,559
Site Application Review	-	4,032	(4,032)
Total Watershed Management	<u>229,400</u>	<u>216,221</u>	<u>13,179</u>
Monitoring and Reporting:			
General Technical Support	86,000	56,091	29,909
Monitoring - Reservoir	86,000	75,704	10,296
Monitoring - Watershed	128,000	115,340	12,660
WQ Data Reporting	25,000	24,618	382
Total Monitoring and Reporting	<u>325,000</u>	<u>271,753</u>	<u>53,247</u>
Total Expenditures	<u>981,338</u>	<u>932,337</u>	<u>49,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,883,047	2,019,295	136,248
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(2,568,631)	(1,770,979)	797,652
Total Other Financing Sources (Uses)	<u>(2,568,631)</u>	<u>(1,770,979)</u>	<u>797,652</u>
NET CHANGE IN FUND BALANCE	(685,584)	248,316	933,900
Fund Balance - Beginning of Year	1,532,684	1,417,208	(115,476)
FUND BALANCE - END OF YEAR	<u>\$ 847,100</u>	<u>\$ 1,665,524</u>	<u>\$ 818,424</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
POLLUTION ABATEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 200	\$ 934	\$ 734
Other Income	-	2,638	2,638
Total Revenues	<u>200</u>	<u>3,572</u>	<u>3,372</u>
EXPENDITURES			
Personnel	182,000	-	182,000
Management / Administration	307,000	434,311	(127,311)
PAPS - Undesignated	225,000	5,356	219,644
Pollution Reduction Facilities:			
Meteorological Station Service	6,000	-	6,000
Utilities Reservoir Destratification	60,000	63,586	(3,586)
O&M Reservoir Destratification	11,000	10,379	621
PRF Emergency Repairs	90,000	-	90,000
PRF Restoration	288,000	154,368	133,632
PRF Routine	35,000	21,755	13,245
PRF Emergency Repairs	-	2,972	(2,972)
PRF Preservation - Acquisition Lease	50,000	-	50,000
Reservoir:			
RDS Rehabilitation	270,000	13,262	256,738
Internal Loading Evaluation	150,000	-	150,000
RSS East Shade Shelter	349,000	76,989	272,011
RSS Tower Loop	810,000	-	810,000
Stream Reclamation:			
CC 12-Mile Park	388,000	352,452	35,548
CC Arapahoe (R 3-4)	180,000	170,000	10,000
CC Dransfeldt Extension	170,000	170,000	-
CC Scott Road	275,000	275,000	-
Dove Creek: Otero to Chambers	100,000	75,000	25,000
Happy Canyon: Jordan to Broncos Pkwy	68,000	68,000	-
Happy Canyon: The I25 Upstream	250,000	250,000	-
Lone Tree Creek	95,000	-	95,000
McMurdo Gulch	171,000	170,129	871
Piney Creek	38,000	38,000	-
Watershed Priority Projects	250,000	-	250,000
Total Expenditures	<u>4,818,000</u>	<u>2,351,559</u>	<u>2,466,441</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,817,800)	(2,347,987)	2,469,813
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	2,107,161	2,080,574	(26,587)
Supplemental Transfers	850,000	52,348	(797,652)
Total Other Financing Sources (Uses)	<u>2,957,161</u>	<u>2,132,922</u>	<u>(824,239)</u>
NET CHANGE IN FUND BALANCE	(1,860,639)	(215,065)	1,645,574
Fund Balance - Beginning of Year	1,970,727	2,441,170	470,443
FUND BALANCE - END OF YEAR	<u>\$ 110,088</u>	<u>\$ 2,226,105</u>	<u>\$ 2,116,017</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
 PROPRIETARY FUND
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	<u>Water Activity Fund 2022</u>	<u>Water Activity Fund 2021</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 1,870,944	\$ 1,789,777
Accounts Receivable	<u>57,315</u>	<u>110,435</u>
Total Current Assets	1,928,259	1,900,212
Capital Assets, Not Being Depreciated	<u>350,000</u>	<u>350,000</u>
Total Capital Assets	350,000	350,000
Total Assets	2,278,259	2,250,212
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>5,289</u>	<u>-</u>
Total Liabilities	5,289	-
NET POSITION		
Investment in Capital Assets	350,000	350,000
Unrestricted	<u>1,922,970</u>	<u>1,900,212</u>
Total Net Position	<u>\$ 2,272,970</u>	<u>\$ 2,250,212</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
 PROPRIETARY FUND
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 YEAR ENDED DECEMBER 31, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Water Activity Fund <u>2022</u>	Water Activity Fund <u>2021</u>
OPERATING REVENUES		
Recreation Fees	\$ 268,283	\$ 300,908
Building Permit Fees	193,937	245,879
Wastewater Surcharges	<u>119,734</u>	<u>111,320</u>
Total Operating Revenues	581,954	658,107
OPERATING EXPENSES		
Equipment	7,413	6,862
Tributary Planning	41,022	11,881
CCBWQA Planning	17,823	-
Contingency	6,916	-
Special Studies/Projects	<u>148,219</u>	<u>630</u>
Total Operating Expenses	<u>221,393</u>	<u>19,373</u>
INCOME FROM OPERATIONS	360,561	638,734
NONOPERATING REVENUES		
Net Investment Income	21,285	433
Other Income	<u>2,855</u>	<u>-</u>
Total Nonoperating Revenues	24,140	433
OTHER FINANCING SOURCES		
Transfers In (Out)	<u>(361,943)</u>	<u>(395,124)</u>
Total Other Financing Sources	<u>(361,943)</u>	<u>(395,124)</u>
CHANGE IN NET POSITION	22,758	244,043
Total Net Position - Beginning of Year	<u>2,250,212</u>	<u>2,006,169</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 2,272,970</u></u>	<u><u>\$ 2,250,212</u></u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
 PROPRIETARY FUND
 STATEMENTS OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Water Activity Fund <u>2022</u>	Water Activity Fund <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 635,074	\$ 689,030
Payments to Suppliers	(216,104)	(20,134)
Net Cash Provided by Operating Activities	<u>418,970</u>	<u>668,896</u>
CASH FLOWS FROM NONOPERATING ACTIVITIES		
Receipts from Insurance Claim	<u>2,855</u>	-
Net Cash Provided by Nonoperating Activities	2,855	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers to Pollution Abatement Fund	(361,943)	(395,124)
Interest Received	21,285	433
Net Cash Used by Investing Activities	<u>(340,658)</u>	<u>(394,691)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,167	274,205
Cash and Cash Equivalents - Beginning of Year	<u>1,789,777</u>	<u>1,515,572</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,870,944</u>	<u>\$ 1,789,777</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from Operations	\$ 360,561	\$ 638,734
Adjustments to Reconcile Income from Operations to Net Cash Flows Provided by Operating Activities:		
Accounts Receivable (Increase) Decrease	53,120	30,923
Accounts Payable Increase (Decrease)	5,289	(761)
Net Cash Provided by Operating Activities	<u>\$ 418,970</u>	<u>\$ 668,896</u>

See accompanying Notes to Basic Financial Statements.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Cherry Creek Basin Water Quality Authority (the Authority) is a quasi-municipal corporation and political subdivision of the state of Colorado. Formed on June 16, 1988, the Authority was created by Colorado HB1029 to monitor the water quality in the Cherry Creek Basin and to construct facilities to control the accumulation of pollutants. The Authority receives its funding primarily from property taxes assessed and fees charged by other governmental entities for remittance to the Authority.

The Authority follows the Governmental Accounting Standards Board (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 Authority has no employees, and all operations and administrative functions are contracted.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Authority are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the Authority. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the Authority is reported as net position.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual Government and Enterprise funds are reported as separate columns in fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures are recorded when the liability is incurred.

The Authority reports the following major governmental funds:

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

The Pollution Abatement Fund is used to account for revenues earned and expenditures incurred in connection with the reduction of pollutants within the Cherry Creek Basin.

The Authority reports the following major proprietary fund:

The Water Activity Fund, an Enterprise Fund, accounts for the water activities that are financed and operated in a manner where the intent of the Authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

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

Pooled Cash and Investments

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

Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Property Taxes

Property taxes are levied by the Authority's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects 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 June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Authority.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water quality improvements, pollution abatement facilities, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. 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.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the investment in capital assets calculation of the Authority's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful life:

Equipment	8 Years
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Water Rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Authority's practice to use the most restrictive classification first.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,555,588
Cash and Investments - Restricted	<u>2,518,777</u>
Total Cash and Investments	<u><u>\$ 6,074,365</u></u>

Cash and investments as of December 31, 2022 consist of the following:

Deposits with Financial Institutions	\$ 60,164
Investments	<u>6,014,201</u>
Total Cash and Investments	<u><u>\$ 6,074,365</u></u>

Deposits with Financial Institutions

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 market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the Authority's cash deposits had a bank balance of \$60,164 and a carrying balance of \$60,164.

Investments

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

The Authority generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Authority. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 4,756,818
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	1,257,383
Total		<u>\$ 6,014,201</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's., however COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAMmf and CSAFE CORE is rated AAAs/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Water Rights and Interest in Real Property	\$ 350,000	\$ -	\$ -	\$ 350,000
Total Capital Assets, Not Being Depreciated	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,000</u>

The state of Colorado has assumed ownership of the Reservoir Destratification Facility (Facility); however, the Authority retains financial responsibility for operations and maintenance as well as insures the Facility. The Authority also maintains other pollution reduction facilities which are owned by the state but not recorded on the Authority's records.

NOTE 5 NET POSITION

The Authority has net position consisting of three components – investment in capital assets, restricted and unrestricted.

Investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2022, the Authority had investment in capital assets as follows:

	Governmental Activities	Business- Type Activities
Investment in Capital Assets	<u>\$ -</u>	<u>\$ 350,000</u>

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted net position at December 31, 2022 as follows:

	Governmental Activities	Business- Type Activities
Restricted Net Position:		
Emergencies - TABOR	\$ 89,000	\$ -
Pollution Abatement (See Note 10)	2,226,105	-
Total Restricted Net Position	<u>\$ 2,315,105</u>	<u>\$ -</u>

The Authority's unrestricted net position as of December 31, 2022 is \$3,499,494.

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 INTERGOVERNMENTAL AGREEMENTS

Non-Point Source Pollution Reduction Facility Maintenance Agreement

On January 12, 2006, the Authority entered into a nonpoint source pollution reduction facility maintenance agreement with the state of Colorado for the use and benefit of the Department of Natural Resources, Division of Parks and Outdoor Recreation (the State).

The purpose of this agreement is to further the ongoing cooperation between the parties with respect to Pollution Reduction Facilities (PRFs) located within the Cherry Creek State Park (CCSP) that, in addition to abating pollution and protecting the quality of the water in the Reservoir, enhance the aesthetic, natural, and recreation values associated with the use of CCSP and promote terrestrial and aquatic life. In particular, this agreement is entered into for the purpose of allocating maintenance responsibilities between the parties with regard to the PRFs and the ancillary facilities within CCSP in a way that encourages the efficient use of public resources, fosters public accountability, and enhances the cooperation between the parties.

Under the terms of this agreement, the Authority shall share maintenance expenditures with the State regarding the specifically identified PRFs; however, all PRFs shall be deemed to be the property of the State.

Reservoir Destratification Facilities Operation and Maintenance Agreement

On March 7, 2007, the Authority entered into a reservoir destratification facilities operation and maintenance agreement with the state of Colorado for the use and benefit of the Department of Natural Resources, Division of Parks and Outdoor Recreation (the State).

The purpose of this agreement is to further the ongoing cooperation between the parties with respect to Reservoir Destratification Facilities (Facilities) located within the Cherry Creek State Park (CCSP) that, in addition to abating pollution and protecting the quality of the water in the Reservoir, enhance the aesthetic, natural, and recreation values associated with the use of CCSP and promote terrestrial and aquatic life. In particular, this agreement is entered into for the purpose of furthering and promoting construction, operation, and maintenance of the Facilities in a way that encourages the efficient use of public resources, fosters public accountability, and enhances the cooperation between the parties.

Under the terms of this agreement, the Authority shall be responsible for the design, construction and operation of the Facilities, routine inspections, restorative and rehabilitative maintenance, park visitor information and removal of the Facilities, when and if the Facilities are no longer necessary. The State shall be responsible for routine maintenance and regular inspections of the Facilities. The Facilities shall be deemed to be the property of the State.

Agreement for Installation and Operation of a Meteorological Station at the Cherry Creek State Park

On February 20, 2020, the Authority entered into an installation and operation agreement of a meteorological station at the Cherry Creek State Park with the Upper Cherry Creek Basin Water Association (the Association).

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Agreement for Installation and Operation of a Meteorological Station at the Cherry Creek State Park (Continued)

The purpose of this agreement is to replace and upgrade the current nonworking meteorological station with a station that will meet the needs of both parties. The station is estimated to cost between \$14,000 and \$16,000. The Authority and the Association will each pay 50% of the station cost up to a total cost of \$20,000. If the station cost exceeds \$20,000 the agreement will terminate and the parties may renegotiate another agreement at their discretion. Operations and maintenance costs of the station are estimated at \$500 a month. The Association agrees to pay 50% of the operations and maintenance costs so long as the total amount does not exceed \$10,000 per year.

Under the terms of this agreement, the Authority will be responsible for the acquisition, installation, operations, and maintenance of the station. The Authority will retain ownership of the station. Both parties will have the opportunity to access and utilize the data recorded by the station.

NOTE 7 RISK MANAGEMENT

The Authority 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 Authority is a member of the Colorado Special Districts Property and Liability Pool (the 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 Authority pays annual premiums to the Pool for liability, property, workers' compensation, and public officials' liability 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 8 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.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority's management believes a significant portion of its operations qualifies for this exclusion.

CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

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

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

NOTE 9 ESTABLISHMENT OF WATER ACTIVITY ENTERPRISE

On February 15, 2001, the Authority established the Cherry Creek Basin Water Activity Enterprise (the Enterprise). Under the Enterprise Act of the Colorado Revised Statutes (part 1 of article 45.1 of title 37), water activity enterprises are excluded from the provisions of Article X, Section 20, of the Colorado State Constitution (the TABOR amendment). The Enterprise will be wholly owned by the Authority and not combined with any water activity enterprise owned by another district. The Enterprise may conduct one or more water activities as determined by the governing body (the Authority Board), including, but not limited to, the diversion, storage, carriage, delivery, distribution, collection, and treatment of water. The fund balance of the Capital Projects Fund was transferred to the Enterprise Fund on January 1, 2001.

NOTE 10 MINIMUM SPENDING REQUIREMENTS

Colorado Revised Statute 25-8.5-111(3), as amended by Senate Bill 01-066 in 2001, states that the Authority must spend, on an annual basis, a minimum of 60% of revenues collected from fees, tolls, and property tax sources (Revenue) on the construction and maintenance of pollution abatement projects in the Cherry Creek Basin or on payments due on debt incurred entirely for such projects. During 2022, the Authority spent \$2,351,559 on pollution abatement projects (amounting to 110% of total 2022 revenue).

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 MINIMUM SPENDING REQUIREMENTS (CONTINUED)

In 2003, the Board adopted a resolution establishing a restricted reserve fund to be funded on an annual basis in the full amount of any spending deficiency under said Section and into which the Authority transfers, if necessary, on an annual basis sufficient funds to comply with the 60% spending requirement. All monies in the reserve fund can be spent only for the construction and maintenance of pollution abatement projects in the Cherry Creek Basin or for payments due under loans or other debt incurred by the Authority entirely for such projects. All monies in the reserve fund must be spent within five years from the end of the calendar year in which said monies were initially transferred into the fund. As of December 31, 2022, the total amount spent by the Authority on pollution abatement projects was \$2,226,105 less than the total funds designated for such purposes as reflected by the following analysis of the changes in the pollution abatement reserve fund:

Pollution Abatement Reserve Fund Balance -	
December 31, 2021	\$ 2,441,170
60% of Current Year Revenue and Related Interest	2,136,494
Current Year Pollution Abatement Expenditures	<u>(2,351,559)</u>
Pollution Abatement Reserve Fund Balance -	
December 31, 2022	<u>\$ 2,226,105</u>

NOTE 11 INTERFUND AND OPERATING TRANSFERS

The transfers from the General and Enterprise Funds to the Pollution Abatement Fund are due to the requirement of the Colorado Revised Statute 25-8.5-111(3), as amended by Senate Bill 01-066 (see Note 10).

SUPPLEMENTARY INFORMATION

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
WATER ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Building Permit Fees	\$ 182,000	\$ 193,937	\$ 11,937
Recreation Fees	380,000	268,283	(111,717)
Wastewater Surcharges	85,000	119,734	34,734
Net Investment Income	550	21,285	20,735
Other Income	-	2,855	2,855
Total Revenues	<u>647,550</u>	<u>606,094</u>	<u>(41,456)</u>
EXPENDITURES			
Management/Administration	50,000	-	50,000
Equipment	1,100	7,413	(6,313)
Tributary Planning	50,000	41,022	8,978
CCBWQA Planning	295,000	17,823	277,177
Partner Planning	39,000	-	39,000
Contingency	15,000	6,916	8,084
Special Studies/Projects			
Reservoir to 12-Mile Park Study	250,000	55,366	194,634
Bow Tie	100,000	2,468	97,532
BMP Effectiveness	95,000	12,365	82,635
PRF/PAP WQ Benefits	50,000	-	50,000
Emerging SCM	50,000	78,020	(28,020)
Total Expenditures	<u>995,100</u>	<u>221,393</u>	<u>773,707</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(347,550)	384,701	732,251
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(388,530)	(361,943)	26,587
Total Other Financing Sources (Uses)	<u>(388,530)</u>	<u>(361,943)</u>	<u>26,587</u>
NET CHANGE IN FUNDS AVAILABLE	(736,080)	22,758	758,838
Funds Available - Beginning of Year	<u>1,612,969</u>	<u>1,900,212</u>	<u>287,243</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 876,889</u>	<u>\$ 1,922,970</u>	<u>\$ 1,046,081</u>

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER ACTIVITY FUND
YEAR ENDED DECEMBER 31, 2022**

Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (Budgetary Basis)	\$ 606,094
Total Revenue Per Statement of Revenues, Expenses, and Changes in Net Position	<u>606,094</u>
Expenditures (Budgetary Basis)	221,393
Transfers To Other Funds	<u>361,943</u>
Total Expenses Per Statement of Revenues, Expenses, and Changes in Net Position	<u>583,336</u>
Change in Net Position Per Statement of Revenues, Expenses, and Changes in Net Position	<u><u>\$ 22,758</u></u>

**CHERRY CREEK BASIN WATER QUALITY AUTHORITY
FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy		Mills Levied for General Fund		Total Property Taxes		Percent Collected to Levied
	Arapahoe	Douglas	Arapahoe	Douglas	Levied	Collected ^(a)	
	2018	\$ 1,867,730,696	\$ 2,400,030,110	0.453	(1) 0.453	\$ 1,933,296	
2019	1,910,185,632	2,438,656,532	0.479	(2) 0.479	2,083,096	2,064,531	99.11
2020	2,185,166,964	2,779,137,087	0.451	(3) 0.451	2,238,901	2,223,996	99.33
2021	2,211,840,000	2,880,107,619	0.478	(4) 0.478	2,433,951	2,416,896	99.30
2022	2,399,081,190	3,155,270,089	0.479	(5) 0.479	2,660,534	2,644,574	99.40
Estimated for Calendar Year Ending December 31, 2023	\$ 2,361,223,686	\$ 3,208,146,428	0.500	(6) 0.500	\$ 2,784,685		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

- (1) The Authority levied 0.002 mills in Arapahoe and Douglas Counties for collection of abatements related to the General Fund in 2018, and temporarily decreased the mill levy to the General Fund for a TABOR adjustment in 2018 by 0.049 (\$209,120 total) in both counties.
- (2) The Authority did not levy any mills in Arapahoe and Douglas Counties for collection of abatements related to the General Fund in 2019, and temporarily decreased the mill levy to the General Fund for a TABOR adjustment in 2019 by 0.021 (\$91,326 total) in both counties.
- (3) The Authority did not levy any mills in Arapahoe and Douglas Counties for collection of abatements related to the General Fund in 2020, and temporarily decreased the mill levy to the General Fund for a TABOR adjustment in 2020 by 0.049 (\$243,251 total) in both counties.
- (4) The Authority did not levy any mills in Arapahoe and Douglas Counties for collection of abatements related to the General Fund in 2021, and temporarily decreased the mill levy to the General Fund for a TABOR adjustment in 2021 by 0.022 (\$112,022 total) in both counties.
- (5) The Authority did not levy any mills in Arapahoe and Douglas Counties for collection of abatements related to the General Fund in 2022, and temporarily decreased the mill levy to the General Fund for a TABOR adjustment in 2022 by 0.021 (\$116,642 total) in both counties.
- (6) The Authority did not levy any mills in Arapahoe and Douglas Counties for collection of abatements related to the General Fund in 2023, nor temporarily decrease the mill levy to the General Fund for a TABOR adjustment in 2023 in either County.