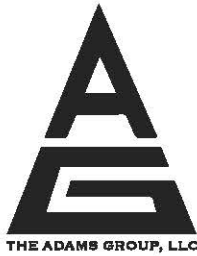


BOXELDER BASIN
REGIONAL STORMWATER AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Boxelder Basin Regional Stormwater Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Boxelder Basin Regional Stormwater Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boxelder Basin Regional Stormwater Authority as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boxelder Basin Regional Stormwater 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 Boxelder Basin Regional Stormwater 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.

Auditors' 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 auditors' 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 generally accepted 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 generally accepted 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 Boxelder Basin Regional Stormwater 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 Boxelder Basin Regional Stormwater 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 and schedule of revenues, expenditures, and changes in fund balances, budget and actual – general fund 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 Boxelder Basin Regional Stormwater Authority's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

Denver, Colorado
July 24, 2023

Management's Discussion and Analysis

As management of the Boxelder Basin Regional Stormwater Authority (the "Authority"), we offer the following overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2022.

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) Authority 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.

Financial Statements. The Authority 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 and liabilities, with the difference between the two 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.

The Authority financial statements distinguish functions of the Authority that are principally supported by service fees from other functions that are intended to recover all or a significant portion of the Authority's capital investment through system development fees. The governmental activities of the Authority include the financing, construction of, and maintenance of public infrastructure improvements constructed or acquired by the Authority. The Authority financial statements can be found on pages 1-6 of this report.

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has three funds – a general fund, a capital projects fund, and a debt service fund.

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, the capital projects fund, and the debt service fund.

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. The notes to financial statements can be found on pages 7-16 of this report.

Required Supplementary Information. The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement for this fund has been provided as required supplementary information to demonstrate compliance with this budget. The general fund budget statement is found on page 17 of this report.

Other Information. The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the debt service and capital projects funds to demonstrate compliance with this budget. The budget statements are found on pages 18-19 of this report.

Financial Highlights

- Assets exceeded liabilities by \$13,027,696 as of December 31, 2022.
- As of December 31, 2022, the Authority’s governmental funds reported combined ending fund balances of \$2,245,010. This combined fund balance includes \$1,836,179 of General Fund balance and \$408,831 of the Debt Service Fund balance and \$0 of the Capital Projects Fund balance.
- Total net position increased by \$1,601,616 during the calendar year 2022. This increase is primarily attributable to the increase in capital assets and decrease in long-term obligations.
- Total unrestricted cash and investments decreased by \$418,768 as compared to the prior year. This is primarily a result of higher debt service expenditures and lower fee revenue, as compared to the 2022 budget.
- General fund expenditures totaled \$196,283 during the calendar year 2022. The operations expenditures are those costs incurred to provide administration of the Authority and include accounting, legal, management, insurance, and other costs.
- At the end of 2022, the ending fund balance for capital projects was \$0.

Government-wide Financial Analysis. The following table provides a summary of the Authority’s net position as of December 31, 2022. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Authority’s assets exceeded liabilities by \$13,057,696 as of December 31, 2022.

Boxelder Basin Regional Stormwater Authority's Net Position

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 3,749,316	\$ 4,209,991
Capital assets, net of accumulated depreciation	14,660,632	13,959,100
Total assets	<u>18,409,948</u>	<u>18,169,091</u>
Long-term liabilities	5,191,925	6,632,227
Other liabilities	190,327	110,784
Total liabilities	<u>5,382,252</u>	<u>6,743,011</u>
Net position		
Net investment in capital assets	9,429,552	7,326,873
Restricted	338,139	294,365
Unrestricted	3,260,005	3,804,842
Total net position	<u>\$ 13,027,696</u>	<u>\$ 11,426,080</u>

Governmental Activities. Governmental activities increased the Authorities net position by \$1,601,616. Key elements of this decrease are as follows:

Boxelder Basin Regional Stormwater Authority's Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Program revenues		
Charges for services	\$ 504,650	\$ 537,476
Capital grants and contributions	1,648,108	1,127,479
General revenues	<u>45,158</u>	<u>155,607</u>
Total revenues	<u>2,197,916</u>	<u>1,820,562</u>
Expenses:		
General government	433,107	452,092
Interest and related costs on long-term debt	<u>163,193</u>	<u>188,755</u>
Total expenses	<u>596,300</u>	<u>640,847</u>
Increase in net position	1,601,616	1,179,715
Net position, beginning	<u>11,426,080</u>	<u>10,246,365</u>
Net position, ending	<u>\$ 13,027,696</u>	<u>\$ 11,426,080</u>

Financial Analysis of the Authority’s Funds

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

Authority Funds. The focus of the Authority 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, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Long-Term Debt

At the end of the current fiscal year, the Authority had total outstanding long-term debt of \$5,191,925. Additional information on the Authority’s long-term debt can be found in note 4 beginning on page no. 13 of this report.

Agreement Concerning Boxelder Basin Regional Stormwater Authority Project Improvements

On December 19th, 2017 the founding members of the Authority and the Timnath Development Authority signed an Intergovernmental Agreement which calls for the accumulation of reserve funds, sets the ongoing and cumulative obligations of each party beginning on January 1, 2018 and contemplates for the eventual sunset of the Authority. Additional information on this agreement can be found in note 1 on page no. 7 of this report.

Next Year's Budgets and Rates

Stormwater fees are expected to increase over 2023 as a result of growth within the Service Area.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Boxelder Basin Regional Stormwater Authority, c/o Pinnacle Consulting Group, Inc., 550 W. Eisenhower Blvd., Loveland, CO 80537.

BASIC FINANCIAL STATEMENTS

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 1,922,294
Restricted cash and investments	408,831
Accounts receivable	1,413,879
Prepaid items	4,312
Capital assets, not being depreciated	4,358,481
Capital assets, net of accumulated depreciation	10,302,151
Total assets	<u>18,409,948</u>
 Liabilities and Net Position	
Liabilities	
Accounts payable	80,480
Retainage payable	39,155
Accrued interest payable	70,692
Noncurrent Liabilities:	
Due within one year	552,647
Due in more than one year	4,639,278
Total liabilities	<u>5,382,252</u>
 Net Position	
Net investment in capital assets	9,429,552
Restricted	338,139
Unrestricted	3,260,005
Total net position	<u>\$ 13,027,696</u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government					
General Government	\$ 433,107	\$ 504,650	\$ -	\$ 1,125,415	\$ 1,196,958
Interest and related costs on Long-Term Debt	163,193	-	-	522,693	359,500
Total Governmental Activities	<u>\$ 596,300</u>	<u>\$ 504,650</u>	<u>\$ -</u>	<u>\$ 1,648,108</u>	1,556,458
			General Revenues:		
			Interest and other income		15,840
			Reimbursement income		<u>29,318</u>
			Total general revenues		<u>45,158</u>
			Changes in net position		1,601,616
			Net position - beginning		<u>11,426,080</u>
			Net position - ending		<u>\$ 13,027,696</u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 1,841,794	\$ -	\$ 80,500	\$ 1,922,294
Restricted cash and investments	-	408,831	-	408,831
Accounts receivable	1,383,799	7,591	22,489	1,413,879
Prepaid items	4,312	-	-	4,312
Due from other funds	16,399	-	-	16,399
Total assets	<u>\$ 3,246,304</u>	<u>\$ 416,422</u>	<u>\$ 102,989</u>	<u>\$ 3,765,715</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 55,534	\$ -	\$ 24,946	\$ 80,480
Retainage payable	-	-	39,155	39,155
Due to other funds	-	-	16,399	16,399
Total liabilities	<u>55,534</u>	<u>-</u>	<u>80,500</u>	<u>136,034</u>
Deferred Inflows of Resources				
Unavailable service and development fees	1,354,591	7,591	22,489	1,384,671
Total deferred inflows of resources	<u>1,354,591</u>	<u>7,591</u>	<u>22,489</u>	<u>1,384,671</u>
Fund Balance				
Nonspendable	4,312	-	-	4,312
Restricted	-	408,831	-	408,831
Committed	1,831,867	-	-	1,831,867
Total fund balance	<u>1,836,179</u>	<u>408,831</u>	<u>-</u>	<u>2,245,010</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,246,304</u>	<u>\$ 416,422</u>	<u>\$ 102,989</u>	<u>\$ 3,765,715</u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

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

Total Fund Balance of Governmental Funds		\$ 2,245,010
<p style="margin-left: 40px;">Certain accounts receivables are not available to pay for current period expenditures and, therefore are reported as unavailable resources in the funds.</p>		
		1,384,671
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>		
Capital assets	16,199,672	
Accumulated depreciation	(1,539,040)	
		14,660,632
<p style="margin-left: 40px;">Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Notes payable	(5,191,925)	
Accrued interest payable	(70,692)	
		(5,262,617)
Net Position of Governmental Activities		\$ 13,027,696

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Fee revenue	\$ 1,137,575	\$ -	\$ -	\$ 1,137,575
System development fees	175,758	-	-	175,758
Interest and other income	15,840	-	-	15,840
Participation by TDA	27,464	405,446	344,532	777,442
Reimbursement income	29,318	-	-	29,318
Total revenues	<u>1,385,955</u>	<u>405,446</u>	<u>344,532</u>	<u>2,135,933</u>
Expenditures:				
Current:				
Audit	8,500	-	-	8,500
Insurance	2,739	-	-	2,739
Legal	8,188	-	-	8,188
Management and accounting	81,357	-	-	81,357
Fee billing	29,209	-	-	29,209
Office & other	2,356	-	-	2,356
Public outreach	300	-	-	300
Clark Reservoir O&M	31,200	-	-	31,200
ESDF O&M	32,434	-	-	32,434
Debt Service:				
Principal - ESDF	-	757,723	-	757,723
Interest - ESDF	-	146,330	-	146,330
Principal - LWCCS	-	627,915	-	627,915
Interest - LWCCS	-	19,847	-	19,847
Principal - CR52	-	54,664	-	54,664
Interest - CR52	-	15,313	-	15,313
Capital outlay:				
Construction	-	-	938,356	938,356
Total expenditures	<u>196,283</u>	<u>1,621,792</u>	<u>938,356</u>	<u>2,756,431</u>
Excess (deficiency) of revenues over (under) expenditures	1,189,672	(1,216,346)	(593,824)	(620,498)
Other financing sources/(uses)				
Transfers	<u>(1,765,647)</u>	<u>1,171,823</u>	<u>593,824</u>	<u>-</u>
Changes in fund balance	(575,975)	(44,523)	-	(620,498)
Fund balance, beginning of year	<u>2,412,154</u>	<u>453,354</u>	<u>-</u>	<u>2,865,508</u>
Fund balance, end of year	<u>\$ 1,836,179</u>	<u>\$ 408,831</u>	<u>\$ -</u>	<u>\$ 2,245,010</u>

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net Changes in Fund Balances - Governmental Fund		\$ (620,498)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount represents the change in deferred accounts receivable.		61,983
Debt service for principal payments are reported as expenditures in the governmental funds but not reported as expenses in the statement of activities.		1,440,302
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Capital outlay	938,356	
Depreciation expense	(236,824)	
Change in accrued interest	18,297	
	719,829	
Changes in Net Position of Governmental Activities		\$ 1,601,616

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boxelder Basin Regional Stormwater Authority (Authority) was created in accordance with Colorado Revised Statute 29-1-203 through an intergovernmental agreement between Larimer County (County), the City of Fort Collins (City) and the Town of Wellington (Town). The Timnath Development Authority (TDA) has also contributed funds and agreed to participate in certain projects of the Authority. During 2017, a new intergovernmental agreement (the 2017 Agreement) was signed. The 2017 Agreement calls for the Authority to accumulate operations and maintenance funds for the Coal Creek/Clark Reservoir, in the amount of \$1,000,000 and for the East Side Detention Facility, in the amount of \$1,200,000. Once the Authority has paid the Colorado Water Conservation Board (CWCB) debt and funded the operations and maintenance funds, the Authority will cease operations. As part of this termination, the Authority will transfer the Coal Creek Agreement and the East Side Detention Facility capital assets to the County along with the operating and maintenance funds. Finally, the 2017 Agreement also sets caps on amounts that participants will pay of certain debt service, reserve funds, and operating costs. Upon termination of the Authority, equalization payments will be made to members to reconcile amounts paid to the cap amounts in the 2017 Agreement.

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

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

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

Reporting Entity

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

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The statement of net position and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Interfund activity has been eliminated from the statement of net position and the statement of activities.

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

For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of service fees and system development fees, which are considered to be available only when received. Member governments generally remit the prior year fees in the following year.

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

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

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

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

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

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2022, the Authority considers all accounts receivable to be collectible.

Capital assets – Capital assets, which include land, drainage improvements, and construction in progress, are reported 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 acquisition cost if purchased or constructed. Donated capital assets are recorded as estimated acquisition cost 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 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 of 50 years.

Deferred Inflows of Resources – The governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and therefore is not recognized as an inflow of resources (revenue) until that time. Accordingly, the item, unavailable service and development fees, is reported for fees levied in the current year but collected or remitted to the Authority in the next fiscal period.

Long-Term Debt – In the statement of net position, long-term debt and other long-term obligations are reported as liabilities.

The statement of governmental funds revenues, expenditures, and changes in fund balance recognizes debt transactions as other financing sources and expenditures during the current year.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The amounts to ultimately be collected from long-term receivables is a significant estimate. In addition, the final cost of the Surface Water Augmentation Program, more fully described in Note 9, is a significant estimate. Actual results may differ from these estimates.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

NOTE 2 - CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and investments	\$ 1,922,294
Restricted cash and investments	408,831
Total cash and investments	<u>\$ 2,331,125</u>

Restricted cash and investments are reserved for debt service.

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

Deposits with Financial Institutions	\$ 1,611,068
Investments	720,057
Total cash and investments	<u>\$ 2,331,125</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 and carrying balance of \$1,611,068.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

The Authority's formal investment policy is to follow 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 Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST	Weighted-average Under 90 Days	\$ 720,057

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The Authority invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST)(the Trust), an investment vehicle established for local governmental entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under C.R.S. 24-75-601. 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 is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Authority records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is summarized as follows:

	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Primary Government				
Capital assets not being depreciated:				
Construction in progress	\$ 368,664	\$ 938,356	\$ -	\$ 1,307,020
Land and Easements	3,051,461	-	-	3,051,461
Total capital assets not being depreciated	<u>3,420,125</u>	<u>938,356</u>	<u>-</u>	<u>4,358,481</u>
Capital assets being depreciated:				
Drainage Improvements	11,841,191	-	-	11,841,191
Less accumulated depreciation for:				
Drainage Improvements	(1,302,216)	(236,824)	-	(1,539,040)
Total capital assets being depreciated, net	<u>10,538,975</u>	<u>(236,824)</u>	<u>-</u>	<u>10,302,151</u>
Capital assets, net	<u>\$ 13,959,100</u>	<u>\$ 701,532</u>	<u>\$ -</u>	<u>\$ 14,660,632</u>

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the governmental activities for the year ended December 31, 2022:

	<u>Balance</u> <u>12/31/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
CWCB					
Note payable-LWCCS	\$ 627,915	\$ -	\$ 627,915	\$ -	\$ -
Note payable-ESDF	5,391,867	-	757,723	4,634,144	496,614
Note payable-CR52	612,445	-	54,664	557,781	56,033
Total	<u>\$ 6,632,227</u>	<u>\$ -</u>	<u>\$ 1,440,302</u>	<u>\$ 5,191,925</u>	<u>\$ 552,647</u>

CWCB

On June 17, 2014, the Authority entered into three promissory notes with the Colorado Water Conservation Board (CWCB) related to the financing of three projects.

The first note had an original principal amount of \$1,010,000 requiring annual payments of \$72,674 which includes principal and interest at a rate of 2.75%. Proceeds from the note were used to finance the Larimer-Weld Canal (LWCCS). At the completion of the project the note was reduced to a principal of \$835,105. The note was paid in full during the year ended December 31, 2022.

The second note had an original principal amount of \$7,171,000 requiring annual payments of \$624,054 which includes principal and interest at a rate of 2.75%. Proceeds from the note were used to finance the East Side Detention Facility Project (ESDF). The note matures on July 1, 2031.

The final note had an original principal amount of \$818,100 requiring annual payments of \$69,977 which includes principal and interest at a rate of 2.50%. Proceeds from the note were used to finance County Road 52 Improvements (CR52). The note matures on July 1, 2031.

These notes require a reserve fund equal to 1/10th of the annual payments to be funded each year through 2026. All fees, charges and revenues derived by the Authority from the County, City, Town, and TDA are pledged as security for the notes.

The Authority's failure to make payment of principal or interest on these notes when due, or the Authority's failure to maintain the reserve requirements, constitute an event of default.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - LONG-TERM DEBT (CONTINUED)

The Authority's long-term obligations relating to the CWCB loans mature as follows for the years ending December 31:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 552,647	\$ 141,384	\$ 694,031
2024	567,705	126,326	694,031
2025	583,174	110,857	694,031
2026	599,063	94,968	694,031
2027	615,387	78,644	694,031
2028 - 2031	2,273,949	142,254	2,416,203
Total	<u>\$ 5,191,925</u>	<u>\$ 694,433</u>	<u>\$ 5,886,358</u>

NOTE 5 - NET POSITION

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

NOTE 6 - FUND BALANCE

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

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. At December 31, 2022, the Authority had nonspendable fund balance of \$4,312 related to prepaid items.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2022, the Authority restricted \$408,831 for debt service.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 - FUND BALANCE (CONTINUED)

Committed – Amounts that can be used only for specific purposes determined by a formal action of Authority’s Board. The Board is the highest-level decision-making body for the Authority. Commitments may be established, modified, or rescinded only through intergovernmental agreements, ordinances or resolutions approved by the Board or its members. At December 31, 2022, the Authority committed \$1,845,468 for equalization payments to member entities at the conclusion of the Authority’s operations.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2022, the Authority has no assigned fund balances.

Unassigned – All other spendable amounts.

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

NOTE 7 - RELATED PARTY TRANSACTIONS

The member governments collected and remitted service and system development fees to the Authority. For the year ended December 31, 2022, the County, the City, and Town remitted revenues totaling \$393,438, \$482,975 and \$456,654, respectively, to the Authority. Fund receivables of \$390,941, \$430,390, and \$414,591, respectively, are due from the County, the City and the Town. These amounts represent the amount billed by the member governments, anticipated to be remitted to the Authority during 2023.

In accordance with the intergovernmental agreement discussed in Note 1, members of the board are elected by their respective member entities and are property owners within those entities.

NOTE 8 - RISK MANAGEMENT

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Surface Water Augmentation Program

Based on open water surveys at the East Side Detention Facility, the Authority has determined it will be required to make certain improvements to the facility. The Authority estimated cost of the project to be \$1,000,000, to be expended over the next year. During this time, the Authority will continue to purchase water at an estimated cost of \$6,000 per year.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (known as the TABOR Amendment) which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. 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.

Section 37-45.1-101, C.R.S., *et. seq.* authorizes governmental entities such as the Authority to establish water activity enterprises. On August 20, 2008, the Board of Directors passed a resolution creating the Boxelder Basin Regional Stormwater Authority Enterprise. Therefore, TABOR is not applicable to the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fee revenue	\$ 1,144,402	\$ 1,144,402	\$ 1,137,575	\$ (6,827)
System development fees	165,000	165,000	175,758	10,758
Interest and other income	10,000	10,000	15,840	5,840
Participation by TDA	29,804	29,804	27,464	(2,340)
Reimbursement income	35,140	35,140	29,318	(5,822)
Total revenues	<u>1,384,346</u>	<u>1,384,346</u>	<u>1,385,955</u>	<u>1,609</u>
Expenditures:				
Current:				
Audit	8,500	8,500	8,500	-
Insurance	3,255	3,255	2,739	516
Legal	30,000	30,000	8,188	21,812
Management and accounting	79,560	79,560	81,357	(1,797)
Fee billing	35,140	35,140	29,209	5,931
Office & other	1,500	1,500	2,356	(856)
Public outreach	1,400	1,400	300	1,100
Clark Reservoir O&M	126,200	31,200	31,200	-
ESDF O&M	171,335	171,335	32,434	138,901
Contingency	5,000	5,000	-	5,000
Total expenditures	<u>461,890</u>	<u>366,890</u>	<u>196,283</u>	<u>170,607</u>
Excess of revenues over expenditures	922,456	1,017,456	1,189,672	172,216
Other financing sources/(uses)				
Transfer to Debt Service Fund	(857,533)	(857,533)	(1,171,823)	(314,290)
Transfer to Capital Projects fund	(1,340,000)	(1,340,000)	(593,824)	746,176
Total other financing sources/uses	<u>(2,197,533)</u>	<u>(2,197,533)</u>	<u>(1,765,647)</u>	<u>431,886</u>
Changes in fund balance	<u>\$ (1,275,077)</u>	<u>\$ (1,180,077)</u>	(575,975)	<u>\$ 604,102</u>
Fund balance, beginning of year			<u>2,412,154</u>	
Fund balance, end of year			<u>\$ 1,836,179</u>	

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	variance with Final Budget Positive (Negative)
Revenues:				
Participation by TDA	\$ 285,844	\$ 285,844	\$ 405,446	\$ 119,602
Total revenues	<u>285,844</u>	<u>285,844</u>	<u>405,446</u>	<u>119,602</u>
Expenditures:				
Debt service:				
Loan payment - ESDF	624,053	904,053	904,053	-
Loan payment - LWCCS	72,675	647,762	647,762	-
Loan payment - CR52	69,977	69,977	69,977	-
Accelerated Loan Payments	300,000	4,913	-	4,913
Total expenditures	<u>1,066,705</u>	<u>1,626,705</u>	<u>1,621,792</u>	<u>4,913</u>
Excess of revenues under expenditures	(780,861)	(1,340,861)	(1,216,346)	124,515
Other financing sources/(uses)				
Transfers in from General Fund	857,533	857,533	1,171,823	(314,290)
Total other financing sources	<u>857,533</u>	<u>857,533</u>	<u>1,171,823</u>	<u>(314,290)</u>
Changes in fund balance	<u>\$ 76,672</u>	<u>\$ (483,328)</u>	(44,523)	<u>\$ (189,775)</u>
Fund balance, beginning of year			<u>453,354</u>	
Fund balance, end of year			<u>\$ 408,831</u>	

See Independent Auditors' Report

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Participation by TDA	\$ 660,000	\$ 344,532	\$ (315,468)
Total revenues	<u>660,000</u>	<u>344,532</u>	<u>(315,468)</u>
Expenditures:			
Capital outlay:			
East Side Detention Facility project	<u>2,000,000</u>	<u>938,356</u>	<u>1,061,644</u>
Total expenditures	<u>2,000,000</u>	<u>938,356</u>	<u>1,061,644</u>
Excess of revenues over (under) expenditures	(1,340,000)	(593,824)	746,176
Other financing sources/(uses)			
Transfers in from General Fund	<u>1,340,000</u>	<u>593,824</u>	<u>(746,176)</u>
Total other financing sources	<u>1,340,000</u>	<u>593,824</u>	<u>(746,176)</u>
Changes in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	