

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY

P.O. Box 1091
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AGENDA

Boxelder Basin Regional Stormwater Authority Board of Directors

Board Meeting

June 23, 2011

Leeper Center
3800 Wilson Avenue
Wellington, CO

4:00 P.M.

1. Call to order
2. Review and approve minutes of Meeting of May 26, 2011
3. Public Comment
4. Election of Authority Board of Director Officers
6. Coal Creek Flood Hazard Mitigation Project
7. Progress Reports Eastside Storage and Middle Basin Projects –
- 8 .Executive session on right of way negotiations having to do with East Side Storage Project
8. Financial Report for May, 2011
9. Manager's Report
 Manager's Activity Report
 Web Site changes

Customer Contact Program
Field Trip

10. Adjournment

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
MEETING MINUTES
JUNE 23, 2011

DIRECTORS PRESENT: Larry Lorentzen
Lee Tucker
Ken Sampley

DIRECTORS ABSENT: Vic Meline

PRESIDING: Ken Sampley

ALSO PRESENT: Rex Burns, Authority Manager
Lisa Work, Recording Secretary
Ron Winne, Larimer County Project Engineer
Andrea Faucett, Ayres Associates
Mark Peterson, Larimer County
Dave White
George Reed

1. Call to Order

The meeting was called to order by Director Sampley at 4:08 p.m.

Director Lorentzen moved and Director Tucker seconded appointing Director Sampley to be acting President Pro-Tem for meeting. With all in favor the motion passed.

Manager Burns explained that Director Lorentzen has resigned from Recording Secretary and that Lisa Work with LGS will be taking over that role starting with this meeting.

Manager Burns introduced George Reed to the Board as an applicant to the Board of Directors and that he is at the meeting to observe the proceedings tonight.

ADDITIONS OR DELETIONS FROM THE AGENDA

None

OLD BUSINESS

None

NEW BUSINESS

2. Review and approve minutes of May 26, 2011

Director Tucker noted that Henry Obermeyer's name still appears on the bills to be paid and it needs to be removed. Both Director Sampley and Director Lorentzen agreed that needs to be addressed and it won't appear again next month.

Director Lorentzen moved to approve the minutes of May 26 as written. Director Sampley seconded. The motion passed 2 to 1 with Director Tucker opposed.

The Directors had a discussion about requirements for a super majority vs. majority of quorum or total membership when voting to go into executive session as there are only 3 members present this meeting.

3. Public comment

None

4. Election of Authority Board of Director Officers

Director Sampley explained that there are two board vacancies. One is currently being filled on an on going basis by Vic Meline who is a joint City of Fort Collins and Larimer County appointed rep. Vic has applied for the position with the City of Fort Collins approving and Larimer County intending to appoint.

There was a meeting with County staff earlier this week. It was discussed that it would be helpful to have a full Board to take action on items with the outcome being staff to talk with Commissioners to get process of appointing a Board member moving forward.

Director Lorentzen moved to postpone item 4 – Election of Authority Board of Director Officers - to the July 27th meeting. Director Tucker seconded and with all in favor the motion passed.

5. Coal Creek Flood Hazard Mitigation Project

Ron Winne, Project Engineer with Larimer County Engineering Department presented the project update noting:

- The CR 7 Bridge has been opened to traffic. There was a bit of a delay due to weather this spring but the project is completed.
- Main work at reservoir right now: the dewatering site under construction and the berms are being constructed. The site is wet in lower areas but drying out. The contractor is putting 14" OD HDPE pipe in 400' sections to eventually hook to the dredge.
- The canal crossing is completed. Access is much improved.
- Right of Way negotiations continue with CDOT and BNSF railroad. CDOT agreement is very close to signing. Continuing to work with railroad agreement. Directory Sampley asked about any issues/ hanging points. Ron explained that there were some issues with insurance and the right of way that they are working out with North Poudre Irrigation Company. Also all on site needing to take safety training. But mainly just working with a huge bureaucracy and those things are moving forward.
- All permits in place and in compliance with all laws regarding air quality, water quality, de-watering and stormwater discharge. The contractor has brought on consultant to act as the erosion control supervisor.

- Ready to do initial hydro survey. Consultant doing that work getting their equipment in order and should start next week. Should have initial mapping of the bottom of the reservoir to start referencing the dredging work to make sure pulling out the amount of material called for. Director Sampley asked for a time frame. Ron explained it should only take a couple of days.
- Dredge scheduled to arrive week of July 4th. Anticipate dredging to start mid-July.
- Budget items. There are 2 change orders that have been implemented. One for Canal Crossing structure for approx. \$3200 for rock to bed the pipe that was not in the specifications due to the weather/wetness of the soil. The second was negotiated for the sheet piling for \$169,000. Bust in quantity from engineer so increased from 3500 to 7500 square feet. Value engineering done on the piling itself and were able to come up with a less expensive piling section that ended up being about \$2 less a square foot. Under initial appropriation.

Director Tucker had questions regarding who purchased the culvert pipe from North Poudre that was to be re-used. Ron explained that the pipe was not able to be re-used as it was too short even with end sections so a new pipe with beveled ends was purchased. This change was in an addendum to the bid documents so was included in the project cost.

Director Tucker asked why when water was shut off and the area dried up wasn't the contract re-negotiated to put that pipe in when area was dry. Ron agreed that in hind sight that would have been a good thing to do.

6. Progress Reports Eastside Storage and Middle Basin Projects

Director Sampley noted that the rep from Ayres not present and asked if Manager Burns was going to present progress update. Manager Burns explained that rep from Ayres is on the way to meeting to present update and also to be involved in executive session and recommended that the Board move on the next agenda item until Ayres rep arrives. Board agreed to move forward.

7. Financial Report for May 2011

Manager Burns explained that before the meeting there was some discussion that there was incomplete information in the board packet regarding individual invoices. Manager Burns explained the process that has been followed for the last several meetings is to send out an initial email from the LGS office to the CPA's office and the individual board members that contain the individual invoices. Then the responding information returned from the CPA's office is posted on the website and emailed to the board members.

Director Sampley pointed out that on the budgetary comparison on page 3 of the financial information has an error in the percentages column. He also explained that the Board is more interested in the actual dollar amount than the percentages but that there is an error in that column.

Manager Burns discussed with the board that in early June funds were transferred between accounts to keep balances below \$250K that isn't reflected in the CPA reports that are for the time

period through the end of May. Also in June the City of Fort Collins remitted \$106,810 to the authority and it has been deposited.

Manager Burns requested a motion to approve the audit with the management letter presented last month and in the current board packet and on the website. Director Lorentzen brought up that the packet contains the draft audit and the Independent Auditors Report still states the Management's Discussion and Analysis is missing even though Manger Burns has now supplied one. The correction to Note #10 Restatements , Director Sampley had requested concerning the reason for the difference in what Fort Collins had remitted versus what was owed had not been done Director Lorentzen requests a clean copy for the Board before approving the audit. Manager Burns does have a clean copy and will get it distributed as soon as possible. Director Sampley requested the next week or two to review the clean copy and the Management's Discussion and Analysis and provide comments to Manager Burns and have presented at next month's meeting for approval.

Manager Burns requested a motion to approve the claims for the month of May. Director Lorentzen moved to pay goods and services in the amount of \$16,366.71. Director Sampley seconded the motion. Motion passes 2 to 1 with Director Tucker opposed.

8. Manager's Report

Manger Burns distributed his monthly Manager's Activity report to the Board outlining time spent on public relations activities noting that he is sending out a monthly newsletter to BBRSA website subscribers and also posting on the website. All agendas for board meetings are sent to the subscribers list. The monthly board packet is placed on the website. LGS has developed an in house capability for updating the website which is more cost effective and timely.

There was a second work session with the Board held on June 17th for authority fee structure development in an interactive approach. There was discussion about what to do with the vast range of property sizes and impervious areas in the sample 553 properties. LGS has proposed an approach that would use the median impervious area within each tier of the residential rate structure. That may still be problematic as some of the County properties will be charged a higher amount than previously charged. There was also discussion about lessening that fee for the larger properties based on a discounting approach based on the rational approach.

Work is also moving forward on development of a database for billing properties in the unincorporated parts of the Service Area. Manager Burns has obtained a list broken down by city, county, and town that will enable, once a fee structure is determined, calculation of the amount to be billed to the 3 jurisdictions.

Manager Burns continues to work with Ayres to investigate the feasibility of CSU's ARDEC site. This negotiation is requiring the development of additional materials to evaluate alternatives both at ARDEC and alternative sites. Manager Burns requested the Board move into an Executive Session to brief the board in more detail to build a case for the purchase of right of way for the facility that the University real estate office can take to the Board of Governors of the CSU system. Director

Lorentzen noted state law required an affirmative vote of 2/3 of the quorum present to go into executive session. Director Tucker indicated he was not inclined to vote in favor of going into executive session. Director's Sampley and Lorentzen stated they preferred not to go into executive session with only two votes in favor.

Manager Burns and Andrea Faucett continue to meet with the Town of Timnath to discuss the configuration of improvements that would work to meet the Town and the Authority's needs and more meetings are planned.

Director Sampley and Director Lorentzen discussed a meeting that took place on Monday with representatives from the County, City of Fort Collins, and Town of Wellington including managers, attorneys and utility staff. Conversation was around proposed amendments to the IGA but more particularly the Counties request to put a 'sunset' into the IGA. The group is requesting that the Authority put together spreadsheets or models with the different scenarios taking cash flow and time for completion into account. There is complication by whether Timnath comes in or doesn't. Director Sampley added that the request from Larimer County for the sunset is in response to public inquiries with regard to length of fees, what fees are used for, lower fees during a maintenance period, cost for replacement. Entities agreed this is a reasonable request. Director Sampley suggests a work session toward the later part of July to look at different approaches for example, bonded or pay as you go, to put together models.

Manager Burns and Andrea Faucett met with Don Toronto of Timnath on Tuesday and he is asking the same questions regarding the big picture as to how much the entities are paying, time frame, bonding. Manager Burns suggested the formation of a committee for more direction.

Director Sampley brought up that if Timnath is going to participate there needs to be a discussion regarding Timnath being responsible for some of the costs of putting information together and administrative costs. Manager Burns will relay this information to Mr. Toronto. Director Sampley would like discussion of this at the July 1, 2011 meeting where Timnath is presenting its scenario to Fort Collins.

Manager Burns is working on putting together a Board field trip on the 21st of July. Trip to start at the LGS office then move to the Clark operation. Next stop to be presentation at ARDEC a presentation by Windsor Reservoir Company about Cobb Lake. The Board will have lunch at the ARDEC facility. After lunch the tour will continue downstream to the location of the Middle Basin improvements. Finally down to the intersection of the Larimer/Weld Canal and Boxelder Creek. Part of the purpose of the field trip is to acquaint the new Board member of the Authority projects and what the Authority is about.

6. Progress Reports Eastside Storage and Middle Basin Projects

Andrea Faucett distributed the East Side project update and the Middle Basin update.

- New grading plan for ARDEC. They are ok with removal of material from the center pivot area to create additional storage to allow for lowering the height of the dam by 3 feet and

reduce footprint of damn base by 18 feet. Have not presented to ARDEC yet by have meeting with them on July 6th.

- Middle Basin- Ayres has begun work on modifying the existing HEC-RAS model to include the flood bench area on the west side of the channel. They have requested additional survey data of the road crossings on CR 48, CR 50, CR 52, and CR 54. The previous model was based on existing aerial topographic data which is not accurate enough. The survey is scheduled to occur next week and was included in the scope and fee estimate so no additional cost for the survey.
- East Side Storage Facility does impact the Middle Basin analysis. Decision made to move forward with current discharge values that Ayres came up with from ARDEC and these numbers will give close enough results for cost estimating.
- By July meeting Ayres should have the roadway crossing sized and possibly an exhibit showing the extent of flood bench needed to contain flows within Boxelder flood plain.
- May have cost estimating done by the July meeting that would help with the models talked about earlier.
- One of the discussions with the Town of Timnath was the ability to obtain another PDM grant. This should be added to the model options as discussed above.

Manager Burns and Andrea Faucett requested an Executive Session of the Board for further discussion of the East Side project update. Director Lorentzen requested a 5 minute break to look up voting requirements for Board to approve moving into Executive Session.

7. Executive Session on right of way negotiations having to do with East Side Storage Project

Director Sampley polled members regarding decision to move into an Executive Session. Director Tucker opposed. Director Lorentzen asked for clarification of urgency to discuss at this meeting. Manager Burns explained his request but also stated that not urgent to discuss tonight. Director Lorentzen and Director Sampley both moved to postpone discussion and not move into an Executive Session at this meeting.

10. Adjournment

Director Sampley moved and Director Tucker seconded to adjourn meeting. With all in favor the meeting was adjourned at 5:40 p.m.

Approved this _____ day of _____, 2011



Coal Creek Flood Mitigation Project Project Status Report

July 28, 2011

Contracts

FEMA / State (DOLA)

- Quarterly report and reimbursement request completed 7-21-11. Total reimbursement requests to date is \$ 1,050,599.01.
- DOLA and FEMA will come visit the project site in the next few weeks.

Significant Work Tasks

Completed

- CR 7 bridge project substantially complete.
- Disposal Area (dewatering facility) grading is complete
- Discharge pipe and return drain pipe is complete
- Initial reservoir hydro survey done
- Dredge equipment has arrived

Ongoing

- Remaining 2 agreements for project are the CDOT property and the Railroad property. Railroad agreement still in negotiation. CDOT completion anticipated in August 2011. Both are needed for construction in fall 2011.
- Setting up the dredge

Upcoming

- Clark reservoir dredging scheduled to begin week of July 25th.

Budget / Schedule

- Total project cost remains at \$ 5.2 million (includes \$650,000 contingency).
- Between FEMA, local match, and authority funding appropriations, all project costs are covered, including contingency.
- Current change order total = \$3,200 (washed rock bedding at canal crossing) and \$169,000 sheet pile.

Key Issues

- Identification of dredging production. This will allow for an estimate of how long the dredging will take.



CERTIFIED
PUBLIC
ACCOUNTANTS

April 27, 2011

To Board of Directors
Boxelder Basin Regional Stormwater Authority
Wellington, Colorado

Dear Board Members

We have audited the financial statements of the governmental activities and each major fund of Boxelder Basin Regional Stormwater Authority (Authority) for the year ended December 31, 2010, and have issued our report thereon dated April 27, 2011.

We thank you for this opportunity to be of service to the Boxelder Basin Regional Stormwater Authority and also wish to thank Local Government Solutions, LLC, and Rickards & Co., LLP for their assistance provided to us during the audit.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The amount of fees to be collected from member governments for 2010.
- Additional amounts which will have to be paid for the Coal Creek Flood Mitigation Project.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The significant audit adjustments proposed and posted included:

- Recording the operating transfer from the General Fund to the Capital Projects Fund, and
- Recording the restatement of equity for the overpayment of fees by the City of Fort Collins.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 27, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current Year Comments

- **BOARD OVERSIGHT**
Although the Board has hired an external accounting firm to perform the function of a controller or finance director, the Board should continue to perform oversight of the financial functions. One oversight function would be a review of the cash reconciliation process by a Board member. This member would receive and review the bank statement unopened from the bank. This review would include examining copies of checks paid by the bank to determine that the payee, amount and signatories appear to be reasonable. Once this review is completed the general ledger balances can be reconciled to bank balances. These reconciliations should formally be reviewed and approved by the Board member.

- **EXPANDED CHART OF ACCOUNTS**

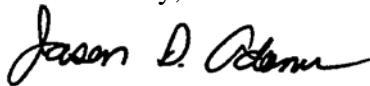
Certain transactions specifically those related to grants should be tracked separately in your general ledger. The Authority has a \$50,000 grant from the Colorado Water Conservation Board. At the December Board meeting it was estimated that approximately \$10,000 of these grant funds had been expended, however, these amounts cannot be tracked through the general ledger. We recommend the Authority set up separate accounts to track grant funds. The Board should consider reporting all reimbursable grant expenditures in a grants special revenue fund.

- **RECORDING OF TRANSACTIONS WITH THE MEMBER GOVERNMENTS**

The Authority should determine that certain transactions with member governments are recorded both in the Authority and member government's accounting records. For example, the Authority has a long term liability to the City of Fort Collins, Larimer County, and the Town of Wellington for the match funds advanced on the Coal Creek Flood Mitigation Project. These amounts should also be recorded as long term receivable on the member's books. If amounts are not recorded by the member government, the Authority should determine if an accounting transaction should be recorded on its books. We recommend that the Authority consult with member governments to determine that transactions with those governments are properly reported.

This information is intended solely for the use of the Board of Directors and management of the Boxelder Basin Regional Stormwater Authority and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,



Jason D. Adams, CPA
Poysti & Adams, LLC

**BOXELDER BASIN
REGIONAL STORMWATER AUTHORITY**

FINANCIAL STATEMENTS

December 31, 2010

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Independent Auditor's Report

Board of Directors
Boxelder Basin Regional Stormwater Authority
Wellington, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Boxelder Basin Regional Stormwater Authority as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the Boxelder Basin Regional Stormwater Authority, as listed in the table of contents. These financial statements are the responsibility of the Boxelder Basin Regional Stormwater Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages *iii* to *v* and 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

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Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Boxelder Basin Regional Stormwater Authority's basic financial statements. The budgetary comparison information for the Capital Projects Fund listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Payette & Adams, LLC

April 27, 2011

Management's Discussion and Analysis

As managing entity of the Boxelder Basin Regional Stormwater Authority (the Authority), Local Government Solutions, LLC offers the following overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2010.

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 assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 to be 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 District. The Authority financial statements can be found on pages 1-2 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 two funds – an operations fund and a capital projects 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 both the operations fund and the capital projects 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 3-8 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 statements and notes are found on page 9 of this report.

Other information. The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the capital projects fund to demonstrate compliance with this budget. The budget statement is found on page 10 of this report.

Financial Highlights

- Assets exceeded liabilities by \$444,476 as of December 31, 2010.
- As of December 31, 2010 the Authority's governmental funds reported combined ending fund balances of \$541,171.
- Total net assets increased by \$71,397 during the calendar year 2010.
- Total cash and investments decreased by \$2,241,883 as compared to the prior year.
- Operations fund expenditures totaled \$108,879 during the calendar year 2010.
- At the end of the current fiscal year, unreserved fund balance for the capital projects fund was \$538,722.

Government-wide Financial Analysis. The following table provides a summary of the Authority's net assets as of December 31, 2010. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Authority's assets exceeded liabilities by \$444,476 as of December 31, 2010.

Boxelder Basin Regional Stormwater Authority's Net Assets

	December 31, 2010	Restated December 31, 2009
Current and other assets	<u>\$ 1,359,104</u>	<u>\$ 885,369</u>
Total assets	<u>\$ 1,359,104</u>	<u>\$ 885,369</u>
Long-term liabilities outstanding	\$ 664,210	\$ 495,742
Other liabilities	250,418	16,548
Total liabilities	<u>914,628</u>	<u>512,290</u>
Net Assets		
Unrestricted, restated	<u>\$ 444,476</u>	<u>\$ 373,079</u>

Governmental Activities. Governmental activities increased the Authorities net assets by \$71,397. Key elements of this increase are as follows:

Boxelder Basin Regional Stormwater Authority's Changes in Net Assets

	December 31, 2010	Restated December 31, 2009
Revenues:		
Program revenues		
Charges for services	\$ 793,405	\$ 678,820
General revenues	11,581	984
Total revenues	804,986	679,804
Expenses:		
Current		
District management and administration	72,262	52,990
General government	40,197	19,389
Payments to other governments		
Capital outlay	289,742	200,000
Engineering	331,388	34,346
Total expenses	733,589	306,725
Increase in net assets	71,397	373,079
Net assets, January 1, 2010	373,079	0
Net assets, December 31, 2010	\$ 444,476	\$ 373,079

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 \$664,210. Additional information on the District's long-term debt can be found in note 4 beginning on page 5 of this report.

Next Year's Budgets and Rates

Stormwater fees are expected to increase slightly over 2010 as a result of some growth and potential rate increase. Expenditures are expected to increase slightly also. The Authority is anticipating an additional increase in rates as more information is obtained as to the cost of the remaining projects.

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: Manager - Boxelder Basin Regional Stormwater Authority - P.O. Box 1091 Wellington, CO 80549.

BASIC FINANCIAL STATEMENTS

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>Assets</u>				
Cash and investments	\$ 575,628	\$ 0	\$ 0	\$ 575,628
Receivables				
Services fees	201,853	12,788	557,515	772,156
Grants	0	0	10,000	10,000
Prepaid expenses	1,320	0	0	1,320
Internal receivable	0	624,859	(624,859)	0
Total Assets	<u>\$ 778,801</u>	<u>\$ 637,647</u>	<u>(57,344)</u>	<u>1,359,104</u>
<u>Liabilities and Fund Balance/Net Assets</u>				
<u>Liabilities</u>				
Accounts payable	\$ 7,921	\$ 98,925	0	106,846
Internal payable	624,859	0	(624,859)	0
Unearned revenue	143,572	0	0	143,572
Noncurrent liabilities				
Due in more than one year	0	0	664,210	664,210
Total liabilities	<u>776,352</u>	<u>98,925</u>	<u>39,351</u>	<u>914,628</u>
<u>Fund Balance</u>				
Nonspendable	1,320		(1,320)	0
Assigned, restated	0	538,722	(538,722)	0
Unassigned	1,129	0	(1,129)	0
Total fund balance	<u>2,449</u>	<u>538,722</u>	<u>(541,171)</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 778,801</u>	<u>\$ 637,647</u>		
<u>Net Assets</u>				
Unrestricted, restated			<u>\$ 444,476</u>	<u>\$ 444,476</u>

The accompanying notes are an integral part of these financial statements

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>Revenues</u>				
Fees				
Service	\$ 491,380	\$ 0	\$ 287,515	\$ 778,895
System development	0	14,510	0	14,510
Interest income	1,550	0	0	1,550
Grant revenues	0	0	10,000	10,000
Other	<u>31</u>	<u>0</u>	<u>0</u>	<u>31</u>
Total revenues	<u>492,961</u>	<u>14,510</u>	<u>297,515</u>	<u>804,986</u>
<u>Expenditures/Expenses</u>				
Current				
District management and administration	68,907	3,355	0	72,262
Insurance	2,576	0	0	2,576
Office expense	1,444	0	0	1,444
District accounting	6,911	0	0	6,911
Professional fees	24,856	225	0	25,081
Mapping	735	0	0	735
Website	3,450	0	0	3,450
Payments to other governments	0	289,742	0	289,742
Capital outlay				
Engineering	<u>0</u>	<u>162,920</u>	<u>168,468</u>	<u>331,388</u>
Total expenditures/expenses	<u>108,879</u>	<u>456,242</u>	<u>168,468</u>	<u>733,589</u>
Excess (deficiency) of revenues over (under) expenditures	384,082	(441,732)	57,650	0
Other financing sources/uses				
Transfers – internal activities	<u>(384,000)</u>	<u>384,000</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	82	(57,732)	0	0
Changes in net assets	0	0	71,397	71,397
Fund balance/net assets, January 1, 2010, Restated	<u>2,367</u>	<u>596,454</u>	<u>0</u>	<u>373,079</u>
Fund balance/net assets, December 31, 2010	<u>\$ 2,449</u>	<u>\$ 538,722</u>	<u>\$ 0</u>	<u>\$ 444,476</u>

The accompanying notes are an integral part of these financial statements

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Reporting Entity

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

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

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The statement of net assets column on the governmental fund balance sheet/statement of net assets and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/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 assets column on the governmental fund balance sheet/statement of net assets and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities.

The governmental funds column on the governmental fund balance sheet/statement of net assets and the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities 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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis Of Accounting And Financial Statement Presentation (Continued)

Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Service fees, system development fees and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Authority.

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

Private-sector standards of accounting and financial reporting issued after November 30, 1989, generally are followed in both the statement of net assets column on the governmental fund balance sheet/statement of net assets and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

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

Assets, Liabilities and Net Assets/Fund Balances

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure, are reported in the statement of net assets column on the governmental fund balance sheet/statement of net assets. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Upon completion of the Coal Creek Flood Mitigation Project, Larimer County will transfer title and maintenance of these capital assets to the Authority.

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets/Fund Balances (Continued)

Long-Term Debt – In the statement of net assets column on the governmental fund balance sheet/statement of net assets long-term debt and other long-term obligations are reported as liabilities in the statement of net assets column.

The governmental funds column on the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities recognize debt transactions as revenues and expenditures during the current year. The face amount of debt issued is reported as other financing sources.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets

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

During 2010, supplementary appropriations approved by the Authority modified the appropriation from \$895,000 to \$891,000 in the General Fund and from \$749,742 to \$480,742 in the Capital Projects Fund.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2010, the carrying amount and bank balances of the City's deposits were \$298,312. Of the bank balances \$296,859 was covered by FDIC insurance and \$1,453 was covered by the PDPA.

Investments

The Authority is required to comply with State statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk. The Authority has no investment policy but follows State statutes which allow the following investments.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

The Authority invests funds in COLOTRUST. As an investment pool it operates under the Colorado Revised States (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (related A1 to better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation. At December 31, 2010, the Authority has invested \$277,316 in COLOTRUST.

NOTE 3 - INTERFUND BALANCES AND TRANSACTIONS

During the course of operations, certain transactions occur between individual funds that may result in amounts owed between funds. For the authority those balances are shown as internal receivables and payables on the governmental funds column on the governmental fund balance sheet/statement of net assets. The Authority expects all interfund balances to be repaid within one year. The composition of interfund balances are as follows at December 31, 2010:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 624,859

The transfer from the General Fund to the Capital Projects Fund is to fund additional capital costs not paid with service fee revenue and to build up fund equity for future projects and bond offerings.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 384,000

NOTE 4 - LONG-TERM DEBT

Governmental Activities

The County is the recipient of certain federal grant funds to build storm drainage projects within the Authority. That federal grant has a matching requirement. Cash matching funds were provided by the City and the Town. The County will construct a bridge, estimated to cost \$550,000, to meet the match requirement. Construction of that Bridge is anticipated to be completed in 2011. Under the terms of the intergovernmental agreement, the Authority is required to repay these matching funds without interest at an unspecified future date. Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2010:

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT (CONTINUED)

	Balance			Balance	Due within
	12/31/09	Additions	Payments	12/31/10	One Year
Governmental Activities					
Amounts owed to					
City of Fort Collins	\$ 193,497	\$ 0	\$ 0	\$ 193,497	\$ 0
Larimer County	0	168,468	0	168,468	0
Town of Wellington	<u>302,245</u>	<u>0</u>	<u>0</u>	<u>302,245</u>	<u>0</u>
 Total	 <u>\$ 495,742</u>	 <u>\$ 168,468</u>	 <u>\$ 0</u>	 <u>\$ 664,210</u>	 <u>\$ 0</u>

NOTE 5 - NET ASSETS

The Authority has net assets consisting of three components invested in capital assets, restricted and unrestricted. At December 31, 2010, the Authority had no invested in capital assets or restricted net assets.

NOTE 6 - FUND BALANCE

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

Nonspendable — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Authority has no restricted funds.

Committed — Amounts that can be used only for specific purposes determined by a formal action of Authority's Board. The Board is the highest level of decision-making body for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2010, the Authority has no committed funds.

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.

Unassigned — All other spendable amounts.

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

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

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, 2010, the Town remitted \$289,527 and \$1,722 to the Authority. Fund receivables of \$2,201 and \$212,440 are due from the County and the Town. The receivable amounts of \$250,390 and \$307,125 represent amounts billed by the City and the County, anticipated to be remitted to the Authority during 2011. Also as described in Note 4 to the financial statements, the Authority has a long term debt obligation to its members.

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.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grant Programs

The memorandum of understanding with the County, for the Coal Creek Flood Mitigation Project indicates that the Authority is responsible for any project costs in excess of the grant award or the matching funds provided by the member governments. Subsequent to year end, the Authority and County estimated this amount to be approximately \$375,000.

In addition, amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment") which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. Due to the nature of its formation, the Authority does not believe it is subject to the provisions of this amendment.

NOTE 10 - RESTATEMENTS

During 2010, the City of Fort Collins reduced its impervious area and the fees charged to property owners to be consistent with other properties within the Authority. As a result, the City determined that it had collected and remitted too much in fees for the year ended December 31, 2009. The amount of excess fees collected totaled \$143,572. At December 31, 2010, this amount is shown as unearned revenue in General Fund column on the governmental fund balance sheet/statement of net assets. Those fees were collected by the General Fund and transferred to the Capital Projects Fund. The beginning balance of the Capital Projects assigned fund balance and the unrestricted net assets have both been restated and reduced \$143,572 in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Fees				
Service	\$ 890,000	\$ 890,000	\$ 491,380	\$ (398,620)
Interest income	5,000	1,000	1,550	550
Other	<u>0</u>	<u>0</u>	<u>31</u>	<u>31</u>
Total revenues	<u>895,000</u>	<u>891,000</u>	<u>492,961</u>	<u>(398,039)</u>
<u>Expenditures/Expenses</u>				
Current				
District management and administration	84,000	70,000	68,907	1,093
Insurance	2,500	2,750	2,576	174
Office expense	3,500	3,500	1,444	2,056
District accounting	10,000	10,000	6,911	3,089
Professional fees	8,500	8,500	24,856	(16,356)
Mapping	0	0	735	(735)
Website	7,000	7,000	3,450	3,550
Service area rate study	0	85,000	0	85,000
Contingency	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total expenditures/expenses	<u>125,500</u>	<u>196,750</u>	<u>108,879</u>	<u>87,871</u>
Excess (deficiency) of revenues over (under) expenditures	769,500	694,250	384,082	(310,168)
Other financing sources/uses				
Transfers – internal activities	<u>(769,500)</u>	<u>(694,250)</u>	<u>(384,000)</u>	<u>310,250</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 0</u>	<u>\$ 0</u>	82	<u>\$ 82</u>
Fund balance, January 1, 2010			<u>2,367</u>	
Fund Balance, December 31, 2010			<u>\$ 2,449</u>	

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Fees				
System development	\$ 22,500	\$ 22,500	\$ 14,510	\$ (7,990)
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>14,510</u>	<u>(7,990)</u>
<u>Expenditures/Expenses</u>				
Current				
Payments to other governments	289,742	289,742	289,742	0
Contingency	200,000	0	0	0
Legal fees	0	0	225	(225)
District management	0	0	3,355	(3,355)
Capital outlay				
Engineering	230,000	187,000	162,920	24,080
Project costs	<u>30,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total expenditures/expenses	<u>749,742</u>	<u>480,742</u>	<u>456,242</u>	<u>24,500</u>
Excess (deficiency) of revenues over (under) expenditures	(727,242)	(458,242)	(441,732)	16,510
Other financing sources/uses				
Transfers – internal activities	<u>609,500</u>	<u>689,250</u>	<u>384,000</u>	<u>(305,250)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (117,742)</u>	<u>\$ 231,008</u>	(57,732)	<u>\$ (288,740)</u>
Fund balance, January 1, 2010, restated			<u>596,454</u>	
Fund Balance, December 31, 2010			<u>\$ 538,722</u>	



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Certified Public Accountants and Advisors

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Boxelder Basin Regional Stormwater Authority
Wellington, CO

We have compiled the accompanying governmental fund balance sheet of Boxelder Basin Regional Stormwater Authority (the Authority) as of June 30, 2011 and the related statement of governmental fund revenues, expenditures and changes in fund balance for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Authority 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Authority, in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented a statement of net assets or statement of activities, which are required to present a complete set of financial statements in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has not presented the management's discussion and analysis information that the governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements. Management does not require complete financial statements to manage the affairs of the Authority on a monthly basis and has determined not to include the above statements, footnote disclosures and management's discussion and analysis. Consequently, as presented, the financial statements are not in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, on pages 3 through 4, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The supplementary schedule of changes in cash position information, on page 5, is not a required part of the basic financial statements. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to the Boxelder Basin Regional Stormwater Authority.

Rickards & Company LLP
Rickards & Company, LLP

July 19, 2011

Boxelder Basin Regional Stormwater Authority
 Governmental Fund Balance Sheet
 As of June 30, 2011

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Deposits and Investments			
First National Bank	\$ 207,427	\$ -	\$ 207,427
Points West Community Bank	242,015	-	242,015
COLO Trust	527,518	-	527,518
Due from other Governments	2,864	-	2,864
Interfund receivable	-	581,290	581,290
Prepaid items	129	-	129
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 979,953</u>	<u>\$ 581,290</u>	<u>\$ 1,561,243</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts payable	\$ 8,734	\$ 9,294	\$ 18,028
Interfund payable	581,290	-	581,290
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>590,024</u>	<u>9,294</u>	<u>599,318</u>
 Fund Balances			
Assigned	-	571,996	571,996
Unassigned	389,929	-	389,929
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>389,929</u>	<u>571,996</u>	<u>961,925</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 979,953</u>	<u>\$ 581,290</u>	<u>\$ 1,561,243</u>

Boxelder Basin Regional Stormwater Authority
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Six Months Ended June 30, 2011

	General Fund	Capital Improvements Fund	Total Governmental Funds
<u>Revenues</u>			
Fees			
Service	\$ 457,086	\$ -	\$ 457,086
System development	-	58,207	58,207
Interest income	765	-	765
Total revenues	<u>457,851</u>	<u>58,207</u>	<u>516,058</u>
<u>Expenditures/Expenses</u>			
Current			
District management and administration	40,827	1,864	42,691
Insurance	1,191	-	1,191
Office Expense	890	-	890
District accounting	8,681	-	8,681
Professional fees	3,015	-	3,015
Mapping	270	-	270
Website	444	-	444
Advertising	1,536	-	1,536
Capital outlay			
Engineering	13,516	23,069	36,585
Total expenditures/expenses	<u>70,370</u>	<u>24,933</u>	<u>95,303</u>
Excess of revenues over (under) expenditures	387,481	33,274	420,755
Fund balance, January 1, 2011	<u>2,448</u>	<u>538,722</u>	<u>541,170</u>
Fund balance, June 30, 2011	<u>\$ 389,929</u>	<u>\$ 571,996</u>	<u>\$ 961,925</u>

Supplementary Information

Boxelder Basin Regional Stormwater Authority
 Budgetary Comparison Information
 January 1 through May 31, 2011

General Fund	2010 Audited Actual	2011 Adopted Budget	2011 Revised Budget	Actual Through 6/30/2011	Budget through 6/30/2011	Variance through 6/30/2011	% Budget through 6/30/2011	2012 Adopted Budget
Revenues								
Fee revenue	\$ 491,380	\$ 800,000	\$ 800,000	\$ 457,086	\$ 400,000	\$ 57,086	114.27%	\$ -
Interest and other Income	1,579	5,000	5,000	765	2,500	(1,735)	30.60%	-
Total Revenue	492,959	805,000	805,000	457,851	402,500	55,351	113.75%	-
Expenditures								
Accounting	6,911	8,000	8,000	3,640	4,000	(360)	91.00%	-
Audit	5,375	6,000	6,000	5,041	3,000	2,041	168.03%	-
Board Meeting Costs	-	1,000	1,000	-	500	(500)	0.00%	-
Insurance	2,576	2,000	2,000	1,191	1,000	191	119.10%	-
Legal	4,830	10,000	10,000	3,015	5,000	(1,985)	60.30%	-
Management	68,779	70,000	70,000	40,827	35,000	5,827	116.65%	-
Office and Other	2,306	2,500	2,500	1,160	1,250	(90)	92.80%	-
Web Site and Public outreach	3,450	6,000	6,000	1,980	3,000	(1,020)	66.00%	-
Engineering	14,651	-	-	13,516	-	13,516	100.00%	-
Service Area Rate Study	-	-	-	-	-	-	0.00%	-
Transfer to capital projects fund	384,000	691,500	691,500	-	345,750	(345,750)	0.00%	-
Contingency	-	8,000	8,000	-	4,000	(4,000)	0.00%	-
Total Operating Expenditures	492,878	805,000	805,000	70,370	402,500	(332,130)	17.48%	-
Revenues over (Under) exp	81	0	0	387,481	-	387,481	100.00%	-
Beginning Fund Balance	2,367	2,448	2,448	2,448	2,448	-	100.00%	-
Ending Fund Balance	\$ 2,448	\$ 2,448	\$ 2,448	\$ 389,929	\$ 2,448	\$ 387,481	15928.49%	\$ -

Boxelder Basin Regional Stormwater Authority
 Budgetary Comparison Information
 January 1 through May 31, 2011

Capital Projects Fund	2010 Audited Actual	2011 Adopted Budget	2011 Revised Budget	Actual Through 6/30/2011	Budget through 6/30/2011	Variance through 6/30/2011	% Budget through 6/30/2011	2012 Adopted Budget
Revenues								
System Development Fees	\$ 14,510	\$ 25,000	\$ 25,000	\$ 58,207	\$ 12,500	\$ 45,707	465.66%	\$ -
Transfers in from General Fund	384,000	691,250	691,250	-	345,625	(345,625)	0.00%	-
Loan Proceeds	-	50,000	50,000	-	25,000	(25,000)	0.00%	-
Total Revenues	398,510	766,250	766,250	58,207	383,125	(324,918)	15.19%	-
Expenditures								
Coal Creek Project								
Non grant reimbursable expenses - CLOMR	65,908	500,000	500,000	1,864	250,000	(248,136)	0.75%	-
Project Management	1,716	2,000	2,000	-	1,000	(1,000)	0.00%	-
Intergovernmental	289,742	-	-	-	-	-	0.00%	-
Indian Creek Floodwater Facility								
Engineering	97,012	150,000	150,000	23,069	75,000	(51,931)	30.76%	-
Legal and Right of Way	-	50,000	50,000	-	25,000	(25,000)	0.00%	-
Project Management	1,864	10,000	10,000	-	5,000	(5,000)	0.00%	-
Contingency	-	-	-	-	-	-	0.00%	-
Total Expenditures	456,242	712,000	712,000	24,933	356,000	(331,067)	7.00%	-
Revenues over (under) Exp	(57,732)	54,250	54,250	33,274	27,125	(198,000)	122.67%	-
Beginning Fund Balance	596,454	682,294	682,294	538,722	682,294	-	78.96%	-
Ending Fund Balance	\$ 538,722	\$ 736,544	\$ 736,544	\$ 571,996	\$ 709,419	\$ (198,000)	80.63%	\$ -

Boxelder Basin Regional Stormwater Authority

Supplementary Schedule of Changes in Cash Position for the period May 31, 2011 to June 30, 2011

<u>First National Bank</u>	
Balance as of May 31, 2011	\$ 366,995.50
Service Fees	106,818.41
Transfer to Colo Trust	(250,000.00)
Wire Fee	-20
Rickards & Company, LLP	(511.00)
Poysti & Adams	(2,540.68)
Ayres Associates	(6,987.87)
Local Government Solutions	(6,327.16)
Balance as of June 30, 2011	<u>\$ 207,427.20</u>
<u>Points West Community Bank</u>	
Balance as of May 31, 2011	\$ 251,762.75
Transfer to First National Bank in April	\$ (10,000.00)
Interest Earned	252.42
Balance as of June 30, 2011	<u>\$ 242,015.17</u>
<u>COLO Trust</u>	
Balance as of May 31, 2011	\$ 277,481.13
Transfer from First National Bank	250,000.00
Interest Earned	37.19
Balance as of June 30, 2011	<u>\$ 527,518.32</u>
<i>Total Cash Balance as of June 30, 2011</i>	<u><u>\$ 976,960.69</u></u>

Boxelder Basin Regional Stormwater Authority

P.O. Box 1091
Wellington, CO 80549

Date: July 28, 2011

Claims made for June 30, 2011, goods and services

<u>Check #</u>	<u>Name</u>	<u>Amount</u>
108	Gregory A White	\$ 90.00
109	Rickards & Company, LLP	511.00
110	Ayres Associates	9,293.73
111	Jason Polly	60.00
112	Local Government Solutions	8,072.89
		<u>\$ 18,027.62</u>

Approved for payment:

BOXELDER BASIN REGIONAL STORMWATER AUTHORITY

P.O. Box 1091
Wellington, CO 80549

Manager's Activity Report

Board of Directors Meeting – July 28, 2011

1. Public Relations Activities

LGS continues to produce a monthly newsletter going out to individuals who have subscribed through the Authority website. The newsletter is sent by a subcontractor on the first day of each month. We have also begun sending agendas for all Board meetings and work sessions to the subscriber list. The monthly packet of materials relating to Board of Director's meetings is being placed on the website.

2. Authority Fee Structure Development

LGS has completed a database for a revised Authority fee structure. The database contains impervious area determinations for about 553 properties randomly sampled from all over the revised Service Area. This work has resulted in recommendations for a revised Authority fee Structure.

3. Authority Billing Preparation

LGS has begun development of a database for billing properties in the unincorporated parts of the Service Area. Previous activities included downloading a list of all properties in the unincorporated area of the revised Service Area, meeting with and obtaining information from the Larimer County Engineering Department. We have recently begun populating a database with information obtained from the County. Recently, we have obtained a listing of all properties in the Service Area in a form which allows segregation of the information by jurisdiction, so that when a revised Authority Fee structure becomes available, the database can be used to compute the revenue which would result from various base rate levels and invoice the amounts owing from each of the three jurisdictions.

3. East Side Floodwater Storage Project Development

LGS continues to work with Ayres Associates to further investigate the feasibility of the Colorado State University Agricultural Research and Education Center (ARDEC) site. This negotiation has required the development of additional materials to evaluate alternatives, both at the proposed ARDEC site, and other nearby sites. ARDEC and CSU Real Estate Office officials have advised us that development of the Floodwater Storage Facility on ARDEC Property would have an adverse impact on their research program. We therefore have researched development of a project on a property one mile further south which is owned by the City of Thornton. We are currently contacting Thornton to discuss acquiring the needed right of way at that location.

5. Financial Management

At the request of the Board of Directors, LGS has begun development of financial models representing eight scenarios for financing and constructing the remaining projects. So far, this has included development of a sequencing plan for tasks leading to and including construction of the projects, and the construction of three of the eight models. The sequencing plan was developed in consultation with Ayres Engineers who gave recommendations on grant strategy, cost and timing of construction. In the next few weeks, we will continue to develop models representing the remaining scenarios.

6. Negotiations with Timnath

LGS, in cooperation with Ayres Engineers, has continued to meet with the Town of Timnath's contract engineer. Most recently, we have kept Timnath's contract engineer up to date regarding our work on a financial plan/timeline.

7. Field Trip

LGS organized and conducted a field trip for Board members and Authority partners. The trip included all of the Authority project sites, and included lunch at the CSU ARDEC Facility on County Road 56.