
COLORADO MUNICIPAL LEAGUE

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Colorado Municipal League
Denver, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the Colorado Municipal League, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Colorado Municipal League as of December 31, 2019 and the changes in its net assets, functional expenses and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report On Summarized Comparative Information

We have previously audited the Colorado Municipal League's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis Of A Matter

As discussed in Note 1, Colorado Municipal League adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2014-09 Topic 606, *Revenue from Contracts with Customers*. Our opinion was not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on pages i - iv and budgetary comparison schedule on page 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

March 24, 2020

COLORADO MUNICIPAL LEAGUE MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis has been prepared by management and is designed to provide an analysis of the Colorado Municipal League's (CML) financial condition and operating results and to inform the reader on CML's financial issues and activities.

The CML Management Discussion and Analysis (MD&A) should be read in conjunction with the CML financial statements.

Financial Highlights

- In 2019, total net assets increased by \$262,273.
- Total revenues and support were \$2,897,140 in 2019, an increase of \$147,112 or 5.4%, from 2018.
- During 2019, total expenses were \$2,634,867, a decrease of \$99,004, or -3.6%, compared to 2018.

Overview of the Financial Statements

The financial statements of CML are presented in its status as a nonprofit instrumentality of the cities and towns of the State of Colorado.

The *Statement of Financial Position* presents information on all of CML's assets and liabilities. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of CML is improving or deteriorating.

The *Statement of Activities* presents information which reflects how CML's net assets changed during the past year.

The *Statement of Cash Flows* reports CML's cash flows from operating, capital and investing activities.

The financial statements distinguish functions of CML that are principally supported by operating revenues, and non-operating revenues. The primary business of CML is providing services to our members in the areas of advocacy, information and training. The principal functions of CML include developing policy, advocacy of municipal interests, providing research, producing publications, conducting training, and providing information services and assistance to Colorado municipal officials.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

ASSETS			
Years ending December 31,	2019	2018	% Change
CURRENT ASSETS	\$2,119,815	\$1,597,046	32.7%
NONCURRENT ASSETS	3,632,261	3,719,809	-2.4%
TOTAL ASSETS	\$5,752,076	\$5,316,855	8.2%

LIABILITIES AND NET ASSETS			
Years ending December 31,	2019	2018	% Change
CURRENT LIABILITIES	\$622,394	\$449,446	38.5%
NET ASSETS			
Unrestricted	5,129,682	4,867,409	5.4%
TOTAL NET ASSETS & LIABILITIES	\$5,752,076	\$5,316,855	8.2%

As noted earlier, net assets may serve over time as a useful indicator of CML's financial position. As of December 31, 2019 CML's assets exceeded liabilities by \$5,129,682.

Change in Net Assets

Review of Revenue			
Years ending December 31,	2019	2018	% Change
REVENUES AND SUPPORT			
Membership Dues	\$2,089,346	\$2,010,389	3.9%
Publications	23,830	24,576	-3.0%
Annual Conference	548,999	520,181	5.5%
Workshops and meetings	67,200	69,161	-2.8%
Investment income	81,773	67,490	21.2%
Other	85,992	58,231	47.7%
Total revenues and support	\$2,897,140	\$2,750,028	5.4%

Total revenue increased 5.4% in comparison to 2018. In 2019, dues were increased 3% and a 3% rebate was provided for all municipal members whose dues were paid by January 31, 2019. CML provided a 4% rebate in 2018. Further, annual conference revenue, investment and other partnership income increased in 2019.

Review of Expenses			
Years Ended December 31,	2019	2018	% Change
EXPENSES			
Program Expenses			
Publications & Periodicals	\$287,140	\$301,802	-4.9%
Annual Conference & Events	557,937	628,576	-11.2%
State & Federal Issues	771,765	663,343	16.3%
Advocacy & Legal Services	106,870	116,338	-8.1%
Cities and Towns	20,345	56,092	-63.7%
Lessons on Local Government	24,772	30,366	-18.4%
Support Services			
Administrative	630,133	667,357	-5.6%
Building Occupancy Costs	129,768	164,421	-21.1%
Depreciation & Amortization	106,137	105,576	.5%
TOTAL EXPENSES	\$2,634,867	\$2,733,871	-3.6%
CHANGE IN NET ASSETS			
	\$262,273	\$16,157	1524%
NET ASSETS, BEGINNING OF YEAR			
	\$4,867,409	\$4,851,252	.3%
NET ASSETS, END OF YEAR			
	\$5,129,682	\$4,867,409	5.4%

CML's expenses decreased by 3.6%, primarily due to decreased expenses for annual conference, cities and towns and lessons on local government programs, administration and building occupancy costs. Net assets increased by \$262,273 in 2019, to a total of \$5,129,682.

Budgetary Highlights

CML prepares its budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of debt repayments as well as capital outlay. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect funds available. As shown on page 14, actual 2019 change in net assets of \$246,481 exceeded the budget of (\$309,040) by \$555,521.

Actual revenues were \$152,782 greater than budget and actual expenditures were \$402,739 less than budget.

Long-Term Debt

CML currently has no long term debt.

Capital Assets

During 2019 CML purchased capital assets totaling \$121,929. Additional detail on capital assets can be found in Note 3 to the Financial Statements.

Economic Factors and Next Year's Budget

The 2020 dues revenue budget reflects dues calculated based on the municipal dues schedule adopted by the Board and announced to the membership at the June 2016 Annual Business Meeting,

and projects continuation of the current membership roster of cities and towns. Total membership revenue is budgeted to increase 2.8% over 2019 actual revenue.

Requests for Information

This report is designed to provide a general overview of CML's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Executive Director or Finance & Administration Manager, Colorado Municipal League, 1144 Sherman St., Denver CO 80203

COLORADO MUNICIPAL LEAGUE

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(With Comparative Information At December 31, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 1,294,580	\$ 938,413
Investments	737,000	572,000
Accounts receivable	13,367	17,281
Prepaid expenses	74,868	69,352
Total Current Assets	2,119,815	1,597,046
Investments	2,050,000	2,140,000
Property And Equipment, Net	1,582,261	1,579,809
Total Assets	\$ 5,752,076	\$ 5,316,855

Liabilities		
Current Liabilities		
Accounts payable	\$ 40,533	\$ 45,088
Accrued liabilities	637	4,702
Deferred revenue	516,420	347,897
Accrued vacation payable	64,804	51,759
Total Current Liabilities	622,394	449,446

Net Assets		
Net Assets Without Donor Restrictions		
Board designated	2,058,245	1,979,051
Undesignated	3,071,437	2,888,358
Total Net Assets	5,129,682	4,867,409
Total Liabilities And Net Assets	\$ 5,752,076	\$ 5,316,855

COLORADO MUNICIPAL LEAGUE

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2019

(With Comparative Information For The Year Ended December 31, 2018)

	Without Donor Restrictions	
	2019	2018
Revenues And Other Support		
Membership dues	\$ 2,089,346	\$ 2,010,389
Publications	23,830	24,576
Annual conference	548,999	520,181
Meetings	67,200	69,161
Investment income	81,773	67,490
Other	85,992	58,231
Total Revenues And Other Support	2,897,140	2,750,028
Expenses		
Program services:		
State and federal issues	771,765	663,343
Annual conference and events	557,937	628,576
Publications and periodicals	287,140	301,802
Advocacy and legal services	106,870	116,338
Cities and Towns Week	20,345	56,092
Lessons on Local Government website	24,772	30,366
Total Program Services	1,768,829	1,796,517
Support services:		
Administrative	630,133	667,357
Building occupancy costs	129,768	164,421
Depreciation	106,137	105,576
Total Support Services	866,038	937,354
Total Expenses	2,634,867	2,733,871
Change In Net Assets	262,273	16,157
Net Assets - Beginning Of Year	4,867,409	4,851,252
Net Assets - End Of Year	\$ 5,129,682	\$ 4,867,409

COLORADO MUNICIPAL LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2019

	Program Services							Support Services			
	State And	Annual	Publications	Advocacy	Cities And	Lessons	Total	Administration		Total	
	Federal	Conference	And	And Legal	Towns	On Local		And	Building		
Issues	And Events	Periodicals	Service	Program	Government	Programs	Depreciation	Occupancy			
Expenses											
Salaries and benefits	\$ 584,294	\$ 201,377	\$ 97,622	\$ 79,721	\$ 5,281	\$ 1,731	\$ 970,026	\$ 461,766	\$ 8,327	\$ 1,440,119	
Building occupancy	—	—	—	—	—	—	—	—	120,418	120,418	
Depreciation	—	—	—	—	—	—	—	106,137	—	106,137	
Professional services	27,931	11,521	30,261	4,362	10,345	26	84,446	36,409	194	121,049	
Office expense and information technology	109,513	31,884	17,105	21,263	300	121	180,186	94,446	687	275,319	
Printing and postage	7,863	23,045	140,131	591	4,389	6	176,025	10,946	66	187,037	
Meetings and travel and entertainment	42,164	14,259	2,021	933	30	30	59,437	22,227	76	81,740	
Annual conference, workshops and outreach	—	275,851	—	—	—	—	275,851	—	—	275,851	
Direct program expenses	—	—	—	—	—	22,858	22,858	4,339	—	27,197	
Total Expenses	\$ 771,765	\$ 557,937	\$ 287,140	\$ 106,870	\$ 20,345	\$ 24,772	\$ 1,768,829	\$ 736,270	\$ 129,768	\$ 2,634,867	

For The Year Ended December 31, 2018

	Program Services							Support Services			
	State And	Annual	Publications	Advocacy	Cities And	Lessons	Total	Administration		Total	
	Federal	Conference	And	And Legal	Towns	On Local		And	Building		
Issues	And Events	Periodicals	Service	Program	Government	Programs	Depreciation	Occupancy			
Expenses											
Salaries and benefits	\$ 496,397	\$ 253,088	\$ 102,668	\$ 59,149	\$ 21,532	\$ 10,101	\$ 942,935	\$ 491,142	\$ 7,291	\$ 1,441,368	
Building occupancy	—	—	—	—	—	—	—	—	156,579	156,579	
Depreciation	—	—	—	—	—	—	—	105,576	—	105,576	
Professional services	30,568	15,149	41,941	32,409	11,529	427	132,023	38,412	138	170,573	
Office expense and information technology	88,241	33,044	15,271	16,425	2,871	1,154	157,006	83,529	332	240,867	
Printing and postage	4,224	19,786	138,555	7,334	1,066	41	171,006	6,952	8	177,966	
Meetings and travel and entertainment	43,913	22,609	3,367	1,021	614	220	71,744	41,201	73	113,018	
Annual conference, workshops and outreach	—	284,900	—	—	—	—	284,900	—	—	284,900	
Direct program expenses	—	—	—	—	18,480	18,423	36,903	6,121	—	43,024	
Total Expenses	\$ 663,343	\$ 628,576	\$ 301,802	\$ 116,338	\$ 56,092	\$ 30,366	\$ 1,796,517	\$ 772,933	\$ 164,421	\$ 2,733,871	

COLORADO MUNICIPAL LEAGUE

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2019

(With Comparative Information For The Year Ended December 31, 2018)

	2019	2018
Cash Flows From Operating Activities		
Cash received from members	\$ 2,261,783	\$ 1,941,978
Cash received from publications, annual conference and meetings	640,029	613,918
Cash received from others	167,765	125,721
Cash payments to employees	(1,137,271)	(1,097,445)
Cash payments to suppliers	(1,390,210)	(1,504,532)
Net Cash Provided By Operating Activities	542,096	79,640
Cash Flows From Investing Activities		
Purchases of capital assets	(110,929)	(100,000)
Purchases of investment securities	(862,000)	(911,000)
Redemption of investment securities	787,000	869,000
Net Cash Used In Investing Activities	(185,929)	(142,000)
Net Increase (Decrease) In Cash	356,167	(62,360)
Cash - Beginning Of Year	938,413	1,000,773
Cash - Ending Of Year	\$ 1,294,580	\$ 938,413

COLORADO MUNICIPAL LEAGUE

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary Of Significant Accounting Policies

The Colorado Municipal League (CML) was formed in 1923 and incorporated as a nonprofit organization in 1944. CML is an advocate of municipal interests on state and federal policies affecting municipalities and functions as a source of information for municipal officials. CML is supported primarily by membership dues and conference revenue.

CML has elected to follow generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

CML operates as an instrumentality of its member municipalities under the provisions of Colorado Revised Statutes, Section 29-1-401.

CML's membership is voluntary and included 270 municipalities during 2019.

Basis Of Presentation

The accompanying financial statements are presented in accordance with GAAP, which requires CML to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CML's management and executive board.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of December 31, 2019, CML reported only net assets without donor restrictions.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements *(Continued)*

Functional Allocation Of Expenses

The accompanying financial statements report certain categories of expenses that are attributable to more than one program or support function. Those expenses include staff salaries and benefits, office supplies, insurance, bank charges, phone, equipment maintenance, postage, printing, technology, meetings, staff development and travel, professional services, other administrative expenses and certain consulting fees. These costs are allocated on the basis of time and effort reported to programs.

Use Of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Cash

CML continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of December 31, 2019 and periodically throughout the year, CML had balances in various operating accounts in excess of federally insured limits.

Prepaid Expenses

Payments made to vendors for services which will benefit subsequent periods are recorded as prepaid expenses.

Property And Equipment

Property and equipment includes land, buildings and improvements, equipment, furniture and vehicles. Property and equipment is defined by CML as assets with an individual cost of more than \$10,000 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 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.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Property and equipment of CML are depreciated using the straight-line method over the following estimated useful lives.

Building and improvements	15 - 40 years
Equipment, furniture and vehicles	3 - 7 years

New Accounting Pronouncement

As of January 1, 2019, CML has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, as amended (ASU 2014-09). ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

CML implemented ASU 2014-09 and its related amendments and has accordingly adjusted the presentation of revenue in the financial statements. Following the adoption of ASU 2014-09, CML continues to recognize revenue from members and sponsors as services are provided. For membership dues, this corresponds to the calendar year in which the related member services are rendered. There was no material impact to the financial statements as a result of the adoption. ASU 2014-09 has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

Revenue Recognition

CML accounts for revenue recognition in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which CML expects to be entitled in exchange for those goods or services. The core principle is achieved through the application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract and (5) recognize revenue as performance obligations are satisfied.

CML's revenue streams are generally comprised of membership dues, events and sponsorships, publications and other program revenues. The transaction price is allocated to each product or service sold and is the amount of consideration to which CML expects to be entitled in exchange for those goods or services. No consideration is variable as there are no price curves for volume purchasing and any increases or decreases in goods or services are at stand-alone selling prices of those goods or services.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

The following table represents CML's revenue streams by type:

Municipal dues	\$ 1,978,763
Associate member dues	110,583
Total Membership Dues Revenues	2,089,346
Annual conference sponsorship	258,675
Annual conference registrations and ticketed events	290,324
Total Annual Conference Revenues	548,999
Workshop sponsorship	5,000
Other sponsorship	5,280
Workshop registrations	56,920
Total Meetings Revenues	67,200
Magazine advertising	16,250
Publication and mailing label sales	7,855
Total Publications Revenues	24,105
Magazine subscriptions	360
Program revenue	15,000
Partnership revenue	64,087
Other miscellaneous revenue	6,270
Total Other Revenues	85,717
Investment income	81,773
Total Revenue	\$ 2,897,140

Membership Dues Revenue

CML receives nonrefundable annual membership revenue from municipal and associate members. Memberships cover a calendar year period, and CML recognizes revenue from memberships within the calendar year that the membership represents and as services are provided. Municipal dues services include advocacy, policy development, legal inquiry service, listservs, annual bimonthly magazine subscriptions, one free copy of newly released publications and discounted event registration fees. Associate member dues services include annual bimonthly magazine subscriptions, discounted sponsorship rates, discounted event registration fees and networking opportunities. Payments made in advance of the January 1st start of the membership year are deferred and presented as a liability on the statement of financial position.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Annual Conference Sponsorship

CML receives nonrefundable sponsorship revenue for the annual conference, workshops and other events from associate members and other nonmember business and government entities. Sponsorship revenue is recognized at a point in time when services are rendered or the event is held. Sponsorship services include listings in CML communications, event program and materials and name badges with access to conference or workshop events and sessions. Some sponsorship levels receive exhibit tables and tickets to sponsored events.

Registration And Ticketed Events Revenue

CML receives registration from municipal and associate members and nonmembers for the CML annual conference, workshops and other events. Registration revenue is recognized at a point in time when the event is held. Registrations may be canceled up to one week in advance and after this time become nonrefundable. Registration revenue received in advance of the event is deferred.

Program Revenue

CML receives program revenue from other organizations that contract to assist in funding the Municipal Clerks Advisory and Lessons on Local Government programs. Partner organizations are billed for their share of the expenses during the year. When the contract involves multiple elements, the contract price is allocated to each performance obligation based on its relative fair value.

Partnership Revenue

CML receives Partnership revenue from select organizations who contract to offer premier or discounted services to CML municipal members on an annual renewable basis. Partner organizations receive complimentary associate membership, conference sponsorship and magazine advertising opportunities. CML receives a flat annual fee or a percentage of sales revenue from the partner organization. This revenue is recognized over the annual contract period.

Magazine Advertising

CML receives advertising revenue from business, government and organizations that contract to place advertising in CML's bimonthly magazine, *Colorado Municipalities*. Advertising revenue is recognized at a point in time when the magazine issue is completed and shipped to members.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Magazine Subscriptions

CML receives revenue from subscriptions to the *Colorado Municipalities* magazine from libraries and other nonmember organizations. Revenue is recognized over time as each issue of the magazine is shipped. Payments made in advance of the January 1st start of the subscription year are deferred.

Publication And Mailing Label Sales

CML receives revenue from the sale of publications to members and nonmembers. Mailing labels are sold only to municipal and associate members. Revenue is recognized at a point in time when the publications or mailing labels are shipped or delivered to the customer.

Deferred Revenue

CML records deferred revenue when cash payments are received in advance of the related performance obligation. In the year ended December 31, 2019, CML recognized revenue of \$347,897 primarily for 2019 municipal and associate member dues that was included in the deferred revenue balance as of December 31, 2018. Deferred revenue as of December 31, 2019 is \$516,420 for 2020 municipal and associate member dues paid in advance.

Income Tax Status

CML is exempt from federal income taxes as a wholly owned instrumentality of its member municipalities, which are political subdivisions of the State of Colorado.

Prior-Year Summarized Comparative Information

The accompanying basic financial statements include certain prior-year comparative information for which the corresponding disclosures are omitted from the notes to financial statements. Because these disclosures are not presented, the prior-year information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the entity's financial statements as of and for the year ended December 31, 2018, from which the information was derived.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

2. Liquidity And Availability

The following represents CML's financial assets at December 31, 2019:

Financial Assets At Year End

Cash	\$	1,294,580
Investments - short term		737,000
Investments - long term		2,050,000
Accounts receivable		13,367
Total financial assets		<u>4,094,947</u>

Less Amounts Not Available To Be Used Within One Year

Board designated net assets		<u>2,058,245</u>
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Financial Assets Available To Meet General

Expenditures Over The Next 12 Months	\$	<u>2,036,702</u>
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As of December 31, 2019, CML had \$2,036,702 in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date. Investments - long term, consist of certificates of deposit that, although mature on dates beyond December 31, 2020, are included in resources available to meet obligations throughout 2020 as CML has the ability to liquidate them, subject to penalty, on demand.

CML's goal is to maintain financial assets to meet at least six months of operating expenses (approximately \$1.3 million at December 31, 2019). As part of its liquidity plan, excess cash is invested in certificates of deposit with varying maturity dates.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

3. Cash And Investments

CML investments in Colorado Local Government Liquid Asset Trust (COLOTRUST) are rated AAAM by Standard & Poor’s, Fitch’s and Moody’s Investor Service. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements for creating and operating the pool. The pool operates similar to a money market fund with each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by participants.

COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments and does not have any unfunded commitments, redemption restrictions or redemption notice periods. As of December 31, 2019, CML had \$1,283,813 invested in COLOTRUST, with a rating of AAAM. Separately issued financial statements for COLOTRUST may be obtained at their website at www.colotrust.com.

Investments

As of December 31, 2019, CML’s investment portfolio had a maturity value of \$2,787,000 with a book yield of 2.34%. The portfolio is invested in certificates of deposit across several banks in individual amounts equal to or less than \$250,000 to provide for full Federal Deposit Insurance Corporation insurance per instrument. CML intends to hold these certificates to maturity; and therefore, the certificates are reported at amortized cost.

Investment maturities at December 31, 2019 are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 737,000
2021	913,000
2022	354,000
2023	490,000
2024	293,000
	<u>\$ 2,787,000</u>

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

4. Property And Equipment

Property and equipment consists of the following:

Land	\$	300,000
Building and improvements		2,260,260
Equipment and furniture		618,713
Vehicles		24,339
		<hr/>
		3,203,312
Accumulated depreciation		(1,621,051)
		<hr/>
Property And Equipment, Net	\$	1,582,261

5. Net Assets

The CML Executive Board has internally designated net assets at December 31, 2019 as follows:

Board-Designated Net Assets		
Building and capital reserve	\$	399,166
Ballot issues		124,829
Capacity building fund		225,018
Designated operating reserve		<hr/>
		1,309,232
		<hr/>
Total Board-Designated Net Assets	\$	2,058,245

The board-designated funds are available for the following purposes:

Building And Capital Reserve: To provide a source of funds for the repair of the CML building and fixtures and for the acquisition of building improvements and fixtures

Ballot Issues: To provide funds for ballot issue participation. This reserve fund is made up of private sector funds and does not include any public moneys.

Capacity-Building Fund: To provide funds for opportunities that further the mission of CML and as a source of internal funds for organizational capacity building or investment in technology that builds long-term capacity

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Designated Operating Reserve: To provide a cushion against unexpected events and expenses, uninsured losses and losses of income

6. Employee Benefit Plans

Money Purchase Plan

CML contributes to a single-employer defined contribution money purchase pension plan (the Plan) on behalf of its employees. CML is required to contribute 5% of each participating employee's compensation, and each employee must contribute 1% to 5% of his/her compensation, depending on length of employment. The contribution requirements of CML and eligible employees are established and may be amended by the CML Executive Board.

Employees are eligible to participate in the Plan the first of the month following employment and become fully vested after five years of service.

For the year ended December 31, 2019, CML made the required contributions, totaling \$53,491, to the Plan. All of the Plan investments are managed by the International City Management Association Retirement Corporation, an outside administrator.

Deferred Compensation Plan

CML offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. CML contributes 1% of compensation for each employee who has at least 5 years of service, increasing to 2% and 3% after 10 and 15 years of service, respectively. This deferred compensation plan permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the year ended December 31, 2019, CML made contributions totaling \$14,932 to the deferred compensation plan.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements *(Continued)*

7. Risk Management

CML is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. CML maintains commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Supplementary Information

COLORADO MUNICIPAL LEAGUE

BUDGETARY COMPARISON SCHEDULE - NON-GAAP BUDGETARY BASIS For The Year Ended December 31, 2019 (With Summarized Comparative Actual Amounts For The Year Ended December 31, 2018)

	2019			2018
	Actual	Budget	Variance	Actual
Revenues				
Membership dues	\$ 2,089,346	\$ 2,088,083	\$ 1,263	\$ 2,010,389
Publications	23,830	21,200	2,630	24,576
Annual conference	548,999	464,550	84,449	520,181
Meetings	67,200	67,025	175	69,161
Investment income	81,773	55,000	26,773	67,490
Other	85,992	48,500	37,492	58,231
Total Revenues	2,897,140	2,744,358	152,782	2,750,028
Expenditures				
Salaries and related costs	1,440,119	1,633,053	192,934	1,441,379
Professional services	121,049	157,250	36,201	170,573
Office expense and information technology	275,319	294,250	18,931	240,817
Building and equipment purchases	121,929	120,900	(1,029)	100,000
Direct program expenses	27,197	56,000	28,803	43,024
Printing and postage	187,037	212,600	25,563	177,964
Meetings, travel and staff development	81,740	127,250	45,510	113,074
Annual conference, workshops and outreach	275,850	321,745	45,895	284,884
Building occupancy costs	120,419	130,350	9,931	156,580
Total Expenditures	2,650,659	3,053,398	402,739	2,728,295
Change In Net Assets - Budgetary	246,481	\$ (309,040)	\$ 555,521	21,733
Reconciliation To GAAP Basis				
Add: Capital outlay	121,929			100,000
Less: Depreciation and amortization	(106,137)			(105,576)
Change In Net Assets - GAAP Basis	\$ 262,273			\$ 16,157

Note: A positive variance is favorable, a negative variance is unfavorable.